

FINAL MOCK – CRASH COURSE NOV 2012

T.MARKS= 100

CORPORATE LAWS

TIME: 3 HOURS

Q1:

- a) Define the following under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980:
- 1) Modaraba
 - 2) Modarba Company
 - 3) Modaraba Fund
 - 4) Religious Board (06)
- b) Briefly describe the court's powers to remove any Director, CE etc of any company and its consequences, upon an application made by SECP to the court when the company's affairs are being investigated by SECP under Companies Ordinance 1984. (05)

Q2:

- a) The members of Sargodha (Private) Limited have resolved to make certain amendments in the object clause of its memorandum of association to enable it to expand its scope of activities.
- Describe the procedure that the company will have to follow. (03)
- b) A company incorporated abroad wishes to set up a branch office in Pakistan. Describe the corporate and secretarial formalities required to be completed under the Companies Ordinance, 1984. (05)
- c) List down the provisions relating to audit of a Banking Company as prescribed in Banking Companies Ordinance 1962. (05)

Q3:

- a) Explain the term "Independent Director" in accordance with the provisions of the Code of Corporate Governance as enumerated in the listing regulations of the Karachi Stock Exchange Limited (07)
- b) What is the composition of Human Resource and Remuneration (HR&R) Committee under Code of Corporate Governance (03)

Q4:

Multan Limited, a listed company, has issued ten million shares of classes 'A' and 'B' each. The company passed a special resolution to alter some of the rights associated with class 'B' shares, which has aggrieved some of the shareholders.

Explain to the shareholders, aggrieved with the above changes, on the following:

- a) What remedy is available to the aggrieved shareholders under Companies Ordinance 1984 ? (03)
- b) Under what conditions can the decision of the company be cancelled ? (03)
- c) Explain to Multan Limited various rights and privileges which shareholders may have in case of more than one class of share capital, under the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000. (06)

Q5:

You are Company Secretary of Chichawatni Limited. Board of directors wishes to call the company's Annual General Meeting of the Company in the upcoming month. Apart from the usual items that are included in the agenda of this meeting, the shareholders approval is also to be obtained for investment in an associated company.

As a Company Secretary, you are required to **draft the complete notice** of the upcoming AGM.

For the purpose of drafting statement of material facts with the notice, you may assume any detail necessary (09)

Q6:

- a) A director of a listed company has proposed to nominate another person to act in his place as he would be going to Japan to undertake a technical training course. You are required to state the requirements to be complied with under the Companies Ordinance, 1984. (02)
- b) In the first meeting of Board of Directors of Lahore Cement Ltd a public listed company, Mr. Narang Mandi proposed the name of Mr. Kabirwala for appointment as chief executive of the Company. Mr. Sheikhpura opposed the proposal on the following grounds:
- Mr. Kabirwala is also the Chief Executive of Islamabad Cement (Pvt) Limited which holds 15% shares in Lahore cement Limited.
 - He is involved in the business of stock brokerage.

Comment on statement of Mr Sheikhpura in the light of the provisions of the Companies Ordinance, 1984. (04)

Q7:

Faisalabad Limited, a public limited company, had convened a general meeting at 9:00 a.m. on March 25, 2008 to consider and if deemed fit, pass a special resolution approving the disposal of a part of the company's undertaking. The meeting commenced at 9:16 a.m. as the quorum was not present at the scheduled time and was attended by 100 members (including 10 members represented through proxies) holding 1,000,000 shares in aggregate. After a heated debate, voting was held through show of hands and the chairman declared resolution successful as 78 votes were casted in favor of the resolution.

On April 07, 2008, the shareholders who gave a dissenting vote in the meeting, lodged a protest with the company claiming that the resolution was invalid on account of the following reasons:

- (i) Chairman of the meeting was selected among the members instead of chairman of board of directors.
- (ii) Mr. Kashmir, a shareholder with a holding of 50,000 shares was represented by two proxies i.e. Mr. Ziarat (30,000 shares) & Mr. Sibbi (20,000 shares). Both proxies were counted for the purpose of voting.
- (iii) Peshawar (Pvt) Limited holding 20,000 shares of the company, were represented by Mr Chiniot, who is neither the director nor the employee of the company. He also voted in favour of the resolution.
- (iv) The shareholders who lodged the protest hold 300,000 shares and therefore the resolution was approved by shareholders holding 70% voting rights only.
- (v) Since the meeting could not be held on time, it became invalid and should be called again.

Discuss the validity of the resolution under the Companies Ordinance 1984, in view of the complaint lodged by the dissenting shareholders. (10)

Q8:

- a) The members of Quetta (Private) Limited have resolved to make certain amendments in the object clause of its memorandum of association to enable it to expand its scope of activities.

List the information which will be required to be submitted in the application to concerned authority. (06)

- b) Sahiwal Associates is an association of persons and is involved in charitable and other social activities for the welfare of the general public. It intends to register itself as a limited company but does not want to include the word "Limited" in its name.

In view of the provisions of the Companies (General Provisions and Forms) Rules 1985, you are required to identify the conditions that Sahiwal Associates would need to fulfill in order to get the required permission from the Securities and Exchange Commission of Pakistan. (06)

Q9:

- (a) Certain persons have been restricted from being appointed as legal adviser of a public limited company. Specify the restrictions imposed in this regard under Appointment of Legal Advisor's Rules 1975. (02)

- (b) State the particulars which are required to be specified in the Register of Legal Advisers. (03)

Q10:

- a) Rawalpindi Limited, an NBFC, is in the process of classification and provisioning of its non-performing assets. You are required to advise the company about the criteria for allowing restructuring or rescheduling of non performing facilities in the light of provisions contained in Non-Banking Finance Companies and Notified Entities Regulations, 2008. (05)

- b) Mr. Gujrat has issued a public offer for the acquisition of M/s Sialkot Limited, a company listed on the Karachi and Lahore Stock Exchanges, at a price of Rs. 47 per share. The offer has not fetched results and Mr. Gujrat is worried that the offer will lapse without much success.

Narrate the conditions he will have to comply with if he wishes to revise the offer upwards. (04)

- c) Does Companies Ordinance provides any mechanism for the disputes of companies with other parties to be resolved through Arbitration. If "yes", what is the brief procedure. (03)

Best of Luck