



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

Before Javed K. Siddiqui, Executive Director (Company Law)

In the matter of
M/S. Bela Automotives Limited
(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

Number & date of show cause notice	EMD/Enf -II/441/2003, Dated January 27, 2005
Date of hearing	April 06, 2005
Present	Mr. Muhammad Niaz Khan Manager Accounts
Date of Order	May 30, 2005

Order

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

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 1st quarter ended on September 30, 2004 by October 31, 2004. The Company failed to file the aforesaid accounts with the Commission within the prescribed time and the same were received with a delay of 40 days. Failure to comply with the aforesaid requirements necessitated action against the responsible Directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, a show cause notice dated January 27, 2005 was 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. No reply was received to the show cause notice.



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3. To afford an opportunity of hearing the matter was fixed for March 10, 2005. No one appeared for hearing on the given date and time. However, a written reply dated March 07, 2005 was received where by Mr. Abdul Mateen, Chief Executive of the Company informed that they had not received the Commission's show cause notice dated January 27, 2005. He requested to provide copy of the same and also fix the matter for hearing after March 31, 2005. Accordingly, the copies of the notice were again dispatched to all the Directors. On receipt of the said show cause notice, the Chief Executive of the Company explained vide his letter dated March 29, 2005, that the delay in filing of quarterly accounts was not intentional and willful. He further contended that the quarterly accounts for the quarter ended September 30, 2004 were prepared and circulated to the shareholders within prescribed time, therefore the requirement of Section 245 was complied with spirit and devotion. However, these accounts could not be sent to the Registrar and the Commission in time due to oversight of his staff. He regretted for the delay and assured that no such mistake would be repeated in future. He further requested to condone the delay on the ground that the purpose of Section 245 has already been complied with.

4. The reply of the Chief Executive to the show cause notice dated January 27, 2005 was not found satisfactory. In order to provide another opportunity of hearing, the matter was fixed for April 06, 2005. On the date of hearing, Mr. Muhammad Niaz Khan, Manager Accounts of the Company appeared before me on behalf of the Directors to argue the case. Mr. Niaz reiterated almost the same arguments as were advanced by the Chief Executive in his written reply dated March 29, 2005. He further contended that due to the illness of his father he remained on leave. The quarterly accounts could, therefore, not be filed with the Commission in time. He requested to condone the delay this time as a last chance. He further stated that the Company remained a sick unit but now they are trying for its revival. He requested that they are in need of the Commission's cooperation at this stage. On reminding for the previous defaults, he promised to send copies of previous accounts and assured that in future there will not occur any default.

5. I have given due consideration to the written submissions as well as arguments advanced at the time of hearing for late submission of quarterly accounts and observed that none of them are tenable. The preparation and circulation of quarterly accounts is one of the statutory obligations of the Directors of the Company and they are supposed to make serious efforts to ensure the compliance of the relevant provisions of law. It appears from the circumstances that the quarterly accounts for the aforesaid quarter were prepared and circulated to the shareholders in time. However, the same were



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not transmitted to the Commission 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 defaults in compliance with the mandatory provisions of law. In the circumstance, the default of late filing of accounts with the Commission under Section 245 is established, which attracts the penal provisions of Sub-section (3) of Section 245 of the Ordinance. I have, however, been informed by the Company's representative that the Company is in the revival phase and a perusal of the records shows that the Company has filed the quarterly accounts for the subsequent quarter ended December 31, 2004 in time and also for the quarter in question, though late, therefore, I do not intend to discourage the management by imposing maximum fine for the aforesaid default. As the Chief Executive and the representative of the Directors have accepted the default and provided assurance to comply with the mandatory requirements of law in future, which they have done also for quarter ended December 31, 2004, therefore, I am inclined to take a lenient view of delay 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 of Rs. 10,000 (Rupees ten thousand only) 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 also 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 M/s. Bela Automotives Limited is hereby directed to deposit the aforesaid fine of Rs.10,000/- (Rupees ten thousand only) in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of the Commission for information and record.

Javed K. Siddiqui
Executive Director (CL)