



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

Before Ali Azeem Ikram – Executive Director/Head of Department

In the matter of

**Mandviwalla Mauser Plastic Industries Limited**

Number and date of notice: CSD/ARN/130/2015-774-75 dated November 15, 2017

Date of hearings: November 30, 2017, December 21, 2017, March 28, 2018, September 26, 2018, October 04, 2018, November 28, 2018, July 31, 2019, March 26, 2020, July 14, 2020, August 28, 2020, October 14, 2020, October 30, 2020, November 02, 2020, January 14, 2021

Present: Mr. Azeem H. Mandviwalla, Mr. Abdul Rehman, Ms. Hina Ambreen

### ORDER

#### Under Clause (b) of Section 304 read with Clause (m) of Section 301 of the Companies Act 2017

This Order shall dispose of proceedings initiated in the matter of Show Cause Notice ("SCN") dated November 15, 2017 under clause (b) of section 304 read with clause (m) of section 301 of the Companies Act, 2017 ("the Act"), issued to Mandviwalla Mauser Plastic Industries Limited ("the Company") and board of directors of the Company (collectively called "Respondents").

2. The facts leading to this case, briefly stated, are that the Company Registration Office ("CRO") Karachi, approached the Commission for grant of sanction in terms of clause (b) of Section 304 read with clause (m) of Section 301 of the Act to present a petition before the Honorable High Court for winding up of the Company on the grounds that the Company's business has been suspended since July 2013.

3. In this regard, SCN dated November 15, 2017 was served on the Company under clause (b) of Section 304 read with clause (m) of Section 301 of the Act indicating the aforesaid grounds to present a petition for winding up of the Company. An opportunity of hearing was provided to Respondents on November 30, 2017. Mr. Azeem H. Mandviwalla, Chief Executive of the Company vide letter dated November 21, 2017 provided his consent to attend the said hearing. Subsequently, the Company vide letter dated November 30, 2017 sought adjournment on pretext of inability of Chief Executive to attend the meeting. The Company was provided another opportunity of hearing on December 21, 2017 wherein Mr. Azeem H. Mandviwalla, being authorized representative of Respondents appeared in person along with Mr. Abdul Rehman and Ms. Hina Ambreen and stated that operations of the Company have remained closed



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since February 2013, there are unresolved dispute with IDBP for settlement of loan amounting to approx. Rs. 53 million however the Company is committed to resolve the same. The authorized officer provided three months' time to Company to resolve issue demonstrating efforts for resumption of operations. Another opportunity of hearing was provided on March 28, 2018 wherein Mr. Azeem H. Mandviwalla appeared in person alongwith Mr. Abdul Rehman and Ms. Hina Ambreen. The Company vide their letter dated May 07, 2018 stated that no business is being carried out for the last five years as the factory is closed. Funds are being injected by Directors for outstanding creditors. All details are being given in our Directors' Report for the year 2016 and 2017. The Company is trying to revive the Company and start business again therefore the subject SCN may be withdrawn.

4. Subsequently, hearing in the matter was provided on September 26, 2018, October 04, 2018 and November 28, 2018 however no one appeared on the said dates. Subsequently a hearing opportunity was provided on July 31, 2019 wherein Ms. Hina Ambreen appeared as authorized representative on behalf of the Respondents. It was stated that efforts for revival of the Company is in process for shifting plan in Baluchistan to port Qasim in Karachi. On query regarding specific plans of revival, additional time was requested to provide feasibility and revival plans. Therefore, time of 15 days was given to provide evidence of revival of plant, projections, relevant documents for operational viability and specific timelines meeting the revival targets.

5. The Company vide letter dated August 16, 2019 stated that the revival of Company is in process and normal business is expected to resume soon. Moreover, in addition to other documents, copies of NOC from Lasbela Industrial Estates Development Authority for shifting of machinery equipment from Uthal to Karachi for shifting plant & machinery, revival plan, timeline and pictures of shifting plant and machinery were provided. As per the timeline, it was stated that the plant and machinery shall be shifted to Karachi by June end 2019. In view of the aforesaid information w.r.t the subject SCN, a letter dated October 31, 2019 was addressed to the authorised representative, Ms. Hina Ambreen, seeking feasibility plans for revival as committed in hearing held on July 31, 2019. The Company responded vide letter dated November 07, 2019 stating the following:

- Projections and costs of shifting plant had been provided with the application under Section 83 (b) of the Act. Financial projections and fund requirement has been provided.
- The process of revival started from February 2019 i.e. from resolution of board and shareholders for shifting of machinery and plant to new location in port Qasim, Karachi. The plant is under commissioning and trial production is expected by March 2020 with sales from last quarter of financial year 2019-2020.
- A tenancy agreement between the Company and M.M. Flour Mills Private Limited dated June 01, 2019 was also provided.



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6. An opportunity of hearing was given on February 25, 2020 rescheduled later for March 26, 2020 vide letter of this office dated March 13, 2020. The Company vide letter dated March 20, 2020 sought adjournment and the hearing opportunity set for March 26, 2020 was adjourned. Subsequently, opportunity of hearing in the matter was provided on July 14, 2020 which was adjourned on request of Company vide their letter dated July 13, 2020 and hearing was refixed on August 28, 2020 however no one appeared on the said date. Subsequently next opportunity of hearing was provided on October 14, 2020 however the Company requested adjournment and hearing was refixed on October 30, 2020 however no one appeared on the said date. Final opportunity of hearing was given to Respondents on November 02, 2020. The authorized representative namely Mr. Abdur Rehman and Mr. Azeem Mandviwalla attended the hearing. It was submitted that production facilities were planned to be resumed in May-June 2020 however the Company suffered delay due to Covid-19. The Company is making all efforts and operations have resumed from July 2020 and the same shall be evident from financial statements for the period ended September 30, 2020 which shall be sent to the Commission by December 2020. In view of above, hearing in the matter was fixed on January 14, 2021. Mr. Azeem Mandviwalla attended the said hearing. It was stated that production has started in July 2020 with sales amounting to Rs. 4.5 million and the relevant financial statements for the period ended September 30, 2020 shall be provided to the Commission in next week. The authorized officer sought evidence of stated sales se.g. sales tax return filed since production started and also auditor certificate verifying resumption of commercial production. The Company vide letter dated January 21, 2020 provided written response comprising of financial statements for period ended September 30, 2020, copy of submitted sales tax return file with FBR for period July to December 2020 and auditors' certificate dated January 16, 2021 verifying shifting of its plant & machinery to Port Qasim in Karachi and starting commercial production with effect from July 25, 2020.

7. It is necessary to advert to the following relevant provisions of the Ordinance:

**Section 301** of the Act states:

*"301. Circumstances in which a company may be wound up by Court. — A company may be wound up by the Court—*

*(m) if a listed company suspends its business for a whole year.*

**Section 304** of the Act states:

*"304. Provisions as to applications for winding up. — An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf:*

*(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition: Provided that no such*

*[Handwritten signature]*



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*sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;"*

8. In terms of the Commission's notification SRO 1545 (I)/2019 dated December 06, 2019, the powers to adjudicate cases under section 304 of the Act have been delegated to the undersigned as Executive Director/Head of Department (Adjudication Department -I).

9. I have gone through the fact of the case, submission made during hearing proceedings and written responses. I have observed that the commercial operations of the Company ceased since July 2013; however the Company in its financial statements for the period ended September 30, 2020, submitted to the Commission, has disclosed that it has started production (of Mauser 210 Litre L-Ring Drum) on July 25, 2020 at their facility at Port Qasim in Karachi. Sales of Rs. 5.577 million have been reported for period ended September 30, 2020 and auditor of the Company, Ibrahim, Shaikh & Co, have verified vide their certificate dated January 16, 2021, shifting of facilities to Port Qasim and resumption of production from July 2020. In view of the submissions above, I have observed that the basic premise of the show cause notice i.e. suspension of business of the Company has been addressed by the Company. I therefore find no reason to continue the winding up proceedings initiated against the Company and thereby drop the same with no further action.

**Ali Azeem Ikram**  
Executive Director  
Adjudication Department -I

**Announced:** February 11, 2021  
Islamabad