

## **BEEMA-PAKISTAN COMPANY LIMITED**

### **DIRECTORS' REPORT TO THE SHAREHOLDERS**

This report has been prepared in September 2004 after the resolution of disagreement between the Company and SECP and after receipt of letter No 23(6) INS: SECP / 2004 of 13 September 2004 from Securities and Exchange Commission of Pakistan.

The Directors are pleased to present the forty-second Annual Report of the Company together with the Audited Accounts and their Report thereon for the year ended 31 December 2002.

#### **Business Review**

During the year under review, the Company remained almost commercially non-operational in continuation since previous year. It is evident from a very nominal gross premium of Rs.233,904 underwritten during the year, against Rs.1,770,250 in the previous year 2001.

Profit and Loss Account reflects, an overall loss amounting to Rs.7,010,706 during the year under review which mainly consists of administrative and management expenses as against Rs.3,555,647 during the previous year 2001.

Necessary steps are being taken by the Management of the Company to speed up business activities through introduction of various new products in order to earn sizeable premium income in the near future. Moreover Company intends to underwrite a selected business in order to curtail loss ratio. Satisfactory, Reinsurance Treaty arrangements Local / foreign have already been arranged to provide protection to the Insured. The company engages, well-qualified and skilled staff and a strong Marketing base.

#### **Compliance with the Code of Corporate Governance**

The Board of Directors remained engaged in performing their duties as required under the Code of Corporate Governance. In addition, the Code of Corporate Governance for Insurance Companies has also been adopted and complied with, and such compliance is attached with this Report.

#### **Change in the Board of Directors**

There was no change in the Board of Directors of the Company during the year 2002.

#### **Board of Audit Committee**

As required under the Code of Corporate Governance, the Board established an audit Committee, which has its terms of reference duly approved by the Board. The committee members are as follows:

Mr. Sarfaraz Khan (Chairman of the Committee)  
Mr. Raza Ahmed  
Mr. Danish Hussain

#### **Appointment of Auditors**

The present auditors Messrs. Rao & Company, Chartered Accountants, have been cleared for this audit by the SECP. vide their letter dated 23 September 2004. The external auditors are holding satisfactory rating by the institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. The audit committee has recommended their reappointment as Auditors of the Company for the year 2003, at a remuneration to be mutually agreed by the Management and the Auditors.

# **BEEMA-PAKISTAN COMPANY LIMITED**

## **Pattern of Shareholding**

A Statement showing the Pattern of Shareholding is attached with this Report

## **Corporate Financial Reporting**

1. The financial statements together with the notes forming an integral part of these statements are drawn up in conformity with the Companies Ordinance 1984, and the Insurance Ordinance 2000. Prepared by the management of your Company, these present fairly the state of affairs, the result of the operations, cash flows and changes in equity.
2. Proper Books of Accounts of the Company have been maintained.
3. Appropriate accounting policies have consistently been applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.
5. The system of internal control is satisfactory in design and has been continuously monitored by the internal audits. This is in course of process and any weaknesses will be removed soon after Company comes into operation.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is attached with this Report.
9. Outstanding amounts, taxes and duties are given in the financial statements.

## **Financial Statements**

The Financial Statements of the Company have been audited by M/s. Rao & Company, Chartered Accountants who have approved the Accounts.

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year and up to the date of signing the Directors Report.

## **Insurance Ordinance 2000**

As required under the Insurance Ordinance and rules framed thereunder the Directors confirm that:

- 1) In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and the rules made thereunder.
- 2) The Company has, all times in the year, where practicable complied with the provision of the Ordinance and the rules made thereunder.

## **BEEMA-PAKISTAN COMPANY LIMITED**

- 3) As at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed thereunder as mentioned above.

### **Internal Control**

Since the Company remained erroneously non-operational and was almost dormant during the year under review, these controls shall be fully implemented and monitored on resuming of business operation of the Company.

### **Paid-up-Capital of the Company**

The Board of Directors and the Management of your company are pleased to inform that the paid-up capital of the company has since been increased further from Rs.50 million (in 2001) to Rs.475.90 million during the year under review which is much on a higher side to meet the requirement of the Insurance Ordinance, 2000.

Likewise, Authorized Capital of the Company has also been increased to Rs.500 million from Rs.50million in the previous year 2001.

### **Corporate Governance**

Since the Company was almost dormant during the year under review and there was almost no business operation, hence keeping these limitations in mind, the Company had tried its efforts to comply with the Code of Corporate Governance. However, the Company will fully implement the requirements of these codes in its organization when it runs into operation on full year basis.

### **Future Outlook**

The Directors and Management of the Company are quite confident and very much hopeful for a quick and better growth of the Company. The Management has taken very strong measures and made certain policies to upgrade the Company It has been studied and projected that the total business of the group would be diverted to this Company.

The future outlook for the short and medium term is dependent on improved political situation in the region, besides the continuation of economic and fiscal policies by the Government. All economic indicators are however, positive and should lead to higher growth in future years.

As indicated earlier that the paid-up-capital was enhanced to Rs.475 million, in view thereof, the management is hopeful of a bright future and considerable business will be generated in the coming year.

### **General**

We take the opportunity to express our appreciation to our valued clients, Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited, other Re-insurers, Banks, DFIs and statutory bodies our Auditors, Messrs. Rao & Company (Chartered Accountants) for their extensive co-operation and support to the Company.

The Directors are also pleased to record their appreciation of the valuable services rendered by the staff of the Company.

Director

Director

**M. SHAHNAWAZ AGHA**  
Chairman & Chief Executive

Karachi: 22<sup>nd</sup> November, 2004