



Corporate Supervision Department
Company Law Division

Before Mr. Imran Iqbal Panjwani – Executive Director/HoD (CSD)

In the matter of

Mandviwalla Mauser Plastic Industries Limited

Number and date of SCN: EMD/233/602/2002-1143 dated January 16, 2015
Date of Hearing: May 11, 2015
Present: Mr. Azim Hakim Mandviwalla, Chief Executive

ORDER

UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as “respondents”) of **Mandviwalla Mauser Plastic Industries Limited** (the “Company”). The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 16, 2015 issued under section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that in terms of section 158 of the Ordinance, the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2014 by October 31, 2014. However, based on application of the Company, the Securities and Exchange Commission of Pakistan (the “Commission”) vide letter dated October 24, 2014 allowed extension of thirty days in time to the Company for holding the AGM under sub-section (1) of section 158 of the Ordinance. Subsequently, the Company again requested the Commission to allow it to hold its AGM by December 31, 2015. The request was declined as the law does not envisage extension of more than thirty days in time for holding AGM. Since the Company failed to convene its AGM by the extended date of November 30, 2014, the SCN was issued to the respondents whereby they were called upon to show cause in writing as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM. The respondent did not submit any reply to the SCN.

3. The case was fixed for hearing on April 28, 2015, which upon request of the respondents was rescheduled and was held on May 11, 2015. The respondents were represented by Mr. Azeem H. Hakim, the chief executive of the Company. He submitted that the Company was under



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financial constraints as it had shut down production since March 2013 due to grave security situation in Uthal, Baluchistan, where the production facility of the Company is situated. He stated that their plan to relocate could not materialize in such circumstance. He further submitted that the Company would hold the overdue AGM for the year ended June 30, 2014 together with the AGM for the year ended June 30, 2015.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance.

Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

"Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:"

Sub-section (4) of section 158, inter alia, provides as under:

"If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;"

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of



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management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In this context the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts. The respondents have cited shut down of operations due the security situation of Uthal, Baluchistan and resultant financial constraints as the main reason for delay in holding the AGM. However, the registered office of the Company is situated in Karachi, and security situation in Uthal, Baluchistan was not a detriment to hold the AGM in Karachi.

6. In view of the foregoing, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance. They failed to hold the AGM of the Company for the year ended June 30, 2014 even after elapse of considerable time after the extended date of November 30, 2014. However, taking cognizance of the submissions made by the respondents and circumstances of the Company, instead of imposing maximum fine in exercise of powers under sub-section (4) of section 158 of the Ordinance, I hereby impose an aggregate fine of Rs300,000/- (Rupees three hundred thousand) on the respondents, as per following details:

Name of Respondents	Total
1. Mr. Azecm H. Mandviwalla, Chief Executive	Rs50,000
2. Mrs. Shireen H. Mandviwalla, Director	Rs50,000
3. Mr. Nadeem H. Mandviwalla, Director	Rs50,000
4. Mr. Tariq Mehmood, Director	Rs50,000
5. Mr. Msih ul Hassan, Director	Rs50,000
6. Rahmat Karim Fazli, Director	Rs50,000
TOTAL	Rs300,000



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The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

As per record, two other respondents namely Mr. Kabley Abbas Dharmasey and Mr. Mohammad Anwar were not directors at the relevant time, therefore, no adverse order is passed against them.

Imran Iqbal Panjwani

Executive Director / Head of Department (CSD)

Announced:
June 25, 2015
Islamabad



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Before Ms. Amina Aziz – Director (CSD)

In the matter of

Mandviwalla Mauser Plastic Industries Limited

Number and date of SCN: EMD/233/602/2002-1142 dated January 16, 2015
Date of Hearing: May 11, 2015
Present: Mr. Azim Hakim Mandviwalla, Chief Executive

ORDER

UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as “respondents”) of **Mandviwalla Mauser Plastic Industries Limited** (the “Company”). The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 16, 2015 issued under sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that review of record revealed that the Company did not file its interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

Sr. No.	Quarter Ended	Due Date
1	September 30, 2013	October 31, 2013
2	December 31, 2013	February 28, 2014
3	March 31, 2014	April 30, 2014
4	September 30, 2014	October 31, 2014

Consequently, the SCN was issued to the respondents whereby they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts. The respondent did not submit any reply to the SCN.

3. The case was fixed for hearing on April 28, 2015, which upon request of the respondents was rescheduled and was held on May 11, 2015. The respondents were represented by Mr. Azeem



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H. Hakim, the chief executive of the Company. He submitted that the Company was under financial constraints as it had shut down production since March 2013 due to grave security situation in Uthal, Baluchistan, where the production facility of the Company is situated. He stated that their plan to relocate was also not materialized in such circumstance. He further submitted that the Company would hold the overdue AGM for the year ended June 30, 2014 together with the AGM for the year ended June 30, 2015 and the Quarterly Accounts and annual accounts will be submitted by the end of August 2015.

4. Before proceeding further, it is important to mention that in terms of sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

"If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues."

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. Initially listed companies were only required to circulate annual accounts, therefore, the shareholders were unaware of the affairs of companies for the entire year. The requirement to circulate interim was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence, the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal



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requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. The respondents cannot absolve themselves of their statutory duties and holding of AGMs and preparing and filing of annual and quarterly accounts are amongst their prime responsibilities towards the shareholders. The respondents have cited shut down of operations due the security situation of Uthal, Baluchistan and resultant financial constraints as the main reason for not holding the AGM, finalization of annual accounts that resulted in non-filing of the Quarterly Accounts. However, the registered office of the Company is situated in Karachi, and security situation in Uthal, Baluchistan was not a detriment to hold the AGM in Karachi and approve and circulate the respective accounts.

6. In view of the foregoing, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the respective Quarterly Accounts of the Company. However, taking cognizance of the submissions made by the respondents and circumstances of the Company, instead of imposing maximum fine in exercise of powers under sub-section (3) of section 245 of the Ordinance, I hereby impose an aggregate fine of Rs140,000/- (Rupees one hundred forty thousand only) on the respondents, as per following details:

Name of Respondents	Total
1. Mr. Azeem H. Mandviwalla, Chief Executive	Rs20,000
2. Mrs. Shireen H. Mandviwalla, Director	Rs20,000
3. Mr. Nadeem H. Mandviwalla, Director	Rs20,000
4. Mr. Tariq Mehmood, Director	Rs20,000
5. Mr. Msih ul Hassan, Director	Rs20,000
6. Rahmat Karim Fazli, Director	Rs20,000
7. Mr. Kabley Abbas Dharmasey, Director	Rs20,000
TOTAL	Rs140,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days



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from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

As per record, one of the respondents namely Mr. Mohammad Anwar was not a director at the relevant time, therefore, no adverse order is passed against him.

Amina Aziz
Director (CSD)

Announced:
June 29, 2015
Islamabad