



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

*In the matter of*

**Mandviwala Mauser Plastic Industries Limited**

Number and date of SCN: CSD/ARN/130/2015-2511-2518, dated January 14, 2016  
Hearing held on: April 7, 2016  
Present: Mr. Abdur Rehman, Ms. Hina Ambreen, representatives

**ORDER**

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

This order shall dispose of the proceedings initiated against the following directors including chief executive (together referred to as “respondents”) of **Mandviwala Mauser Plastic Industries Limited** (the “Company”):

- |   |                                      |   |                               |
|---|--------------------------------------|---|-------------------------------|
| 1 | Mr. H. Azeem Mandviwalla, CEO        | 5 | Mr. Masih ul Hassan, Director |
| 2 | Mr. Shireen H. Mandviwalla, Director | 6 | Rahmat Karim Fazli, Director  |
| 3 | Mr. Nadeem H. Mandviwalla, Director  | 7 | Syed Asghar Ali, Director     |
| 4 | Mr. Tariq Mehmood, Director          | 8 | Abdul Qadir Shiwani, Director |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 14, 2016 under the provisions of 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 sub-section (1) of section 158 of the Ordinance, the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2015 on or before October 31, 2015. The Commission, based on application of the Company allowed an extension in time to hold the AGM latest by the extended date of November 30, 2015. However, review of record revealed that the Company failed to convene the aforesaid AGM within the extended time, as per requirements of the law. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing with fourteen days as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM, in terms of the law.

3. Since no response to the SCN was received, the case was fixed for hearing on February 19 and February 29, 2016, however, the Company sent requests for adjournments. The case was again fixed for hearing on March 17, 2016 and Mr. Abdur Rehman appeared on behalf of the



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respondents and stated that the AGM for the year ended June 30, 2015 along with the previous AGM for the year ended June 30, 2014 was convened on March 31, 2016 by the Company. He further stated that notices of the AGMs were published and the Company was in process of filing the annual and quarterly accounts. Based on his submissions, he requested for adjournment till first week of April, 2016. Another hearing was held on April 7, 2016 before the undersigned and the respondents were represented by Mr. Abdur Rehman and Ms. Hina Ambreen. They stated that the AGMs for 2014 and 2015 have been duly held on March 31, 2016. They further stated that the factory was closed and the Company was under financial constraints due to grave security situation in Uthal, Baluchistan, where the production facility of the Company is situated. They explained that their plan to relocate could not materialize due to unavailability of no objection certificate ("NOC") from Industrial Development Bank of Pakistan ("IDBP") which was unable to issue the requisite NOC due to its internal issues. They further stated that the directors have injected funds in the Company. Copies of notices of the AGMs for the years ended June 30, 2014 and 2015 convened on March 31, 2016 were also provided. It was further stated that in the year 2014, the auditor was disqualified from being auditor of listed companies due to not having the satisfactory quality control review rating ("QCR") form the Institute of Chartered Accountants of Pakistan. Resultantly the AGM for the years 2014 and 2015 were delayed. Based on their submissions, they requested for a lenient view.

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

*Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, not being the first such meeting, shall be held by a period not exceeding thirty days."*

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



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*"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;"*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

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 months from the close of its financial year. Holding of the 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 that include consideration and approval of a company's financial statements. The financial statements not only show the financial position and performance of a company but also show the results of management's stewardship of resources entrusted to it. In order to ensure minority participation and transparency, all the companies must meticulously follow the procedure prescribed by the Ordinance for holding an AGM. 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. Directors of a listed company while filing their consents to act as directors, inter alia, give an undertaking that they are aware of their duties under the Ordinance and that they have read the relevant provisions contained therein. It is mandatory for the directors of a listed company to have knowledge of provisions of the applicable laws and in terms of the Ordinance the directors are primarily responsible for holding the AGM. 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 yet again cited somewhat similar reasons i.e. the security situation of Uthal, Baluchistan and



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financial constraints due to shut down of operations, for delays in holding the AGM and other statutory compliances. However, the registered office of the Company is situated in Karachi, where the Company can keep all its records and, therefore, the security situation in Uthal, Baluchistan should not be a detriment to hold the AGM in Karachi. Moreover, it has been stated that holding of AGMs for 2014 and 2015 were delayed due to disqualification of appointed auditor of the Company for not having QCR from the ICAP. It may be noted that it is directors' responsibility to recommend and get appointed a duly qualified auditor of the Company.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated by the respondents as they have failed to hold the AGM of the Company for the years ended June 30, 2015, in a timely manner and the same was held in March 31, 2016. However, I take cognizance of the fact that the respondents have shown their efforts and willingness to comply with the statutory requirements and though with a delay, the respondents have managed to hold the AGMs for the year 2014 and 2015 on March 31, 2016. Therefore, instead of imposing maximum fines on all the respondents, in exercise of powers under sub-section (4) of section 158 of the Ordinance, I hereby impose a fine of Rs50,000/- (Rupees fifty thousand only) on the chief executive of the Company.

The aforesaid fine 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 failure of the respondent to deposit of the fine, proceedings for recovery of the fine as arrears of land revenue will be initiated. It may also be noted that the aforesaid fine is imposed on the respondent in personal capacity; therefore, he is required to pay the said amount from personal resources.

**Amina Aziz**  
Director (CSD)

**Announced:**  
May 5, 2016  
Islamabad