

Securities and Exchange commission of Pakistan
Enforcement and Monitoring Division
NIC Building, Blue Area, Islamabad

Order

Name and address of the Company	Prudential Commercial Bank Limited Prudential House, Hassan Ali Street of: I. I. Chundrigar Road, Karachi.
Nature of application	Application under Sub- Section (1) Section 158 and Sub-Section (1) of Section 233 of the Companies Ordinance, 1984
Date of Application	June 11, 2001
Date of hearing	June 22, 2001
Appearance	Mr. Ghaus Ahmed, Branch Manager
Date of Order	June 29, 2001

An application of the Prudential Commercial Bank Limited (the "Bank") made under Sub-section (1) of Section 158 and Sub-Section (1) Section 233 of the Companies Ordinance, 1984 (the "Ordinance") was placed before me to consider extension in the period upto August 31, 2001 for holding of Annual General Meeting (AGM) and to lay therein balance sheet and profit and loss account of the Company for the year ended December 31, 2000.

2. In order to provide an opportunity of being heard, the Company Secretary was invited to appear on June 21, 2001 to discuss this case. Mr. Naveed A Wahid appeared on the hearing date and delivered a letter dated June 18, 2001 signed by Mr. Mazhar-ul-Haq, Company Secretary, stating that the Board of Directors meeting of the Bank was adjourned due to uncertain conditions and non-presence of Chairman and directors. It was also submitted that the Board of Directors Meeting would be held as soon as possible. Mr. Naveed A. Wahid did not provide any power of attorney in his favour to represent the Bank in this case. He also could not give any justification for grant of extension in the period for holding of AGM. In order to give another opportunity, the case was adjourned and re-fixed on June 22, 2001. The Chief Executive and the Company Secretary were informed through letter dated June 21, 2001 to appear on the date of hearing. Syed Ghaus Ahmad, Branch Manager appeared on the date of the hearing and

repeated the same points as were covered in the Secretary's letter dated June 18, 2001. He also did not provide any power of attorney in his favour to represent the Bank in this case.

3. Briefly stated the facts of this case are that the Bank applied for extension in the period upto August 31, 2001 for holding of AGM and to lay therein annual accounts of the Bank for the year ended December 31, 2000. The application dated June 11, 2001, was received in this Commission on June 12, 2001. Among other things, the application was accompanied by a bank challan of Rs 200/- towards application fee and a copy of the challan for application fee of Rs 15,000/- deposited for an earlier application dated March 18, 2001 made under Sub-section (1) of Section 158 and Sub-section (1) of Section 233 of the Ordinance. The following reasons were stated in the application for not holding AGM by due date and justification for extension in the period to the extent applied for:

- Moratorium imposed by the State Bank of Pakistan and uncertain conditions of the Bank.
- Some of the directors of the Bank are out of station or not available which creates serious quorum problem in holding the Board Meeting to approve the AGM date.

4. The aforesaid application was examined in the light of the provisions of Sub-section (1) of Section 158, Sub-section (1) of Section 233 of the Ordinance and Rule 14 and 30 of the Companies (General Provisions and Forms) Rules, 1985 (the "Rules").

5. Sub-section (1) of Section 158 empowers the Commission to extend, for any special reasons, the time within which any AGM, not being the first such meeting, shall be held by a period not exceeding ninety days. Proviso to Sub-section (1) of Section 233 empowers the Commission to extend, for any special reasons, the period for laying balance sheet and profit and loss account before the Company in AGM for a term not exceeding three months. Sub-rule (1) of Rule 14 of the Rules requires that the application for the grant of an extension in time for holding of AGM and laying before AGM a balance sheet and profit and loss account, shall, in the case of a listed company, be submitted to the Commission not less than thirty days before the last day on which such AGM is required to be held under the aforesaid provisions of the Ordinance.

6. The Bank, a listed company, did not submit the application timely as required under Sub-rule (1) of Rule 14 of the Rules. The application was received on June 12, 2001 i.e. 19 days before the last date on which AGM was required to be held i.e. June 30, 2001. No reasons were given for not making the application within the prescribed time. The Bank also did not submit a challan for application fee of Rs.15,000/- (Rupees fifteen thousand). The copy of challan submitted was paid by the bank for an earlier application dated March 18, 2001, which stands disposed of in accordance with the decision conveyed through this Commission's letter dated March 21, 2001.

7. The justification given by the Bank for extension in the period for holding of AGM and laying of balance sheet and profit and loss account therein have been given due consideration and was found without any force. The reason of moratorium imposed by the State Bank of Pakistan and uncertain conditions of the Bank are not tenable as under the moratorium there was no bar to timely prepare the accounts and hold AGM within the prescribed period. The directors of the Bank should have been more vigilant and careful about the timely preparation of accounts and there laying before the AGM. The submission that the directors were out of station and not available created serious problem in holding Board Meeting to approve agenda of the AGM also shows the carelessness of the directors and their irresponsible attitude as they could not spare time for such an important statutory requirement. This indicates deliberate attempt on the part of directors to avoid holding of Board Meeting of the Bank. The aforesaid reasons do not justify the grant of extension and, therefore, cannot be regarded as "special reasons" for not holding AGM within prescribed period and presentation of balance sheet and profit and loss account therein.

8. In view of the above, it is evident that the Company has not submitted application within the prescribed time as required under Sub-rule (1) of Rule 14 of the Rules. Also no special reasons were given by the Bank for not holding AGM. Therefore, no extension in the period can be granted to the Bank for holding the AGM and for laying balance sheet and profit and loss account therein for the year ended December 31, 2000.

9. The aforesaid application of the Bank, therefore, is not accepted.

(RASHID SADIQ)
Executive Director

Announced
June 29, 2001
Islamabad