



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	EMD/233/66/2002-1060-67 August 13, 2002
Date of hearing	April 22, 2003
Present	No one appeared
Date of Order	April 30, 2003

Order

(Under of Sub-Section (2) of Section 246 of the
Companies Ordinance, 1984)

This Order shall dispose of the show cause proceedings initiated against M/S Standard Insurance Company Limited, a listed company (hereinafter referred to as the “Company”) and its directors for not complying with the legal provisions pertaining to the preparation and transmission of quarterly accounts by listed companies.

Jurisdiction

2. The Commission brings this action pursuant to the provisions of Sub-Section (2) of Section 246 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. 230(1)/2001 dated April 17, 2001.



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Background Facts

3. Through SRO No.764 (I) 2001 dated November 05, 2001, the listed companies were required to prepare and transmit to its members, stock exchanges registrars and the commission their quarterly accounts within one month of the close of relevant quarter of their year of accounts. Accordingly, the Company was required to prepare and transmit its quarterly accounts for the period ended December 31, 2001 and March 31, 2002 by February 28, 2002 and April 30, 2002 respectively, to its shareholders, stock exchanges, registrar and the Commission. The failure of the Company and its directors to comply with the aforesaid requirement necessitated action in terms of the aforesaid provisions of law.

Show Cause Notices

4. Consequently, a notice No. EMD/233/66/2002-1060-67 dated August 13, 2002 was issued to the Company, its directors and Chief Executive to show cause in writing as to why fine provided in Sub-section (2) of Section 246 of the Ordinance may not be imposed. The reply was received on August 28, 2002 through letter dated August 20, 2002. In order to provide an opportunity of hearing, the case was fixed for April 22, 2003 on which date no one appeared instead a letter was from the company received wherein it was requested to condone all lapses and delays. It was, further requested that they be exempted from personal appearance.

Hearings of the Case

5. In order to give opportunity to the Company and its directors for personal hearing, the case was fixed on April 22, 2003. However, no one appeared on behalf of the Company or its directors in these proceedings. A letter was, however,



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received from the Company Secretary on the date of hearing to condone the defaults. In the circumstances, I proceed to decide this case on the basis of the submissions contained in reply to the show cause notices.

Submissions of the Company and its directors

6. In the written reply, the Company and its directors has submitted that the requirement of preparing and filing of quarterly accounts was recently introduced on November 05, 2001, therefore, the company could not gear up itself to meet this requirement. The company has filed quarterly accounts for the period ended March 31,2002 along with the reply and has further requested to condone the delay with assurance to make changes in accounting procedures to meet this requirement timely.

Consideration of the Submissions

7. The plea taken by the Company and its directors for not preparing and filing quarterly accounts is not justifiable as the companies were given additional one month for preparation and circulation of accounts for the quarter ended December 31, 2001 i.e upto February 28, 2002 and whereas quarter ended March 31, 2002 is concerned there was sufficient time to adjust the accounting/reporting system to adapt to the changed environment. As the Company and its directors have admitted their failure to prepare and file the accounts, therefore, the default under Section 246 stands established.

Order

8. In view of the submissions and as the Company has not submitted the aforesaid quarterly accounts till the writing of this Order, the default is considered



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willful. However, considering the fact the company has filed quarterly accounts for the next period, I am inclined to take a lenient view of the default and impose a penalty of Rs. 10,000/- (Rupees ten hundred only), for each period of default, which aggregates to Rs. 20,000 on the Chief Executive of the Company. No fine, however, is imposed on Company and 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 company is hereby directed to deposit the fine amounting to Rs. 20,000/- (Rupees twenty thousands only) in the designated 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 & monitoring)

Announced
April 30, 2003
ISLAMABAD