



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Company Law Division
(Enforcement Department)

Before Abdul Rehman Qureshi, Commissioner (CLD)

In the matter of

M/s. Mandviwalla Mauser Plastic Industries Limited

No. and date of show cause notice	EMD/Enf-II/602/2004 Dated April 13, 2004
Date of hearing	November 11, 2004
Present	Mr. Naved Hanif, Manager, Internal Audit
Date of Order	December 21, 2004

ORDER

This Order shall dispose of the proceedings initiated against the directors of M/s. Mandviwalla Mauser Plastic Industries Limited (hereinafter referred to as the “Company”) for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts leading to this case, briefly stated are that in terms of Section 245 of the Ordinance read with Circular No. 9 of 2003, the Company was required to prepare and transmit to the members and simultaneously file with the Commission, its quarterly accounts for 2nd quarter ended December 31, 2003 within a period of two months of the close of the said quarter i.e., by February 29, 2004. The said accounts were, however, received in the Commission on March 22, 2004, i.e. with a delay of **22** days. A notice dated April 14, 2004 was, therefore, served on the Chief Executive and directors of the Company calling upon them to explain as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.



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3. In response to the show cause notice, Mr. Ghulam Latif, Company's Secretary submitted, on behalf of all the directors, vide his letter dated April 24, 2004 that the delay in submission of the quarterly accounts was neither deliberate nor intentional. He further stated that the directors of the Company were called upon by SEC on March 05, 2004 to explain the qualifications expressed by the statutory auditors in the annual report for the year ended June 30, 2003 due to which the financial statements for the 2nd quarter (half year) ended December 31, 2003, were sent to the Commission on March 19, 2004. The delay was, therefore, due to the fact that they were in the process of resolving the qualifications in the auditors' report, which have been settled by now. He requested to condone the delay in filing of these accounts. The reply of the Company did not appear to be satisfactory.

4. In order to afford an opportunity of hearing, the case was fixed for hearing on May 12, 2004, which was adjourned on the request of the Company and was re-fixed on June 23, 2004. The hearing was again adjourned to July 28, 2004. The Company again requested for adjournment as the official concerned who was to be deputed to attend hearing was out of station. The hearing was again adjourned and was finally fixed for November 11, 2004 at Karachi. On the date of hearing, Mr. Naved Hanif, Manager, Internal Audit of the Company appeared before me on behalf of the directors of the Company and repeated the same arguments as were explained earlier by the Company's Secretary in his written reply dated April 24, 2004. He failed to offer any fresh argument.

5. I have given due consideration to the submissions of the representative of the directors for late filing of quarterly accounts but the same have not been found cogent as the filing of quarterly accounts is an independent statutory requirement. Moreover, in the presence of annual accounts for the year ended June 30, 2004, which were already available with the Company on October 31, 2003, there was no excuse with the directors to delay the quarterly accounts for the 2nd quarter ended December 31, 2003, till March 22, 2004.



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6. Under the circumstances, I am of the opinion that the contentions of the Company's Secretary, offered in his letter dated April 24, 2004 and the submissions of the representative of the directors furnished during the hearing do not justify the default for late filing of accounts. The past record of the Company in filing of annual and interim accounts is also unsatisfactory. This led me to believe that the delay was deliberate and resulted in depriving its shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have willfully and deliberately committed the delay in preparation, circulation and filing of quarterly accounts. In view of the foregoing, I, impose a fine of Rs.10, 000/- (Rupees ten thousand only) on the Chief Executive of the Company. The other directors are reprimanded to be careful in future.

7. The Chief Executive of M/s. Mandviwalla Mauser Plastic Industries Limited is hereby directed to deposit the fine amounting to Rs.10, 000/- (Rupees ten thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and to furnish receipted challan to the Commission.

(Abdul Rehman Qureshi)
Commissioner (CLD)

December 21, 2004
ISLAMABAD