



Corporate Supervision Department
Company Law Division

Before Ali Azeem Ikram – Executive Director (CSD)

In the matter of

Bela Automotive Limited

Number and date of SCN: EMD/Enf-II/441/03-1109 dated January 14, 2015

ORDER

UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as “respondents”) of **Bela Automotive Limited** (the “Company”):

- | | | | |
|---|----------------------------|---|---------------------|
| 1 | Mr. Abdul Mateen Allahwala | 5 | Mrs. Nelofer Mateen |
| 2 | Mr. Imran Mateen | 6 | Mrs. Farnaz Anwar |
| 3 | Mr. Anwar Iqbal | 7 | Mrs. Moniza Imran |
| 4 | Mr. Omer Mateen Allahwala | | |

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 14, 2015 under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2014 on or before October 31, 2014, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene its AGM as per requirements of the law. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM within the prescribed time.

3. The respondents failed to submit any response to the SCN. The case was fixed for hearing on April 29, 2015 through hearing notice dated April 22, 2015, but the respondents neither attended the hearing nor submitted any response in writing. By way of providing a final opportunity to the respondents, a hearing was fixed on October 1, 2015 through letter dated September 8, 2015. The respondents were advised to make arrangements to attend the hearing in person or through authorized representative. It was explicitly mentioned in the hearing notice that



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department Company Law Division

Continuation Sheet - 1 -

in case the respondents fail to appear in person or through a representative, the Commission will proceed to pass an ex parte order on the basis of material available on record. The respondents again failed to make appearance on the appointed date and time.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

“Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:”

Sub-section (4) of section 158, inter alia, provides as under:

“If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;”

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department Company Law Division

Continuation Sheet - 2 -

effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities 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 this context the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts. I have noted that the respondents despite being given ample opportunity have neither submitted any written response nor have they appeared for hearings fixed on April 9, 2015 and October 1, 2015 through Commission's letters dated April 22, 2015 and September 8, 2015, respectively. Therefore, I am constrained to issue an ex parte order against them. It is also pertinent to mention that the Company failed to hold its previous AGM for the year ended June 30, 2013 in respect of which a penalty of Rs100,000 was imposed on the chief executive of the Company vide order dated July 1, 2014. Moreover, the Company held its AGMs for the years ended June 30, 2011 and 2013 with inordinate delays and penalties were imposed on the respondents for respective defaults. This shows that the Company does not have a satisfactory history of compliance.

6. In view of the foregoing, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance. Therefore, in exercise of the powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose an aggregate fine of Rs350,000/- (Rupees three hundred fifty thousand only) on the respondents, as per following details:

(Amounts in Rs)

Name of Respondents	Total
1. Mr. Abdul Mateen Allahwala	50,000
2. Mr. Imran Mateen	50,000
3. Mr. Anwar Iqbal	50,000
4. Mr. Omer Mateen Allahwala	50,000
5. Mrs. Nelofer Mateen	50,000
6. Mrs. Farnaz Anwar	50,000
7. Mrs. Moniza Imran	50,000
TOTAL	350,000



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 3 -

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

Before concluding the order I hereby invoke the provisions of section 170 and section 473 of the Ordinance and direct the respondents to immediately take steps to prepare and approve all the overdue annual and interim accounts of the Company and hold the overdue AGMs of the Company for the years ended June 30, 2013 and June 30, 2014 latest by December 31, 2015. The respondents' failure to comply with the aforesaid direction will render them liable for action under section 171 and section 495 and any other relevant provisions of the Ordinance.

Ali Azeem Ikram
Executive Director (CSD)

Announced:
October 14, 2015
Islamabad