



Securities & Exchange Commission of Pakistan
Enforcement and Monitoring Division
7th Floor, NIC Building, Jinnah Avenue, Blue Area, Islamabad

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

In the matter of
M/S DELTA INSURANCE COMPANY LIMITED

No. and date of show cause notice Under Section 233 read with Section 246 and 476 of the Ordinance (for 31.12.00)	No. 19 (686) CF/ISS/2001 September 13, 2001
No. and date of show cause notice Under Section 158 read with Section 246 and 476 of the Ordinance (for 31.12.00)	No. 19 (686) CF/ISS/2001 September 13, 2001
No. and date of show cause notice Under Section 245 (for late filing of accounts for the half year ended 30.06.01)	No. 19 (686) CF/ISS/2001 September 13, 2001
No. and date of show cause notice Under Section 246 (for non-filing of accounts for the quarters ended 31.12.01, 31.03.02 & 30.09.02)	EMD/233/42/2002/4276-84 January 7, 2003
No. and date of show cause notice Under Section 245 (for non-filing of accounts for the half year ended 30.06.02)	EMD/233/42/2002/4285-92 January 7, 2003
Date of hearing	July 22, 2003
Present	No one appeared.

Order

This Order shall dispose of the proceedings initiated against M/S Delta Insurance Company Limited (hereinafter referred to as the "Company") and its directors for default made in complying with Sub-section (1) and (3) of Section 158 read with Circular No. (2) of 1999, Circular No. (4) of 1999 and Circular No. (2) of 2001, Sub-section (5) of Section 233 read with

Circular No. (2) of 1999, Sub-section (1) of Section 245 and Sub-section (1) of Section 246 read with Circular No.764 (1) of 2001 dated November 05, 2001.

2. The company was required under Sub-section (3) of Section 158 to publish notice of annual general meeting (AGM) for the year ended December 31, 2000 in the newspapers having circulation in the province, in which the stock exchange on which shares of the company are listed, under Circular No. (2) of 1999 copies of those newspapers were required to be transmitted to the Commission at least twenty one days before the date of AGM, under Circular No. (4) of 1999 the notice was required to be published in the morning newspapers and under Circular No. (2) of 2001 the said notice was required to be faxed to the Commission on the same date on which it was sent to the members. The Company was also required to file five copies of annual accounts for the year ended December 31, 2000 with the Commission and under Circular No. (2) of 1999 one copy out of those five were required to be signed by the Directors and the auditors of the company. The Company failed to comply with the aforesaid requirements of the Circulars, furthermore half yearly accounts for the period ended June 30, 2001 were also filed with a delay of twelve days with the Commission. Therefore three show cause notices of even number dated September 13, 2001 were issued to the Company, chief executive and the directors calling upon them to show cause in writing as to why penalty under Section (4) of Section 158 read with Sub-section (2) of Section 246, Sub-section (7) of Section 233 read with Sub-section (2) of Section 246 and Sub-section (3) of Section 245 may not be imposed upon them for the aforesaid default. Besides the proceedings against the aforesaid notices being in progress, the company also failed to prepare and transmit half yearly and quarterly accounts for the periods ended December 31, 2001, March 31, 2002, June 30, 2002 and September 30, 2002 for which two show cause notices of even number dated January 07, 2003 were again issued to the Company, chief executive and its directors.

3. In reply to the show cause notices it was submitted that sudden demise of his elder brother of chief accountant followed by his resignation and resignation of the company secretary without any prior notice resulted in non-compliance of the requirements of the aforementioned Circulars. Moreover due to some unavoidable circumstances and change of accounting staff the quarterly accounts could not be submitted. A request for extension of one-month time was also made for submission of quarterly accounts. In addition to the reply of the company, Mr. Abdul Majeed, Director/Chief Executive of the company submitted through his letter dated January 14, 2003 that he has resigned from the office of directorship since March 28, 2000 therefore notices

to him are not relevant and should be withdrawn. The explanation furnished by the respondents were not found satisfactory therefore in order to give an opportunity of personal hearing the case was fixed on April 29, 2002, May 5, 2003 and May 22, 2003 but the hearing had to be adjourned on one pretext or other except the first hearing which was duly held. The case was finally fixed for July 22, 2003, however, no one appeared on the date of hearing rather a letter from the chairman of the Company was received requesting change of venue of hearing from Islamabad to Karachi due to Company's financial constraints.

4. The submissions of the respondents have been given due consideration and it has been observed that the respondents have failed to provide sufficient proof to support their contentions and furthermore the respondents have failed to provide any tenable grounds which could prove that the defaults committed by them were unintentional. It is important to mention that the company and its management have been subjected to proceedings under various Sections of the Ordinance and chief executive was penalized for failure to transmit half yearly accounts for the period ended June 30, 1999 in time. In these circumstances repetition of the default by the company cannot be termed as unintentional. It appears that the directors of the Company have no respect to relevant provisions of the Ordinance and a lenient view taken in past while adjudicating similar default for the half year 1999 has not given good results. The directors of the Company instead of becoming compliant to the provisions of law, appears to have taken present proceedings more lightly and have even preferred to stay away from the proceedings demanding that hearing should be fixed in Karachi. This necessitates that a strict view of default, is taken.

5. The reasons submitted for default in compliance of the provisions of Section 158, Section 233, Section 245 and Section 246 of the Ordinance including circulars issued there under are not tenable and the respondents themselves have admitted their default, therefore no further enquiry into the matter is required. As far as Mr. Majeed's contention is concerned it is true that he has resigned from the office of the chief executive but his status as director is intact as per Form "29" dated April 18, 2000, therefore his contention is not based on facts. The management of the company despite requesting one month time for submission of missing quarterly accounts has failed to submit aforesaid quarterly accounts till to date, moreover the company has again failed to fax notice of AGM for the year ended December 31, 2001 and to submit copies of newspapers in which notice was published. In these circumstances, I hereby impose fine as under on following directors of the Company with a warning that very serious view will be taken if default in compliance of section 245 and 246 is reported in future.

Name	Section 158 read with Section 246	Section 233 read with Section 246	Section 245		Section 246		Total
	31.12.00	31.12.00	30.06.01	30.06.02	31.03.02	30.09.02	
	Rupees						
Mr. Masood Tariq Baghpati, Chief Executive	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. S. M. Nadeem, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. S. M. Mohsin, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. Muhammad Shahid, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. Mansoor Khalid Baghpati, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. S. M. Shafi Baghpati, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Syed Nasir Iqbal, Director	5,000	5,000	20,000	20,000	5,000	5,000	60,000
Mr. Abdul Majeed, Director				20,000	5,000	5,000	30,000
Total	35,000	35,000	140,000	160,000	40,000	40,000	450,000

However, as the requirement of preparation of fourth quarterly accounts was done away through the implementation of Companies (Amendments) Ordinance, 2002 therefore, taking a lenient view, 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.)

July 25, 2003
ISLAMABAD