

## NOTIFICATION

Whereas, the Securities and Exchange Commission deems it fit that the issuer listed with the stock exchange(s) but remains in 'Z-category' in accordance with the Settlement of Stock Exchange Transactions Regulations, 1998, as amended from time to time, of the stock exchange(s), for a continuous period of one year or more should be subject to certain further conditions in the interest of investors and the capital market;

Now, therefore, in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Securities and Exchange Commission hereby imposes the following further conditions to the consent already accorded by it to the issuer listed with the stock exchange(s) but remains in 'Z-category' in accordance with the Settlement of Stock Exchange Transactions Regulations, 1998, as amended from time to time, of the stock exchange(s), for a continuous period of one year or more, namely:-

1. The existing board of directors of the issuer company of a listed security which remains in the said 'Z-category' for the said period shall be reconstituted by holding extra-ordinary general meeting within six months from the date of :

(a) publication of this notification in the official gazette, in respect of the security already in 'Z-category' for a period exceeding one year; or

(a) expiry of the continuous one year period after placement of the security in the said 'Z-category'.

2. The issuer company shall ensure:

(a) proper issuance of the notice of the said extra-ordinary general meeting, specifically and clearly mentioning therein the purpose of holding the meeting along with the place of the meeting which should be most convenient for participation by the shareholders;

(b) issuance of the said notice to the shareholders concerned at least three weeks before the date of the said meeting, and also publishing the notice in at least two widely circulated national dailies, one in English, simultaneously submitting copies of all above to the Commission and the stock exchange(s); and

(c) holding of a well organized, fair and transparent meeting.

1. The board of directors, as reconstituted in terms of condition 1 above, shall include directors from among the sponsors, the institutional and the general public shareholders group wise proportionate to their shareholdings in the company on the date of the said extra-ordinary general meeting, and also that:

(a) the chairman of the reconstituted board shall be elected from among the directors, other than those from the sponsors group, in the case when holdings of the sponsors group do not exceed fifty percent of total holdings in the company;

(b) the managing director shall be appointed on professional considerations;

(c) no person, who-

(i) is a former executive of the company, a former statutory auditor or has business or professional relationship with the company's auditor(s) or the consultant(s); or

(ii) is a customer or a supplier who accounts for ten percent or more in the company's sale or purchase; or

(iii) has personal relationship with any of the existing directors, sponsors or company management,

shall be director representing institutional or public shareholders in the reconstituted board; and

(d) the directors from different group of shareholders, other than those from the sponsors group, shall be elected by a class meeting of respective group of shareholders only.

4. The issuer company shall:

(1) within six months from the said reconstitution of the board of directors,-

(a) identify the specific reasons for the company's failure in operating and performing profitably, and also identify the person(s), if any, of the company, including its director(s), auditor(s), responsible for the said failure;

(b) take appropriate measures, including legal measures, if applicable, against the person(s) identified for the company's failure, as mentioned at (a) above; and

(c) prepare specific/detailed proposals for appropriate action plans for improving the operational and financial performance with a view to running the company profitably;

(2) place the above matters, through directors' report, for the shareholders consideration and approval, by holding a general meeting within seven months from the date of said reconstitution of the board of directors, the notice of which shall be issued, along with the said directors' report, to the shareholders concerned at least three weeks before the date of the said meeting; and

(3) simultaneously submit copies of the directors' report and the notice of the shareholders meeting, as mentioned at (2) above, to the Commission and the stock exchange(s).

5. In case the issuer fails to show improved operational and financial performance of the company within twenty four months from the date of reconstitution of the board, it shall take appropriate measures for dissolution of the company, including merger or winding up, as per law, after taking the shareholders approval by holding extra-ordinary general meeting within three months of expiry of the said twenty four months, and that the requirements of condition 2 above shall also be applicable in this respect.

6. The directors of the existing or the reconstituted board, as the case may be, of the issuer company shall individually and collectively be responsible for due compliance of the above conditions.

By order of the  
Securities and Exchange Commission

Manir Uddin Ahmad  
Chairman