



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Company Law Division*  
**(Enforcement Department)**

**Before Tahir Mehmood, Executive Director (Enforcement)**

**In the matter of**  
**M/s. Mandviwalla Mauser Plastic Industries Limited**

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

No. and date of show cause notice	EMD/Enf-II/602/2004 Dated January 12, 2007
Date of hearing	April 03, 2007
Present	Ms. Hina Ambreen, Company Secretary
Date of Order	April 11, 2007

## **Order**

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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 the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the 1<sup>st</sup> quarter ended September 30, 2006 by October 31, 2006. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the responsible directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, a show cause notice dated January 12, 2007 was served upon all the directors including the Chief Executive of the Company calling upon them to show cause 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.

3. No reply was received to the aforesaid show cause notice. In order to afford an opportunity of personal hearing, the matter was fixed for March 30, 2007 which was adjourned to April 03, 2007. On the date of hearing Ms. Hina Ambreen, Company Secretary appeared before me on behalf of the Directors of the Company to argue the case. During the course of hearing, while admitting the default, Ms. Hina informed that she has recently joined this Company. She contended that quarterly accounts for the quarter ended September 30, 2006 could not be prepared and finalized due to the problem in Mandviwalla Mauser Plastic Industries Ltd



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
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the software. She added that the accounts are now ready for printing and will be filed soon. She requested to condone the default and assumed to be in future.

4. The explanation furnished was not found cogent because the Company has failed to file the accounts even after issuance of show cause notice dated January 12, 2007. The representative of the directors was also advised to file power of attorney from all the Directors within a week which has not been filed till date.

5. I have given due consideration to the arguments advanced by the Company Secretary for failure to file the quarterly accounts within the mandatory time period but none of them justify the default. The management of the Company should have made necessary arrangements to provide financial information in time to the shareholders and file the same with the Registrar and the Commission. However, the requisite quarterly accounts have not been finalized. Filing of quarterly accounts is mandatory requirement of law. It is, therefore, the duty of the directors to ensure compliance with all the statutory requirements within prescribed time. However, the directors have shown negligence in complying with the requirement of law. A perusal of the record reveals that in the past also, the management had committed defaults by late filing of annual, half yearly and quarterly accounts for which Directors penalized in the past also. The repetition of default shows that the management of the Company does not take the provisions of law seriously. Accordingly, the default under Section 245 of the Ordinance is established, which attracts the penal provisions of sub section (3) of Section 245 of the Ordinance.

6. However, instead of imposing the maximum fine of Rs.100,000 on every director and a further fine of Rs.1,000 per day for the continuous default, I impose the following penalties on the Chief Executive and each director of the Company under Sub-section (3) of Section 245 of the

S. No	Name	Penalty (Rs.)
1.	Mr. Saleem H. Mandviwalla, Chief Executive	30,000
2.	Mrs. Shireen H. Mandviwalla, Director	30,000
3.	Mr. Nadeem H. Mandviwalla, Director	30,000
4.	Mr. Azeem H. Mandviwalla, Director	30,000
5.	Mr. Kalbe Abbas Dharamsey, Director	30,000
6.	Capt. Mohammad Aijaz Haroon, Director	30,000
7.	Mr. Rehmat Karim Fazli, Director	30,000
	<b>Total</b>	<b>210,000</b>



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7. The Chief Executive and directors of M/s. Mandviwalla Mauser Plastic Industries Limited are hereby directed to deposit the aforesaid fines aggregating to Rs.210,000/- (Rupees two hundred 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 furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act,1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the said penalties are imposed on the Chief Executive and other directors in their personal capacity who are required to pay the said amount from their personal resources.

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**Tahir Mahmood**

Executive Director (Enforcement)



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