



the bank has applied to the Ministry of Finance/State Bank of Pakistan for rescheduling of Federal Government Deposit (Rupee Counterpart) and waiver of mark up thereon and that the Bank was arranging fresh injection of equity to meet the State Bank of Pakistan's (the "SBP") minimum capital requirement criteria by June 30, 2002. While accepting the said application, the Bank was advised to hold AGM for the calendar year 2001 positively within the extended period of time. The application in hand, however, seeks further extension of 30 days i.e. up to September 28, 2002. The following reasons have been stated in the application for not holding of AGM in the extended period and justification for further extension in the period to the extent applied for:

1.The bank has applied to the Ministry of Finance / State Bank of Pakistan for rescheduling of Federal Government Deposit (Rupee Counterpart) and waiver of mark up thereon. This will have material impact on the financial results of the company. We hope to receive such approval from Ministry of Finance/SBP by last week of August 2002.

2.The prospective investor, who has committed to inject equity, is linking investment with Government approval. We expect that the injection will be mobilized within the given time. The injection will have positive impact on the financial health of the company.

The application was also accompanied by a certificate dated July 27, 2002 from the auditors of the Bank M/s. Yousuf Adil Saleem & Co. Chartered Accountants, stating that audit of the accounts for the period ended December 31, 2001 of the Bank can not be finalized as the management desires to defer the finalization of audit till the resolution of the matters explained in the application.

3.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 of the Companies (General Provisions & Forms) Rules, 1985 (the "Rules"). Sub-Section (1) of Section 158 provides that " every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of six months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting." Proviso to the 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 Section 158 and 233 of the Ordinance.

4.This application in hand for further extension is received on July 29, 2002. The current financial year of the Bank closed on December 31, 2001. Therefore, the last date on which AGM of the Bank was required to be held under the aforesaid provisions of the Ordinance was June 30, 2002. The last date for submission of

application was May 31, 2002. The present application for extension has, however, been received on July 27, 2002. The application, therefore, has not been submitted to the Commission within prescribed time.

5. In order to provide an opportunity of hearing the case was fixed on August 01, 2002 on which date, Mr. Javed I. Qureshi appeared on behalf of the Company and argued the case. He did not give any fresh grounds in support of the application for extension and reiterated the reasons already stated in the application.

6. I have given careful consideration to the arguments of the Company. The reasons of pending approval from Ministry of Finance/State Bank of Pakistan, prospective investor committed to inject the equity are absolutely devoid of any force and cannot be regarded as special reasons for not holding the AGM and for preparation of annual accounts within prescribed time. In my view, the circumstances narrated by the Bank do not prevent the Company from timely holding of AGM and to prepare the annual accounts within prescribed time. Moreover, the certificate of the auditors of the company states that the audit of the accounts for the year ended December 31, 2001 can not be finalized as the management desired to defer the finalization of audit till resolution of matters explained in the application by the Bank. Clause (V) of Sub-rule (2) of Rule 14 of Rules requires that the application of extension shall state reasons for non-finalization of the audit along with auditors certificate as to the exact state of the accounts, reasons for delay in completion of audit and the minimum time required for the purpose. This legal requirement has also not been fulfilled. Also the Listing Regulations of the Stock Exchanges require all listed companies to circulate their annual audited accounts within four months of the close of their financial year. The last AGM of the Bank was also held after a considerable delay, which indicates that the management has not take this legal requirement seriously.

7. In view of the aforesaid discussion, the application failed to meet the legal requirements and, therefore, is not accepted.

**RASHID SADIQ**  
Executive Director (Enforcement & Monitoring)

**Announced:**  
Aug 08, 2002  
ISLAMABAD