



Securities & Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*  
NIC Building, Jinnah Avenue, Blue Area, Islamabad

*Before M. Zafar-ul-Haq Hijazi, Commissioner (E &M)*

*In the matter of*  
**M/S PROGRESSIVE INSURANCE COMPANY LIMITED**

(Formerly Prime Insurance Company Limited)

Number and date of show cause notice under Section 158 (for late holding of AGM for the year ended 31.12.2000)	EMD/233/61/2002/2304-12 April 05, 2002
Number and date of show cause notice under Section 246 (for non-filing of quarterly accounts for the periods ended 31.12.2001 and 31.03.2002 )	EMD/233/61/2002/1013-21 August 11, 2002
Date of hearing	July 28, 2003
Present	No one appeared

## Order

This Order shall dispose of the proceedings initiated against M/S Progressive Insurance Company Limited (hereinafter referred to as the “Company”) and its directors for default made in complying with the provisions of Sub-section (1) of Section 158 and Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts underlying this case, briefly stated are that the Company was required to hold annual general meeting (AGM) for the Calendar year 2001 on or before June 30, 2001 but due to change in management of the company, an extension up to July 31, 2001 was sought for holding of the aforesaid annual general meeting which was allowed by the Commission.

Subsequently, the Company applied for further extension of two months, which was rejected by the Commission. The company failed to hold annual general meeting within the extended time and instead held the meeting with a delay of five months and twenty-one days on January 21, 2002. Besides, the Company also failed to prepare and transmit quarterly accounts for the periods ended December 31, 2001 and March 31, 2002. Consequently, two show cause notices of even number dated April 05, 2002 and August 11, 2002 were issued to the Company, its Chief Executive and directors calling upon them to show cause in writing as to why penalty provided under Sub-section (4) of Section 158 and Sub-section (2) of Section 246 may not be imposed upon them for the aforesaid contraventions.

3. In response to the show cause notices, it was submitted by the Chief Executive of the Company vide letters dated April 29, 2002 and August 27, 2002 that National Accountability Bureau (NAB) had initiated an inquiry into the affairs of the Prudential group and this Company being previously part of the Prudential group was also engaged by the NAB for the aforesaid inquiry. The new management, therefore, remained busy for quite sometime in attending the NAB queries. Moreover, the record of M/S Share & Corporate Services (Pvt) Limited, which were providing services as Share Registrar to the Company was also sealed by the NAB and resultantly shareholders list was not available at that time. In view of these circumstances, the holding of AGM became almost impossible for the new management. He further submitted that due to eruption of the computer system of the Company, quarterly accounts could not be prepared within the prescribed time. This system, he further stated, was being managed by the computer division of the erstwhile Prudential Commercial Bank. The Bank

did not provide any information for repair of the system as, it was restrained by NAB for transferring any information to any of the Prudential Group companies. The Chief Executive further submitted that the Commission in recognition of the problems faced by the company allowed extension in holding annual general meeting for the year ended December 31, 2001, and the current defaults were also a continuation of aforementioned circumstances. He pleaded for condonation of the default and assured that such defaults would not be repeated in future. In order to provide opportunity of hearing to the Company and its directors, the case was fixed a number of times, the final date being July 28, 2003. On the final date of hearing, no one appeared before me to defend this case.

4. The reasons submitted for default in compliance of the provisions of Section 158 and Section 246 of the Ordinance are not tenable. It is pointed out that the management of the company is primarily responsible for the maintenance of proper books of accounts. It was, therefore, the duty of the new management to have ensured the maintenance of the proper record, books of accounts, timely preparation and circulation of accounts and holding of AGM within prescribed time. As the directors have admitted the default, therefore, I need not deliberate on this issue any further. The default is established and in the absence of any arguments to the contrary it is believed to be willful and intentional, which is strengthened from the fact that the extension applied for holding AGM for the calendar year 2001 was only for two months whereas the management held AGM with a delay of five months and twenty one days. Moreover, the AGM for the calendar year 2003 due on or before April 30, 2003 has not been held so far. Besides, the past record of the Company is also unsatisfactory as the management of the

company has been found habitual in seeking extensions for holding of the AGMs in the past two years instead of making serious attempts to ensure compliance with the requirements of law. The chief executive of the company was also penalized for default in holding AGM in the past. It appears that the directors of this Company have no respect to mandatory provisions of the Ordinance and a lenient view taken in past while adjudicating such defaults has not given good results. The directors of the Company instead of becoming compliant to the provision of law appears to have been encouraged and has started taking the provisions of the Ordinance more lightly.

5. Taking into account all the relevant facts and circumstances of this case and the past record of the Company, I feel that the defaults under Section 158 and Section 246 were intentional and willful. All the factors explained above, lead me to believe that a little strict view of default is necessary, therefore, I hereby impose a fine of Rs. 21,000/- @ Rs. 100/- per day for default under Section 246 for a period of 210 days i.e. till the date of receipt of accounts for the quarter ended September 30, 2002 and for default under Section 158, I impose Rs. 12,000/- instead of imposing maximum fine of Rs. 20,000/- on the following directors of the Company with a warning that very serious view will be taken if default in compliance of section 158 and 246 is repeated in future.

<i>Name</i>	<i>Section 246</i>	<i>Section 158</i>	<i>Total</i>
	<i>31.03.02</i>	<i>31.12.00</i>	
Mr. Abdul Majeed, Chief Executive	21,000	12,000	33,000
Mr. Kashif-ur-Rehman, Director	21,000	12,000	33,000

Mr. Abdul Sattar, Director	21,000	12,000	33,000
Haji Abdul Ghani, Director	21,000	12,000	33,000
Mr. Zia-ur-Rehman, Director	21,000	12,000	33,000
Mr. Saboor-ur-Rehman, Director	21,000	12,000	33,000
Mr. Abdul Waheed, Director	21,000	12,000	33,000
Ms. Tasneem Habib, Director	21,000	12,000	33,000
<b>Total</b>	<b>168,000</b>	<b>96,000</b>	<b>264,000</b>

However, as the requirement of preparation of fourth quarterly accounts was done away through the implementation of the Companies (Amendments) Ordinance, 2002, therefore, taking a lenient view, the default for the quarter ended December 31, 2001 is condoned.

6. The Chief Executive and directors of the company are directed to deposit the fine imposed upon them in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish the receipted challan to the Commission.

**M. Zafar-ul-Haq Hijazi**  
Commissioner (Enf)

August 06, 2003  
**ISLAMABAD**