



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/130/2015-2495-2502, dated January 14, 2016  
Hearing held on: April 7, 2016  
Present: Mr. Abdur Rehman, Ms. Hina Ambreen, representatives

**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 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 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 the interim financial statements ("Quarterly Accounts") for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On	Remarks
31-Mar-15	30-Apr-15	Not Filed
30-Sep-15	31-Oct-15	Not Filed

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 sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts.



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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, 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 the Company was in process of filing the annual and the 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") from the Institute of Chartered Accountants of Pakistan. Resultantly holding of the AGMs and filing of Quarterly Accounts were delayed. Based on their submissions, they requested for a lenient view. The respondents assured to file the Quarterly Accounts with the Commission within a week. Later on, through letter dated April 11, 2014, they submitted the previous year's quarterly accounts for quarters ended September 30, 2013, March 31, 2014 and September 30, 2014. However, the Quarterly Accounts for March 31, 2015 and September 30, 2015 to which the subject proceedings related have not been filed with the Commission.

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:



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*"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."*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 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 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 and the shareholders did not have information about the affairs of companies during the year. The requirement to circulate interim accounts 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 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. In terms of the Ordinance the directors are primarily responsible for approval of accounts. In this context the respondents cannot absolve themselves of their statutory duties regarding 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 financial constraints due to shut down of operations, as reasons for delays in holding the AGM and preparing and filing of annual and Quarterly



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Accounts. 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 and prepared and filing the annual and interim accounts. Moreover, disqualification of the auditor of the Company for not having satisfactory QCR from the ICAP has also been stated to be the reason for delay in finalization of accounts. 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 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, in a timely manner. 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 and file previous quarterly accounts for previous year. Therefore, instead of imposing maximum fines on all the respondents, in exercise of powers under sub-section (3) of section 245 of the Ordinance, I hereby impose an aggregate fine of Rs40,000/- (Rupees seventy thousand only) on the respondents, as per following details:

Name of Respondents	Amount (Rs.)
1. Mr. H. Azeem Mandviwalla, CEO	5,000
2. Mr. Shireen H. Mandviwalla, Director	5,000
3. Mr. Nadeem H. Mandviwalla, Director	5,000
4. Mr. Tariq Mehmood, Director	5,000
5. Mr. Masih ul Hassan, Director	5,000
6. Rahmat Karim Fazli, Director	5,000
7. Syed Asghar Ali, Director	5,000
8. Abdul Qadir Shiwani, Director	5,000
<b>TOTAL</b>	<b>40,000</b>

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 failure of the respondents to deposit of the fines, 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



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on the respondents in their personal capacities; therefore, they are required to pay the said amounts from personal resources.

**Amina Aziz**  
Director (CSD)

**Announced:**  
May 5, 2016  
Islamabad