

SEC/Enforcement/512/2006/1119

October 11, 2006

Delta Life Insurance Co. Ltd. (Issuer)
Uttara Bank Bhaban (12th Floor), 90-91, Motijheel C/A, Dhaka-1000

Directors

Delta Life Insurance Co. Ltd., Uttara Bank Bhaban (12th Floor), 90-91, Motijheel C/A, Dhaka-1000

Managing Director

Delta Life Insurance Co. Ltd., Uttara Bank Bhaban (12th Floor), 90-91, Motijheel C/A, Dhaka-1000

Company Secretary

Delta Life Insurance Co. Ltd., Uttara Bank Bhaban (12th Floor), 90-91, Motijheel C/A, Dhaka-1000

Subject: Non-compliance of securities laws concerning price sensitive information:
WARNING

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Delta Life Insurance Co. Ltd. is an issuer (herein after referred to as “issuer”).

The Commission’s Order No. GmBwm/GmAvi GgAvBwW/2000-985/2248/c002/1 Zwi Lt 19 wWtm0f, 2000 Bs gazetted on February 25, 2001, reads as under:

wmKDwiUR I G. pPÄ Kvgkb (mjeavtfvMx-e'emv wbiw xKiY) wewagvj v, 1995 Gi wewa 3, Dc-wewa (2) G c0 E qIgzvetj Kvgkb GZ0viv gj" mste` bKxj Z_ mieivtmi wbtæv3 cxiZ wbaflY Kwi j , h_vt-

(1) óK G. pPÄ Zvwj Kvf3 c0ZwJ wmwKDwiUR BmjKvix Drvi tKvb gj" mste` bKxj Z_ msuké-wel tq wmxvš-M0tYi wIk wgbtUi gta" wKsev Z_wJ Drvi tMvPti Avmvi Zwi tLB ZvrqWYKfvte Drvi tPqvi g'vb, c0vb wbePhx KgRZPev tKvæúvbx mwPe Gi t'qIiti wj wLZfvte GKB mv t_ wmwKDwiUR I G. pPÄ Kvgkb Ges msuké-óK G. pPÄ (hw` Dfq G. pPÄ Zvwj Kvf3 _vtK Zte GKB mv t_ Dfq G. pPÄ) Gi woku d'v. I wetkl evZPevnK gvi dZ, t'qIitwetktI Kwi qvi mwrf0thvtM, tc0Y Kwi te; Ges D3 Z_ `BwJ euj c0wi Z %wbK ciw KvqI (GKwJ evsj v Ges Aciw Bsti Rx) Awej tæ^cKvkbv wbu0Z Kwi te;

(2) Zvwj Kvf3 wmwKDwiUR BmjKvix KZR tc0i Z I cKwvKZ D3 ijc Z_wJtZ BmjKvixi cwi Pvj bv cl0 i wmxvš-M0tYi Zwi L I mgq, wKsev t'qIigtZ Z_wJ Drvi tMvPti Avmvi Zwi L, D'tj E Kwi tZ nBte;

(3) msukó ÷K G. pPÄ D3 Z_ c0wB gvTB Z_wJ wbuDR gwbu0ti i gva'tg c0wi Kwi te|0

SEC/Enforcement/512/2006/1119
October 11, 2006

The Commission came to know in late July 2005 that Delta Life Insurance Co. Ltd. (Issuer) was unable to prepare the Financial Statements for the year 2005 as well as the un-audited accounts for the half year ended on June 30, 2006, because of injunction order issued by the Hon'ble High Court on holding of Annual General Meeting which was scheduled on September 19, 2005. But the issuer did not disseminate the said matter as price sensitive information as per the provisions of the said Order.

The issuer's aforesaid failure/activity tantamount to non-compliance of the securities laws which appeared to be deliberate and clear contravention of the provisions of the Order mentioned above attracting penal provisions of the Securities and Exchange Commission Act, 1993.

A show cause cum hearing notice No.SEC/Enforcement/512/2006/907 dated August 13, 2006 was issued to Delta Life Insurance Co. Ltd. (issuer), its directors, managing director and company secretary for explaining the non-compliance with the provisions of the said Order.

The persons appeared at the hearing held on September 14, 2006 submitted a letter No.DLIC/PSI/DSE/2006-7771, dated September 14, 2004 stating, among others, that there was still enough time for the company to hold the annual general meeting of 2005 subject to the vacation of the injunction order of the Hon'ble High Court Division passed in matter No. 114 of 2005 and thus there was still time to prepare the financial statements for the year 2005. In that view of the matter, according to them, the question of dissemination of the said fact as price sensitive information did not arise and there was still time for that which would be done by them within time. They explained regarding financial statements for the half-year ended on June 30, 2006 that the price sensitive information had been disseminated in the newspapers on September 12, 2006. So, the allegations brought against the company is not tenable at all, they claimed.

Explanations of the company was not considered acceptable because the matter of the court order is a price sensitive information which was not disclosed by the company as per the said SEC order which appeared deliberate. The order of the Hon'ble High Court passed in the said matter No.114 of 2005 is as follows:

“.....Pending hearing of the application, the respondents are directed not to hold the Annual General Meeting of the Company scheduled to be held on 19.09.2005.

The respondents are further directed to show cause within six (6) weeks as to why the Balance Sheet as prepared (copy annexed to the application) should not be declared to have been made not in accordance with law and why the Company should not be directed to comply with the requirements in section 186 of the Companies Act. 1994 and prepare the Balance Sheet afresh before holding the 19th Annual General Meeting of the Company and why the 19th Annual General Meeting of the respondent Company should not be held under the Chairmanship of a neutral person as may be appointed by this Court.”

SEC/Enforcement/512/2006/1119

October 11, 2006

But, it appeared from record that the company, on September 13, 2005, published a notification about postponement of 19th Annual General Meeting which was scheduled for September 19, 2005 based on the said Court order mentioning the following only:

“.....High Court Division on 31.08.2005, the Hon’ble High Court Division passed an order as under:

Quote:

Pending hearing of the application, the respondents are directed not to hold the Annual General Meeting of the Company scheduled to be held on Monday, 19th September, 2005.

‘Unquote’

From the above it is evident that the company has deliberately concealed the other important part of the price sensitive information in respect of the company’s audited Balance Sheet concerned which the company has published in the newspapers in September 2006, i.e. after issuing the show-cause-notice in August 2006.

The Commission, considering the all above, has, however, decided to dispose of the proceedings against yourselves by placing on record the Commission’s dissatisfaction on the default/contravention made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected, as a result of your above said default/contravention.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.
Executive Director (R&D), SEC
Executive Director (SRMID), SEC
Director (MIS), SEC
Chairman’s Office, SEC