



Securities & Exchange Commission of Pakistan

Enforcement and Monitoring Division
NIC Building, Jinnah Avenue, Blue Area, Islamabad

Before M. Zafar-ul-Haq Hijazi, Commissioner (E & M)

In the matter of
M/S BELA AUTOMOTIVES LIMITED

No. and date of show cause notice under Section 158 (for non holding of AGM for the year ended 30.06.00)	No. 19 (834) CF/ISS/94-2001-I April 27, 2001
No. and date of show cause notice under Section 245 (for non filing of accounts for half year ended 31.12.00)	No. 19 (834) CF/ISS/94-2001-II April 27, 2001
No. and date of show cause notice under Section 245 (for filing half yearly accounts with a delay of one month and three days for the period ended 31.12.01)	EMD/233/441/2002/3086-93 May 13, 2002
No. and date of show cause notice under Section 158 (for non-holding of AGM for the year ended 30.06.01)	EMD/233/441/2002/4037-44 December 30, 2002
No. and date of show cause notice under Section 158 (for non-holding of AGM for the year ended 30.06.02)	EMD/233/441/2002/4220-27 January 07, 2003
No. and date of show cause notice under Section 246 (for non-filing of accounts for the quarters ended (31.03.02, 30.06.02 & 30.09.02)	EMD/233/441/2002/4241-48 January 07, 2003
Date of hearing	July 28, 2003
Present	Mr. Abdul Mateen, Chief Executive

Order

This Order shall dispose of the proceedings initiated against M/S Bela Automotives Limited (hereinafter referred to as the “Company”) and its directors for defaults made in complying with the provisions of Sub-section (1) of Section 158, Sub-section (1) of Section 245 and Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts underlying this case, briefly stated are that the Company was required to hold annual general meeting on or before December 31, 2000, 2001 and 2002 for the financial years ended June 30, 2000, 2001 and 2002 and it was further required to prepare and transmit to the members and simultaneously file with the Commission accounts for the half year on or before February 28, 2001 and February 28, 2002 for the periods ended December 31, 2000 & 2001. The company was also required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts on or before April 30, 2002, July 31, 2002 and October 31, 2002 for the periods ended March 31, 2002, June 30, 2002 and September 30, 2002. The company failed in complying with aforesaid requirements of law therefore, six show cause notices of even number were issued to the company, chief executive and its directors calling upon them to show cause in writing as to why penalty as provided under Sub-section (4) of Section (158), Sub-section (3) of Section 245 and Sub-section (2) of Section 246 may not be imposed upon them for the aforesaid defaults.

3. In replies to the show cause notices, Mr. Abdul Mateen, chief executive of the company has argued that the company was in litigation with

the Habib Bank Limited for unauthorized debits in violation of the State Bank of Pakistan rules and regulations, Sales Tax Department has appointed auditors for the audit of accounts and also that printing press where half yearly accounts were being printed broke down. He has requested a sympathetic view of default in view of deteriorated financial position of the company and current business climate. The replies of the chief executive were not found satisfactory, therefore, hearing was fixed on different dates and final hearing was fixed on July 28, 2003 to provide to the company, chief executive and directors an opportunity of personal hearing.

4. Mr. Abdul Mateen, Chief Executive appeared on the date of hearing. He submitted a written reply and also pleaded the case. In the written reply it was contended that the company held its last AGM on April 07, 2003 for the year ended June 30, 2000 and 2001 and legally the company can hold the current AGM within fifteen months from the date of last AGM, which has not expired. He also submitted that an application for direction under Section 170 to hold overdue AGM has already been moved to the Commission. He also informed that the settlement with the bank was very close and by the efforts of the management the company has been turned into a profitable unit and Honda Motorcycle Company has awarded the company with best quality award. He insisted that the defaults in the aforementioned circumstances were not intentional.

5. The written as well as verbal submissions of the respondents have been given due consideration and it has been observed that none of the reasons submitted are tenable and the respondents themselves have admitted their default, therefore, no further enquiry into the matter is required. The

management of the company has still not held annual general meeting for the year ended June 30, 2002 and the past record of company in this matter is also not satisfactory. The chief executive was also penalized for similar defaults in the past. The defaults, therefore, cannot be considered unintentional. It appears that the directors of this Company have no respect to relevant provisions of the Ordinance and a lenient view taken in past while adjudicating such defaults has not given good results. The directors of the Company instead of becoming compliant to the provision of law appears to have been encouraged and has started taking the provisions of the Ordinance more lightly. It is also pertinent to mention that the penalties imposed previously have not even been deposited, which reflects the respondents' disregard for the law. In the circumstances, a little strict view of default is necessitated. However, keeping in view the management's assurances to be compliant in future and start of profitable operations, I again take a lenient view and impose minimum fine of Rs. 10,000/- for each default u/s 158 of the Ordinance instead of imposing maximum fine of Rs. 20,000/-, a fine of Rs. 2,500/- for each default under Section 245 instead of imposing maximum fine of Rs. 100,000/- and a fine of Rs. 11,350/- and Rs. 6,750/- for defaults under Section 246 @ Rs. 25/- per day of default for a period of 454 days and 270 days for the quarters ended March 31, 2002 and September 30, 2002 respectively on the following male directors only and taking a lenient view condone the female directors with strict warning to them to be vigilant in future:

Name	Default u/s 158			Default u/s 245		Default u/s 246		Total
	30-Jun-00	30-Jun-01	30-Jun-02	31-Dec-00	31-Dec-01	31-Mar-02	30-Sep-02	
	Rupees							

Mr. Anwar Iqbal, Director	10,000	10,000	10,000	2,500	2,500	11,350	6,750	53,100
---------------------------	--------	--------	--------	-------	-------	--------	-------	---------------

Mr. Abdul Mateen Allahwala, Chief Executive	10,000	10,000	10,000	2,500	2,500	11,350	6,750	53,100
Mr. Omer Mateen, Director	10,000	10,000	10,000	2,500	2,500	11,350	6,750	53,100
Mr. Fazal-e-Kafeel, Director	10,000	10,000	10,000	2,500	2,500	11,350	6,750	53,100
Total	40,000	40,000	40,000	10,000	10,000	45,400	27,000	212,400

However, as the requirement of preparation of fourth quarterly accounts was done away through the implementation of Companies (Amendment) Ordinance, 2002 therefore, taking a lenient view, default for the quarter ended June 30, 2002 has been condoned.

6. The Chief Executive and directors of the company are directed to deposit the fine imposed upon them in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish the receipted challan to the Commission.

M. Zafar-ul-Haq Hijazi
Commissioner (Enf)

August 06, 2003
ISLAMABAD