



Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division

[Islamabad]

Before Rashid Sadiq, Executive Director

In the matter of
M/S Standard Insurance Company Limited

Number and date of notice	19(18) CF/ISS/2001-II dated: October 01, 2001
Date of final hearing	April 22, 2003
Present	No one appeared
Date of Order	April 30, 2003

Order

(Under Clause (b) of Sub-Section (1) of Section 245 of the
Companies Ordinance, 1984)

This Order shall dispose of the proceedings initiated against the directors including the Chief Executive of M/S Standard Insurance Company Limited (hereinafter referred to as the “Company”) for failure of the Company to prepare, transmit and file the half yearly accounts for the period ended June 30, 2000.

Jurisdiction

2. The Commission brings this action pursuant to the provisions of Sub-Section (3) of Section 245 of the Ordinance read with Section 476 of the Ordinance. The powers under the aforesaid provisions have been delegated to the undersigned through S.R.O. No. 386(1)/2002 dated June 18, 2002

Background Facts

3. The facts relevant for the disposal of this case, briefly stated, are that the Company is a listed Company and its financial year starts on January 01 and



ends on December 31. As per requirements of Sub-section (1) of Section 245 of the Companies Ordinance, 1984, the Company was required to prepare and transmit within two months of close of the first half of its year of account, which is June 30, a profit and loss account for and balance sheet (the “half yearly accounts”) as at the end of that half year to the members, stock exchange on which its shares are listed and as per Sub-section (2) of Section 245 it was required to file its half yearly accounts with the Registrar and the Commission simultaneously with the transmission thereof to the members and stock exchanges. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the directors of the Company as provided under the Ordinance.

Show Cause Notices

4. A show cause notice No.19 (18) CF /ISS/2001-II dated October 01, 2001 was issued to the Chief Executive and directors of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 may not be imposed upon them for default in complying with the requirements of Section 245 of the Ordinance. The reply to the show cause notice was received vide Company’s letter dated October 04, 2001.

Hearing of the Case

5. In order to give opportunity to the directors including the Chief executive for personal hearing, the case was fixed several times, the final date of hearing being April 22, 2003. No one appeared for the hearing instead a letter was received at the Commission signed by the secretary of the Company reiterating the stance taken earlier in the written reply to the notice.



Submissions of the Directors

6. In the written submissions in response to the show cause notice, Mr. Asad Abbas, Assistant, on behalf of the directors, submitted that the default in preparation and transmission of half yearly accounts was caused due to illness of the Chief Accountant of the Company. During the correspondence subsequent to the reply it was also informed that major banks have removed the name of the company from their lists of underwriters, which resulted in substantial decline in the company's underwriting business. Consequently, the management retrenched its staff and closed down the zonal offices of the Company. This resulted in non-preparation and non-circulation of half yearly accounts.

Consideration of the Submissions

7. The provisions of Section 245 of the Ordinance are binding on the Directors of the Company and cannot be avoided on the premise of shortage of staff or decline in business. The directors including chief executive of the Company are responsible for preparation and circulation of half yearly accounts and they should make serious efforts to ensure the compliance of the relevant provisions of law. It appears from the circumstances that they have not taken serious attempts to prepare and transmit the half yearly accounts. Furthermore, the management's attitude towards the Commission's calls for personal hearing was also not positive.

Order

8. As the directors are supposed to be aware of the legal requirements and the consequences of the default, therefore, it could be legitimately inferred that



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Enforcement and Monitoring Division

the default was committed willfully and deliberately. This is also strengthened from the fact that the Chief Executive of the Company was also penalized for similar default the past, however, no efforts appeared to have been made to ensure the compliance of this statutory requirements. The Chief Executive and directors have, therefore, made themselves liable for fine under Sub-section (3) of Section 245 of the Ordinance. I, however, impose a fine of Rs 20,000 (Rupees twenty thousand only) on the Chief Executive and taking a lenient view no fine is imposed on the other directors. I hope that the directors would react positively to the lenient view by ensuring that no default is made in future in respect of this statutory requirement.

9. The Chief Executive is hereby directed to deposit the fine amounting to Rs. 20,000/- (twenty thousand only) in the bank account of the Commission within 30 days of the receipt of this order and submit a copy of the receipted challan to the Commission.

RASHID SADIQ

Executive Director (Enforcement and Monitoring)

Announced
April 30, 2003
ISLAMABAD