



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/130/2015-2503-2510, dated January 14, 2016
Hearing held on: April 7, 2016
Present: Mr. Abdur Rehman, Ms. Hina Ambreen, representatives

ORDER

UNDER SECTION 171 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"):

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|---|--------------------------------------|---|-------------------------------|
| 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 171 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 the annual general meeting (the "AGM") for the year ended **June 30, 2014** on or before the extended date of November 30, 2014. The Company failed to hold the AGM within the extended date, therefore, the Commission through letter dated November 10, 2015 directed the Company under section 170 of the Ordinance to hold the AGM for the year ended June 30, 2014 latest by November 30, 2015. The Company failed to comply with the direction of the Commission as it did not hold the AGM for the year ended June 30, 2014, in terms of the Commission's direction. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days, as to why penal action may not be taken against them under section 171 of the Ordinance for not complying with the Commission's direction under section 170 to hold the overdue AGM.



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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 respondents and stated that the AGM for the year ended June 30, 2014 was convened on March 31, 2016 along with the AGM for the year ended June 30, 2014. He further stated that notices of the AGMs were already published and provided copies of the same. 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. 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") from the Institute of Chartered Accountants of Pakistan ("ICAP"). Resultantly the AGM for the years 2014 was delayed and could not be held in terms of the Commission's direction. 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 170 of the Ordinance provides as under:

"If default is made in holding the statutory meeting, annual general meeting or any extraordinary general meeting on the requisition of members in accordance with section 157, section 158 or section 159, as the case may be, the Commission may, notwithstanding anything contained in this Ordinance or in the articles of the company, either of its own motion or on the application of any director or member of the company, call, or direct the calling of, the said meeting of the company in such manner as the Commission may think fit, and give such ancillary or consequential directions as the Commission thinks expedient in relation to the calling,



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holding and conducting of the meeting and preparation of any document required with respect to the meeting.

Explanation:- The directions that may be given under sub-section (1) may include a direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting."

Section 171 of the Ordinance provides as under:

"If default is made in complying with any directions of the Commission under section 170, the company and every officer of the company who is in default shall be liable to a fine which may extend to ten thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred 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 171 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. If it fails to hold its AGM within the prescribed time, the Commission of its own motion, or on the application of any director or member of the company, can call, or direct the calling of, the AGM and a Company is required to comply with such directions. It is the directors' responsibility to ensure that Commission's directions are complied with. The Commission issued the direction to the Company to hold its overdue AGM for the year ended June 30, 2014, however, the respondents failed to comply with the directions of the Commission. Therefore, they have made them liable for action under section 171 of the Ordinance. 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 along with the AGM for the year ended June 30, 2015, on March 31, 2016. Moreover, separate proceedings for not holding the AGMs in a timely manner have been concluded with fines. Therefore, instead of imposing fines, in exercise of powers under section 171 of the Ordinance, I



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hereby concluded the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with the Commission's direction in future.

Amina Aziz
Director (CSD)

Announced:
May 5, 2016
Islamabad