



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 notice	No. EMD/233/701/2008-2066-72 dated February 10, 2009
Date of 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 Proviso (b) of Section 309 Read with
Section 305 of the Companies Ordinance, 1984

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This order shall dispose of proceedings initiated through show cause notice No. EMD/233/701/2008-2066-72 dated February 10, 2009 under proviso (b) of Section 309 read with Section 305 of the Companies Ordinance, 1984 ("Ordinance") issued to M/s. Progressive Insurance Company Limited (hereinafter referred to as the "the Company"), its directors including the Chief Executive of the Company, namely:-

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|------|----------------------------|-----------------|
| i. | Mr. Abdul Ghani | Chief Executive |
| ii. | Mr. Manzoor Hussain Jilani | Chairman |
| iii. | Mr. Moeed Asghar Kidwani | Director |
| iv. | Mr. Rashid Munir Ahmed | Director |
| v. | Mr. Waqar Ahmed | Director |
| vi. | Mr. Syed Saleem Ahmed | Director |
| vii. | Mr. Nasir Munir Ahmed | Director |

2. The Additional Registrar of Companies, Company Registration Office, Karachi ("Registrar") vide his letter dated February 2, 2009 sought sanction of the Commission in terms of proviso (b) of Section 309 of the Ordinance to present a petition before the Honourable High Court of Sindh for winding up of the Company in public interest on the following grounds:-

- The business of the Company is suspended since year 2006.
- No proper books of accounts are being maintained and kept by the Company.
- The Company is conducting its business in a manner oppressive to its members and minority shareholders.

NIC Building, 63 Jinnah Avenue, Islamabad.

PABX: 9207091-4 Fax 9218592 & 9204915 E-mail: webmaster@secp.gov.pk Website: www.secp.gov.pk



3. Upon receiving the aforesaid request from the Registrar, before proceeding further, a show cause notice dated February 10, 2009 was served on all directors including the Chief Executive of the Company under Section 309(b) read with Section 305 of the Ordinance. In the show cause notice it was stated that during the proceedings of inspection of the Company under Section 231 of the Ordinance held from December 29 to December 31, 2008, the Company failed to provide the inspection team with any books of accounts which confirms the fact that books of accounts were not being maintained. Further, Company has suspended its business for more than one year. Since these circumstances call for winding of the Company by Court under clauses (c) and (f) of Section 305 of the Ordinance, the Chief Executive and all directors of the Company were given an opportunity to explain in writing as to why sanction in terms of proviso (b) of Section 309 of the Ordinance may not be granted to the Registrar to present a petition for winding up of the Company.

4. Replying to show cause notice, the Company vide its letter dated February 16, 2009 informed that Mr. Sabur Rehman, major sponsor of the Company, was approached for seeking explanation to queries raised in the show cause notice. He had been in England for having his medical treatment. His final medical check up was due on February 27, 2009. He was willing and desirous to represent the Company himself before the Commission and for this purpose he was returning back to the country by end of 1st week of March 2009. Therefore, the Company requested for grant of extension in time for submitting reply to show cause notice till second week of March 2009.

5. 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 let to non-compliances with said provisions of the Ordinance, a number to 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.

6. The final hearing of the case was fixed for April 1, 2009 and accordingly, 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.

7. 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. 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.

8. To appreciate the facts of the case, it is important to look at profile of the Company. As per annual account of the Company for year ended December 31, 2007, the Company was incorporated as a public limited company in 1987 under the Ordinance and it was engaged in general insurance business. The registered office of the Company is currently situated at 504, Park Avenue, 24-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi. The said accounts confirm the fact that the business of the Company remained suspended during the year as premium written during the year was reported as nil. The findings of aforesaid inspection as mentioned in foregoing para 3 confirmed that no books of accounts including trial balances, accounting ledgers, cash book, bank book, bank statements,



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Enforcement Department

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fixed assets register, member register, minutes book, and other relevant statutory corporate and accounting record and documents are not being maintained and kept by the Company. Under these circumstances, the operations of the Company are being conducted in a manner which is not fair to minority shareholders. This state of affairs call for winding of the Company by Court under clauses (c) and (f) of Section 305 of the Ordinance, which are reproduced as follows:-

“305 A company may be wound up by the Court-“

“(c) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;”

“(f) if the company is-

(iv) run and managed by persons who fail to maintain proper and true accounts, or commit fraud, misfeasance or malfeasance in relation to the company; or”

9. In addition to the above, the company has also made defaults in complying with the various section of the Ordinance which includes section 86, 193, 204A, 492 and Rule 8 of the Companies (Issue of Capital) Rules 1996 for which the Commission has initiated actions against the Company.

10. Moreover, due to continued default of Section 11 of the Insurance Ordinance, 2000, the Commission in exercise of powers conferred under Section 63 of Insurance Ordinance issued direction dated June 24, 2008 to the Company to cease entering into new contracts of insurance unless it ensures compliance with provisions of Section 11 of Insurance Ordinance within one month of direction. However, the Company has absolutely failed to comply with this direction of the Commission due to which its new business has been ceased with effect from July 25, 2008.

11. Further, the undersigned is of the considered opinion based on state of affairs of the Company that there are no reasonable prospects for restoration of operations of the Company and to meet the statutory requirements of Companies Ordinance, 1984 as well those of Insurance Ordinance, 2000 which renders the Company liable to be wound up by Court under Section 305 of the Companies Ordinance, 1984.

12. The undersigned, therefore, in exercise of the powers conferred under Section 309 of the Ordinance hereby authorizes the Additional Registrar, Company Registration Office, Karachi to present a petition for winding up of M/s. Progressive Insurance Company Limited in Honorable High Court of Sindh.

Tahir Mahmood
Executive Director (Enforcement)