

Press Release

SEC Imposes Rs.6,50,000 Fine on ABL

Islamabad – November 12, 2004: The Securities and Exchange Commission of Pakistan (SEC) has imposed penalties of an aggregate amount of Rs. 6,50,000 on Allied Bank of Pakistan (ABL), its Chief Executive and the Company's Secretary for not holding the annual General Meetings of the shareholders within the stipulated time as required under the Companies Ordinance, 1984 (Companies Ordinance).

The ABL was required to hold its Annual General Meetings in the calendar year but its management failed to hold any such meeting since 2000. Its management also failed to prepare its annual accounts, get the same audited by the Chartered Accountants and lay the same before the shareholders. The said accounts were neither prepared nor laid before the shareholders in the general meetings since 2000. Even elections of directors were not held during the period. Moreover, the statutory returns required to be filed pursuant to the provisions of the Companies Ordinance were also not filed by the Bank. A lot of correspondence in these matters was exchanged between the Bank and the Registrar but in vain. In order to protect the rights of members, the Registrar of Companies issued directions under section 170 of the Companies Ordinance to hold overdue annual general meetings but he could not ensure the holding of these general meetings.

Taking cognizance of the defaults, the Additional Registrar, Company Registration Office, Lahore issued a show cause notice on 10-9-2004. The Company Secretary duly authorized by the President / Chief Executive of ABL appeared and took a plea that there was negative equity appearing in the balance sheet of the Bank. The registrar concerned consulted the relevant record and concluded that the reason for negative equity appearing in the balance sheet of Bank should have been brought into the notice of its members. The representative of the Bank could not satisfy and provide any material restraining the management of the Bank to hold its annual general meetings. He found that no serious efforts were made by the Bank's management to hold the AGMs. The management failed to prepare the accounts and to lay before the shareholders. By this way, they deprived them of their right of ascertaining the factual position about the affairs of the Bank. Even the shareholders were deprived from exercising their rights of voting. Therefore he imposed penalties of Rs.5,00,000 on the Bank, Rs.1,00,000 on its Chief Executive and Rs.50,000 on the company's secretary for non holding of the annual general meetings within the stipulated period.