

Before Amir M. Khan Afridi – Head of Department

In the Matter of Show Cause Notice issued to Bela Automotives Limited

Dates of Hearing:

June 25, 2021, July 5, 2021, October 18, 2021 and
November 11, 2021

Order-Redacted Version

Order dated April 1, 2022 was passed by Head of Department (Adjudication-I) in the matter of Bela Automotives Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 18, 2021
2. Name of Company	Bela Automotives Limited
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Respondent failed to convene its Annual General Meetings for the financial years ended June 30, 2017; June 30, 2018; June 30, 2019; and June 30, 2020 (the AGMs) within a period of one hundred and twenty (120) days following the close of its aforementioned financial years, as required under sub-section (1) of Section 132 of the Act.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case in light of the relevant provisions of the Act, the information available on record, and the Respondent's reluctance to respond to the SCN and to appear in the hearing fixed four times and state that:</p> <ul style="list-style-type: none">(i) Holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the discussion and voting on agenda items of the general meeting which includes consideration and approval of the company's financial statements;(ii) AGMs are important for the transparency they provide, the ability to include shareholders, as well as bringing the management to accountability;(iii) Non-holding of AGM deprives the members of their fundamental and statutory right, to know about the affairs of the company and participate in decision making;(iv) In order to ensure transparency and protect the shareholders' rights, all the companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding of AGMs;

	<p>(v) The Respondent cannot absolve itself from its statutory obligations pertaining to holding of AGMs, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law;</p> <p>(vi) The Respondent failed to convene its AGMs for FYs ended June 30, 2017; June 30, 2018; June 30, 2019; and June 30, 2020 within the specified one hundred and twenty (120) days from the closing thereof;</p> <p>(vii) The Commission, however, vide directives dated April 19, 2019; July 1, 2019; September 10, 2020; and December 16, 2020 under Section 147 of the Act directed the Respondent to hold its overdue AGMs latest by May 21, 2019; July 31, 2019; October 15, 2020; and January 20, 2021 respectively; and</p> <p>(viii) The Respondent held the said overdue AGMs on May 20, 2019; July 31, 2019; October 15, 2020; and January 20, 2021, i.e. on or before the deadline mentioned in the aforesaid directives.</p> <p>Keeping in view the fact that the Respondent has convened and held all the four overdue AGMs for FY 2017; FY 2018; FY 2019; and FY 2020 within the time limit set by the Commission through the aforesaid directives dated April 19, 2019; July 1, 2019; September 10, 2020; and December 16, 2020, therefore, I hereby conclude the proceedings without imposing any penalty on the Respondent. I, however, remind the Respondent of its fiduciary duties and obligations towards all stakeholders, advising it to ensure that such mechanisms are in place and appropriate actions be taken whereby holding of AGMs and preparation of financial and operational reporting of the Company is timely achieved, whilst ensuring due compliance of the law.</p>
6. Penalty Imposed	No penalty imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.