



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
*Enforcement Department*

[Islamabad]

*Before Rashid Sadiq, Executive Director*

Order

*In the matter of*

M/S. Bela Automotives Limited

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

Number and date of notices	EMD/Enf -II/441/2003 dated February 23, 2004 and April 09, 2004
Date of hearing	April 15, 2004
Present	Mr. Abdul Mateen Chief Executive
Date of Order	April 15, 2004

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This is a case of violation of the provisions of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”) by M/S Bela Automotives Limited (the “Company”).

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the quarters ended on December 31, 2002, March 31, 2003 September 30, 2003 and December 31, 2003 by February 28, 2003, April 30, 2003, October 31, 2003 and February 29, 2004 respectively. The Company failed to file the aforesaid accounts with the Commission and the Registrar within the prescribed time. The failure of the Company to comply with the aforesaid requirement necessitated action against



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the responsible directors in terms of Sub-section (3) of Section 245 of the Ordinance.

3. Consequently, notices dated February 23, 2004 and April 09, 2004 were served on all the directors including the Chief Executive of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them. In response to the show cause notice dated February 23, 2004, the Chief Executive of the Company requested for extension in time for submission of reply till end of March 2004, which was allowed.

4. In order to give an opportunity of personal hearing, the case was fixed on April 15, 2004. On the said date, Mr. Abdul Mateen, Chief Executive of the Company appeared before me on behalf of all the respondents and submitted a written reply. During the course of hearing, Mr. Abdul Mateen contended that defaults in submission of quarterly accounts were neither intentional nor willful but occurred due to some unforeseen circumstances. He informed that the 1<sup>st</sup> quarter accounts for the period ended September 30, 2003 have already been transmitted to the Commission. He also filed a copy of these accounts and promised that 2<sup>nd</sup> quarter accounts for the period ended December 31, 2003 which are almost ready shall be filed by April 25, 2004. He requested for a lenient view in the matter and assured that no such default shall occur in future.

5. The written as well as verbal submissions of the respondents have been given due consideration and it has been observed that none of them are tenable. The preparation and circulation of quarterly accounts is one of the statutory obligations of the directors and they are supposed to make serious efforts to ensure the compliance of the relevant provisions of law. However, it appears from the circumstances that the directors have not taken serious attempts to



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prepare and transmit the quarterly accounts within the prescribed time. The disregard of law by the Company and its directors is also evident from the unsatisfactory track record of the Company. The Company and its directors have been penalized a number of times in the past for default in compliance with the mandatory provisions of the Ordinance. In the circumstance, the defaults under Section 245 are considered willful and intentional, which attract the provisions of Sub-section (3) of Section 245 of the Ordinance. I have, however, noticed that the Company is in the revival phase as is reflected by the latest quarterly accounts for the period ended September 30, 2003 and the management intend to distribute regular dividends to the shareholders of the Company in future, therefore, I do not intend to discourage the management by imposing maximum fine for the aforesaid default. As the Chief Executive has provided assurance to comply with the mandatory requirements of law in future, therefore, I am inclined to take a lenient view of default in submission of quarterly accounts.

6. For the forgoing reasons, instead of imposing the maximum fine of Rs. 100,000 on every director and a further fine of Rs. 1,000 per day for the continuous default, I impose a penalty aggregating to Rs. 20,000 (Rupees twenty thousand only) @ of Rs. 5,000 for each default on the Chief Executive under Sub-section (3) of Section 245 read with Section 476 of the Ordinance. The other directors are, however, reprimanded to be careful in future. The Chief Executive and Directors are warned that in case of any non-compliance of statutory requirements in future, no lenient view would be taken and maximum penalties would be imposed on the responsible directors including the Chief Executive of the Company.

7. The Chief Executive of the Company is hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of



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Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish receipted challan to the Commission.

***Rashid Sadiq***  
Executive Director (Enforcement)

***Announced:***  
*April 15, 2004*  
**ISLAMABAD**