



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

[Islamabad]

Before Ali Azeem Ikram, Director (Enforcement)

*In the matter of*

M/s. Progressive Insurance Company Limited

Number and date of show cause notice	No. EMD/233/701/2008-1935-41 dated January 27, 2009
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 Section 204A read with Section 498  
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 Section 204A of the Companies Ordinance, 1984 ("the Ordinance").

2. The relevant facts for disposal of this case, briefly stated, are that in pursuance of Sub-Section (1) of Section 204A of the Ordinance, Progressive Insurance Company Limited, being a public listed company, is required to have a whole time secretary, possessing prescribed qualification. However, during the proceedings of inspection of the Company under Section 231 of the Ordinance held from December 29 to December 31, 2008, it has been noticed that the Company does not have any whole time secretary. Mr. Minhaj Ahmed was shown as Company Secretary in Annual Accounts of the Company for year 2007 but it was disclosed during aforesaid on-site inspection that he just takes care of duties of secretary of the Company as an additional charge and he is actually appointed to serve as Company Secretary in a related party M/s. Pakistan Industrial & Commercial Leasing Company Limited. 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 January 27, 2009 under Section 204A read with Section 498 of the Ordinance was served on the Chief Executive and directors of the Company, calling upon them to explain as to why appropriate action may not be taken against them under the law for aforesaid

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contravention. The Company vide its letter dated January 30, 2009 requested for grant of an extension of 30 days in time in order to submit reply to show cause notice after seeking expert opinion and directions on the issue.

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 11<sup>th</sup> March 2009 and 19<sup>th</sup> 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. It has been observed that directors of the Company have not only missed out three consecutive opportunities of appearing in hearings of the case but they also failed to submit written reply to answer the queries raised in show cause notice. However, the Company kept on seeking further extension in time to defer show cause proceedings for indefinite period.

7. The Company should have deputed an authorized representative to participate in proceedings of the hearings of the case rather than seeking adjournment for 3 consecutive times for appearance of Mr. Sabur Rehman (the Major Shareholder) who was not present in the country. Being a public listed company, Progressive Insurance Company Limited is expected to exhibit more responsible and compliant corporate behaviour but circumstances of the case show that the Company did not comply with provisions of Sub-Section (1) Section 204A of the Ordinance as well as those of Code of Corporate Governance.

8. Based on facts of the case and findings of the inspection as mentioned in para 2 of this Order, the default of Sub-Section (1) of Section 204A of the Ordinance is established and the Chief Executive and directors of the Company have made themselves liable for fine under Section 498 of the Ordinance. I, in exercise of powers conferred on me under Section 498 of the Ordinance, instead of imposing maximum penalties, impose a fine of only Rs. 5,000/- each (Rupees five thousand only) on the Chief Executive and directors of the Company, namely:-

S. No.	Name	Fine (Rs.)
1.	Mr. Abdul Ghani, Chief Executive Officer	5,000
2.	Mr. Manzoor Hussain Jilani, Chairman	5,000
3.	Mr. Moeed Asghar Kidwani, Director	5,000
4.	Mr. Rashid Munir Ahmed, Director	5,000
5.	Mr. Waqar Ahmed, Director	5,000
6.	Mr. Syed Saleem Ahmed, Director	5,000
7.	Mr. Nasir Munir Ahmed, Director	5,000
	<b>Total</b>	35,000

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Chief Executive and directors of M/s. Progressive Insurance Company Limited are directed to deposit the aforesaid fines aggregating to Rs.35,000/- (Rupees thirty five thousand) in the designated bank account maintained in the name of Securities and Exchange Commission with MCB Bank Limited within thirty (30) days from the receipt of this Order and furnish 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 and the Company, 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 Chief Executive and directors in their personal capacity and they are required to pay the said amounts from their personal resources.



( Ali Azeem Ikram )  
Director (Enforcement)