

(Enforcement & Monitoring Division)
NIC Building, Jinnah Avenue, Blue Area,
Islamabad

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NOTIFICATION

S.R.O. 865 (I)/2000-- In exercise of the powers conferred by sub-section (1) of section 246 of the Companies Ordinance, 1984 (XLVII of 1984) read with clause (o) of sub-section (4) of section 20 of the Securities & Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and in supersession of Notification No. S.R.O. 634(I)/96, dated 30th July, 1996, the Securities & Exchange Commission of Pakistan is pleased to order that a company listed on a stock exchange in Pakistan shall, while issuing notice for its general meeting where a special business related to investments in any of its associated companies or associated undertakings is to be transacted under section 208 of the said Ordinance, annex a statement, pursuant to clause (b) of sub-section (1) of section 160 of that Ordinance, setting out, among others, the following information, namely :-

1. In case of equity investment :
 - i. Name of investee company or associated undertaking;
 - ii. Nature, amount and extent of investment;
 - iii. Average market price of the shares intended to be purchased during preceding six months in case of listed companies ;
 - iv. Break-up value of shares intended to be purchased on the basis of last published financial statements;
 - v. Price at which shares will be purchased;
 - vi. earning per share of investee company in last three years;
 - vii. source of funds from where shares will be purchased;
 - viii. period for which investment will be made;
 - ix. purpose of investment;
 - x. benefits likely to accrue to the company and the shareholders from the proposed investment; and
 - xi. interest of directors and their relatives in the investee company.
2. In case of loans and advances :
 - i. name of investee company together with the amount and purpose of loan or advance; in case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan;
 - ii. a brief about the financial position of the investee company on the basis of last published financial statements;
 - iii. rate of mark-up to be charged;

- iv. particulars of collateral security to be obtained from borrower and; if not needed, justification thereof;
- v. source of funds from where loan or advance will be given;
- vi. repayment schedule;
- vii. purpose of loans and advances; and
- viii. benefits likely to accrue to the company and the shareholders from loans and advances.

1. The company shall, simultaneously with the dispatch of the aforesaid notice and statement to its members, send a copy thereof to the Securities & Exchange Commission of Pakistan, Islamabad, by fax and courier service.
2. In case any decision to make investment under authority of a resolution is not implemented till the holding of a subsequent general meeting, its status including the following must be explained to the shareholders through a statement under sub-section (1) of section 160 of the Companies Ordinance, 1984 (XLVII of 1984), namely :-
 - i. reasons for not having made investment so far; and
 - ii. major change in financial position of investee company since date of last resolution.
3. In the event of default in complying with this Order, the Company, and every officer of the company who willfully authorizes or permits default, shall be liable to a fine which may extend to one thousand rupees for every day during which the default continues.

[No. SECP/Misc/208/96-]

(Mohammed Hayat Jasra)
Executive Director (Law)