



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad

Before Ali Azeem Ikram, Director (Enforcement)

ORDER

In the matter of

Alpha Insurance Company Limited

UNDER SECTION 193 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

Show Cause Notice No. and Date: EMD-233-706-08-2007-13 Dt. February 04, 2009
Replied in Written by: Mr. Zubair Edhy (Company Secretary)
Date of Written Reply: February 20, 2009
Date of Order: March 05, 2009

This order shall dispose of the proceedings initiated against the chairman of directors and the directors of Alpha Insurance Company Limited ("Company") under Section 193 of the Companies Ordinance, 1984 ("Ordinance").

2. In order to fully appreciate the issue in hand, it is necessary to have a glance into the relevant background facts of the case. Upon examination of the accounts for the year ended 31.12.2007 ("Accounts") of the Company, it was revealed that the Directors' Report of the Company disclosed that the company had held a total number of three board meetings during the year 2007. This indicated default regarding non-holding of at least one board meeting in each quarter as required under Section 193(2) of the Ordinance. A show cause notice under Section 193 of the Ordinance was therefore served on chairman of the directors and the directors of the Company on 04.02.2008 to explain as to why penal action for contravention of aforesaid provisions of the Ordinance may not be taken against them.

3. On 21.02.2009, Mr. Zubair Edhy, Company Secretary of Alpha Insurance Company Limited submitted written reply on behalf of the chairman and the directors of the Company. Following main contentions were made in the aforesaid reply:

"We accept an oversight in this matter. We are regularly holding board meetings and complying with other corporate regulations. In the year 2007 due to very busy schedules of our board members and the fact that preceding board meeting had been held at the end of December 2006, the lapse occurred. We are taking care that no such lapse is repeated in future."



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4. I have considered the submissions made before me at length and have also examined relevant provisions of law applicable to this case. The provisions Section 193(2) of the Ordinance require directors of a public company to meet at least once in each quarter of a year. The aforesaid provisions of law have been framed in this manner to safeguard the interest of all of shareholders and to ensure that the affairs of the company are managed by the board in a transparent manner after thorough deliberation for the benefit of all shareholders. The directors are, therefore, assumed to be aware of mandatory provisions of the law and ensure compliance thereof.

5. In light of the above discussion and record placed before me the default under Section 193 of the Ordinance is established and Chairman of the directors and the directors of the board of the company have made themselves liable for a fine under sub-section (3) of section 193 of the Ordinance. However, keeping in view the request made by the company secretary of the company to condone the lapse, a lenient view is being taken and instead of imposing a further fine of Rs. 50/- (Rupees fifty only) for everyday during which the default continued, I, in exercise of powers conferred on me under section 193(3) read with section 476 of the Ordinance, impose a fine of only Rs. 2,000/- (Rupees two thousand only) on the chairman of the directors and the directors, as detailed below:-

S. No.	Name	Fine (Rs.)
1.	Mr. Kamal Afsar, Chairman	2,000/-
2.	Mr. Mahmood Hashmi, Director	2,000/-
3.	Mr. M. Yunus Bandukda, Director	2,000/-
4.	Syed Yawar Ali, Director	2,000/-
5.	Mr. Muhammad Javed Khan, Director	2,000/-
6.	Mr. Ansar Hussain, Director	2,000/-
7.	Mr. V.C. Gonsalves, Managing Director	2,000/-
	Total	14,000/-

[Handwritten Signature]



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6. The chairman of the directors and all the directors of M/s. Alpha Insurance Company Limited are hereby directed to deposit the aforesaid fines aggregating to Rs.14,000/- (Rupees fourteen thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty (30) days from the receipt of this Order and furnish receipted vouchers issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act, 1967 shall be initiated which may result in the attachment and sale of movable and immovable property. It may please be noted that the said fines are imposed on the chairman of the directors and the directors in their personal capacity and they are required to pay the said amounts from their personal resources.

Ali Azeem Ikram
Director (Enforcement)