



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

[Islamabad]

Before Tahir Mahmood, Executive Director (Enforcement)

In the matter of

M/s. Progressive Insurance Company Limited

Number and date of show cause notice	No. EMD/233/701/2008-1300 dated November 25, 2008
Date of Final Hearing	April 1, 2009
Present	No one appeared on behalf of M/s. Progressive Insurance Company Limited
Date of Order	April 30, 2009

ORDER

(under Sub-Section (3) of Section 245 of the Companies Ordinance, 1984)

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This order shall dispose of the proceedings initiated against the Chief Executive and directors of M/s. Progressive Insurance Company Limited (hereinafter referred to as "the Company") for making default in complying with provisions of Sub-Section (1) of Section 245 of the Companies Ordinance, 1984 ("the Ordinance").

2. The relevant facts for disposal of this case, briefly stated, are that in pursuance of clause (b) of Sub-Section (1) of Section 245 of the Ordinance, the Company was required to prepare and file its accounts for third quarter ended September 30, 2008 with the Commission within one month of close of the quarter i.e. on or before October 31, 2008. The Company failed to comply with the provision of Section 245 of the Ordinance. Consequently, the Commission vide its letter dated November 14, 2008 advised the Company to clarify the position with regard to aforesaid prima facie default. The Company vide its dated November 19, 2008 replied that they could not file the said accounts with the Commission due to some internal and manpower issues which came to their notice only upon receiving the Commission's above-referred letter. The failure of the Company to comply with the aforesaid mandatory requirement necessitated action against the Chief Executive and directors of the Company as provided under the Ordinance.

3. Show Cause Notice dated November 25, 2008 under clause (b) of Sub-Section (1) of Section 245 read with Section 476 of the Ordinance was issued to the Chief Executive and directors of the Company, calling upon them to explain in writing as to why the fine as provided in Sub-Section (3) of Section 245 of the Ordinance may not be imposed upon them for making default in complying with said provisions of the Ordinance. Replying to show cause notice, the Company vide its letter dated November 27, 2008 submitted that the said accounts could not be filed due to misunderstanding that the accounts were required to be filed within two months of close of third quarter. The Company further requested for grant of extension in time till mid January 2009 for responding to show cause notice in consultation with directors of the Company. Later, the said accounts were received in the Commission as late as on November 29, 2008 which constitutes a delay of 29 days beyond the due date i.e. October 31, 2008.

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Enforcement Department

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4. In order to provide an opportunity to the Chief Executive and Directors of the Company or their authorized representatives for appearing in person to explain the circumstances which led to non-compliances with said provisions of the Ordinance, a number of hearings in this matter were scheduled on dated 11th March 2009 and 19th March 2009 but every time it was adjourned on the Company's request.

5. The final hearing of the case was fixed for April 1, 2009 and hearing notices were sent to the Chief Executive and directors of the Company wherein it was mentioned that this was final hearing opportunity and if no one appears therein on behalf of the Company, the matter would be decided ex-parte on the merits of the case. However, none of the directors or their authorized representative appeared in the final hearing of the case.

6. Progressive Insurance Company Limited, being a public listed company, is expected to exhibit more responsible and compliant corporate behaviour but facts of the case show that the Company did not comply with provisions of the clause (b) of Sub-Section (1) of Section 245 of the Ordinance.

7. In view of written submissions of the Company in correspondence made in reference to this case and facts of the case, the default under clause (b) of sub-section (1) of section 245 of the Companies Ordinance, 1984 is established and the Chief Executive and directors of the Company have made themselves liable for fine under Sub-section (3) of Section 245 of the Ordinance. As the directors are supposed to be well aware of their legal obligations in connection with aforesaid statutory requirement and consequences of the said default, therefore, it could be legitimately inferred that the default was committed knowingly and willfully. The accounts for quarter ended September 30, 2008 were required to be filed by October 31, 2008 but the default of the Company continued for 29 days. However, keeping in view the financial condition of the Company, a lenient view is being taken and instead of imposing a maximum fine of Rs. 100,000/- on each director of the Company and a further fine of Rs. 1,000/- for every day during which default continued, I, in exercise of powers conferred on me under Section 245(3) read with Section 476 of the Ordinance, impose a fine of only Rs. 25,000/- (Rupees twenty five thousand only) on the Chief Executive of the Company. The Chief Executive and other directors are however strictly warned to be careful in future to ensure compliance with the mandatory provisions of the Ordinance.

8. The Chief Executive of M/s. Progressive Insurance Company Limited is hereby directed to deposit the aforesaid fines aggregating to Rs.25,000/- (Rupees twenty five 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 against the Chief Executive of the Company only, which may result in the attachment and sale of movable and immovable property. It may please be noted that the said fine is imposed on the Chief Executive in his personal capacity and he is required to pay the said amounts from his personal resources.

(Tahir Mahmood)
Executive Director (Enforcement)