



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company/Respondent:	Bela Automotives Limited
Number and Date of Show Cause Notice (the SCN):	No.2(448)SMD/Adj-1/2024-183 dated November 18, 2024
Date(s) of Hearing(s):	(i) December 12, 2024; (ii) January 13, 2025; (iii) January 21, 2025; and (iv) January 23, 2025
Case represented by:	(i) Mr. Omer Mateen-Director; and (ii) Mr. Muhammad Niaz Khan-Manager. (as the Authorized Representatives.)
Provisions of law involved:	Regulations 5(1)(a) and 5(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 and Section 124 of the Securities Act, 2015 read with Section 126(3) thereof.

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. No.2(448)SMD/Adj-1/2024-183 dated November 18, 2024 (the “SCN”) by the Securities and Exchange Commission of Pakistan (the “Commission”) against Bela Automotives Limited (the “Target Company”) under Section 126(3) of the Securities Act, 2015 (the “Act”) for failure to comply with Regulations 5(1)(a) and 5(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the “Regulations”) read with Section 124 of the Act.

2. The brief facts of the matter are that Mr. Amir Noman (the “Acquirer”) made Public Announcement of Intention dated June 10, 2024 (“PAI”) through Adam Securities Limited (the “Manager to the Offer”) to acquire 50% shares and control of the Target Company under the Regulations and the Act. However, it was observed that the Target Company failed to make the required disclosure of PAI in terms of Regulation 5(1)(a) of the Regulations containing the information as prescribed in Regulation 5(2) read with Schedule V of the Regulations.

3. In order to probe the matter, the Commission vide letter dated June 14, 2024 sought explanation from the Target Company on the aforesaid non-compliance of the Regulations. The Chief Executive Officer (CEO) of the Target Company vide a letter dated June 26, 2024 apprised that a copy of the PAI was sent to the Commission vide email dated June 10, 2024. However, the requirements of the Regulations are explicit where the Target Company by not making immediate disclosure of PAI to the Commission as per the requirements, *prima facie*, contravened the requirements of Regulations 5(1)(a) and 5(2) of the Regulations read with Section 124 of the Act, which attracts penal action in terms of Section 126(3) of the Act.

4. For the sake of clarity of reference, the relevant provisions of the law are reproduced as under:

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Regulations 5(1)(a) and 5(2) of the Regulations:

*"5. Disclosure by the target company– (1) A target company shall immediately, in writing, inform the securities exchange and the Commission, -
(a) of a firm intention to acquire control or voting shares of the target company, beyond the limits prescribed in section 111 of the Act, is notified to the target company;*

*.....
(2) The disclosure required to be made under sub-regulation (1) shall contain the information as prescribed in Schedule V."*

Section 126(3) of the Act:

"126. Penalties for non-compliance

*.....
(3) If any person*

(a) refuses or fails to furnish any document, paper or information which he is required to furnish by, or under, this Part;

(b) refuses or fails to comply with any order or direction of the Commission made or issued under this Part; or

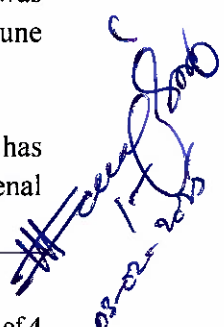
(c) contravenes or otherwise fails to comply with the provisions of this Part,

the Commission may, if satisfied, after giving the person an opportunity of being heard, that the refusal, failure or contravention was willful, impose penalty which may extend to one hundred million rupees as may be specified in the order."

5. Taking cognizance in the matter, the SCN was issued to the Target Company to show the cause in writing as to why penal action may not be taken against it for non-compliance of the requirements of the Regulations. In response to the SCN, Mr. Omer Mateen-Director, vide letter January 13, 2025 submitted the following written response:

- (i) The Company received a notice dated December 12, 2023 from the Acquirer regarding his intention to acquire shares beyond the threshold prescribed under Section 111 of the Act through his letter dated December 20, 2023. The Company previously explained the same vide its letter dated June 26, 2024.
- (ii) The Company disclosed this information to the Pakistan Stock Exchange (PSX) and the Commission through its letter dated December 26, 2023 in the form prescribed under Schedule V of the Regulations and the afore-said information was subsequently uploaded in PUCAR.
- (iii) After completion of negotiations between the parties and appointment of Manager to the Offer, the Acquirer again made PAI through the Manager to the Offer. The same was also duly disclosed to the Commission by CEO of the Company vide email dated June 10, 2024.
- (iv) The Company has made substantial compliance with the Regulations and if there has been any technical default, the same is inadvertent, therefore, requested that no penal action may be taken against the Company.

Order in the matter of Bela Automotives Limited dated 03rd of February, 2025



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6. In order to provide opportunity of personal representation, hearing in the matter was fixed for December 12, 2024 which was not attended by the Company. Another hearing in the matter was fixed for January 13, 2025 where the CEO of the Company vide email dated January 11, 2025 sought adjournment and the same was duly allowed.

7. In order to meet the ends of justice, the Company was once again given the opportunity of personal representation and hearing in the matter was fixed for January 21, 2025, which was again adjourned on the request of the CEO made vide email dated January 21, 2025. In order to conclude the matter, final hearing was scheduled on January 23, 2025 with a clear advice that no further requests for adjournments will be allowed and in the case of non-appearance, an ex-parte order shall be passed on its merit.

8. On the date of hearing, Mr. Omer Mateen-Director and Mr. Muhammad Niaz Khan-Manager, as the Authorized Representatives of the Company (the "ARs") appeared and argued the case. During the course of hearing, the ARs reiterated the written submission made earlier vide letter dated January 13, 2025 and requested for a leniency in the matter.

9. I have reviewed the facts of the case and also considered the written and verbal submissions made by the ARs. At this juncture, it is important to discuss the following legal and factual elements:

- (i) In terms of Regulation 5(1)(a) and 5(2) of the Regulations, the Target Company was required to make an immediate disclosure to the Commission and PSX upon receipt of PAI from the Acquirer. This disclosure must contain the information as prescribed in Schedule V of the Regulations, ensuring transparency and allowing stakeholders to make informed decisions. The requirement of immediate disclosure serves a crucial purpose of maintaining market integrity by preventing asymmetric dissemination of material information that could impact share prices and investor confidence.
- (ii) It is pertinent to note that the Acquirer had previously conveyed his firm intention to acquire shares of the Target Company through a letter dated December 20, 2023. However, this was done without appointing Manager to the Offer, which is a mandatory requirement under Regulation 6 of the Regulations. In this regard, the Commission accordingly took cognizance.
- (iii) Subsequent to compliance with the regulatory requirements, the Acquirer made the PAI through the Manager to the Offer. As a result, the obligation to disclose the PAI under Regulations 5(1)(a) and 5(2) of the Regulations was once again triggered for the Target Company. In accordance with Schedule V of the Regulations, the Target Company was required to make a formal disclosure in the prescribed manner. However, rather than making the required disclosure in accordance with regulatory provisions, the Target Company merely forwarded to the Commission a copy of PAI notice of Manager to the Offer; thereby failing to meet the requisite disclosure requirements. Consequently, such lapse constitutes a clear non-compliance with the Regulations.

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(iv) The argument that the Target Company was not aware of regulatory requirements does not hold solid grounds as the Commission had already taken penal action against the Target Company through an order dated April 15, 2024 for failing to make a timely disclosure of the Acquirer's firm intention dated December 20, 2023, which the Target Company disclosed belatedly on December 28, 2023 as per the proper format. Having already been penalized for a similar contravention, it is construed that the Target Company was duly aware of its disclosure obligations.

10. In light of the aforesaid record available with the Commission and the reply/arguments presented by the Company, it is concluded that contravention with the requirements of Regulations 5(1)(a) and 5(2) of the Regulations read with Section 124 of the Act have been established beyond doubt which attracts penal action in terms of Section 126(3) of the Act. I have also given due attention to the ground presented by the ARs to the said non-compliance, however, none of the ground seems to justify the non-adherence with the provisions of the Regulations. I, therefore, hereby, in terms of powers conferred under Section 126(3) of the Act read with read with S.R.O. 1545(I)/2019 dated December 06, 2019, impose a penalty of **Rs.25,000/- (Rupees Twenty Five Thousand only)** on the Target Company on account of established default and advised it to meticulously adhere to the applicable legal framework in the future.

11. The Target Company is, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 162 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 (the "SECP Act").



(Sohail Qadri) 03-02-2025
Director / Head of Department
Adjudication Department-I

Announced:
February 03, 2025
Islamabad