

June 09, 2001

CORPORATE LAWS AND SECRETARIAL PRACTICES

(MARKS 100)

PE-1 (PAPER-4)

(3 HOURS)

- Q.(a) A public listed company A is merging into a private limited company B. List the key corporate and secretarial steps that would have to be taken in this regard. Since A is a public listed company, what additional legal issues would need to be tackled? **(10)**
- (b) List the general nature of penalties, imposed by the Companies Ordinance, 1984 on late filing of various documents, non-compliance, violations etc. What are the provisions for acceptance of documents presented after the prescribed time? **(07)**
- Q.2 Write short note on the following:
- a) Transmission of Shares. **(02)**
- b) Doctrine of 'ultra vires' in relation to companies. **(04)**
- c) Impact of Central Depository Company on rights of members to receive notices of meetings and cast votes. **(03)**
- d) Venture Capital Company **(02)**
- Q.3 (a) A local group has entered into a joint venture [JV] agreement with a foreign investor for manufacturing spare parts for automobiles. The joint venture agreement provided that the foreign JV partner holding 51% of the equity would appoint the Chief Executive for the first three years and the local sponsors [holding the remaining 49%] would appoint its own nominee in the subsequent three years' period. Discuss the legal validity of the above clause in context of the provisions of the Companies Ordinance, 1984. In the event of a dispute state whether the provisions of the JV agreement would hold. **(07)**
- (b) In order to prove his/her identity, what documents should the following bring to attend a meeting of shareholders:
- i) Proxy of a normal share holder
- ii) Representative of a corporate member
- ii) Proxy of a CDC account holder
- iv) Member of a professional institute **(08)**

(2)

- Q.4(a) You are a Company Secretary of a public listed company which has just announced a dividend and the date of its next Annual General Meeting (AGM). Prepare a checklist to ensure smooth holding of AGM by covering all legal requirements. **(06)**
- (b) What do you understand by the word proxy in the context of general meetings of a company?
How is a proxy appointed and what role can he play in the general meeting? **(04)**
- Q.5(a) At an annual general meeting of a public unlisted company on the declaration of results of an important resolution, some minority shareholders objected to the authenticity of the vote count. What rights the minority shareholders have in this situation? **(08)**
- (b) Under the Securities and Exchange Ordinance 1969, who is an insider? **(03)**
- Q.6(a) Describe requirements for investment in an associated company under Section 208 of the Companies Ordinance 1984 for a public listed company. **(06)**
- (b) Also prepare a Statement under section 160 (b) of the Companies Ordinance 1984 to be sent to shareholders of a public listed company with respect to (a) above, assuming necessary data in this connection. (Drafting of the resolution is not required) **(04)**
- Q.7 A listed multinational company having authorized share capital of Rs.100 million, divided in 10 million ordinary shares of Rs.10/- each, 75% of which is paid up. The company has Sales of Rs.1 billion. The company has declared a cash dividend of 40% and stock dividend 10%. The non-resident parent company of USA holds 80% of the share capital. The company's EPS is Rs.8.00. The inter bank buying rate is Rs.59.50 and selling is Rs.60.00 against a US dollar. The open market rate is Rs.63 per US dollar. Please answer the following in the given back ground:
- (a) Company has to remit the dividend to its parent company. What legal compliance company has to ensure before effecting the payment? What is the actual amount of remittance in Pak rupees? **(05)**
- (b) The parent company has asked its subsidiary to send the Share certificates of stock dividend. How these certificates can be 'exported'? **(04)**
- Q.8(a) Explain the provisions of the Companies (Issue of Capital) Rules, 1996, related to the issue of right shares by a public listed company. **(05)**
- (b) State the provisions of the Banking Companies Ordinance 1962 regarding the filing/submission of annual accounts. **(03)**
- Q.9(a) Write a short note on your understanding of the role and function of the Securities and Exchange Commission of Pakistan and its key differences from the former Corporate Law Authority. **(03)**
- (b) An insurance company incorporated in the UK has set up a public unlisted general insurance company in Pakistan. It has decided to outsource the internal audit function of this new company to a firm of chartered accountants, which is other than its statutory auditors. In view of the outsourcing of its internal audit function, the management has concluded that, apart from statutory auditors, there will not be any other interaction with auditors. Discuss. **(06)**

(THE END)