

COMPANY LAW
Module D

(MARKS 100)
(3 hours)

- Q.1 (a) Mr. Shaikh is planning to submit an application for 500 shares in response to a public offer by a newly listed company at Karachi Stock Exchange. He heard from a stock analyst on TV that this public offer would be over-subscribed. Mr. Shaikh is now wondering whether his money would be returned soon and how he will be compensated if his funds remained blocked for a long time.
- Advise Mr. Shaikh in the light of provisions of the Companies Ordinance, 1984. (05)
- (b) The registrar shall not register a prospectus unless certain requirements of the Companies Ordinance, 1984 are complied with. You are required to list such requirements. (06)
- Q.2 (a) With proper reasoning, explain whether the following statements are in accordance with the Companies Ordinance, 1984:
- (i) A holding company, which is a public limited company, cannot hold shares in its subsidiary, in the name of its nominee.
- (ii) The director of a private limited company can participate or vote at the meeting of directors where a contract in which he is interested, is being discussed.
- (iii) All companies are required to have independent share registrar who should be a Chartered Accountant. (09)
- (b) What do you understand by the term “special resolution” as explained in the Companies Ordinance, 1984? (04)
- Q.3 (a) The board of directors of Shalimar Industries Limited has approved a loan of Rs 10 million for its associated undertaking. The loan will be repayable after two years and carry a mark up of 12% per annum.
- Discuss the requirements of the Companies Ordinance, 1984 which Shalimar Industries will have to comply with. (04)
- (b) Identify the situations in which a company shall be considered to be a subsidiary of another company, under the Companies Ordinance, 1984. (04)
- Q.4 (a) List down the contents of the memorandum of a listed company. (05)
- (b) The board of directors of Shahid Manufacturing Company (Pvt.) Limited has recently decided to convert the company into a public limited company (unlisted).
- List any five essential changes that would be required to be made in the articles of the company, before filing the necessary documents with the registrar. (05)
- (c) Shafeeq Refrigerators (Pvt.) Limited is engaged in the trading of refrigerators. It is now planning to start the business of air conditioners and therefore wants to change its name to Shafeeq Electronics (Pvt.) Limited. Describe the procedure that the company will be required to follow. (04)

(2)

- Q.5 (a) Mr. Shoaib acquired 9% shares of FU Limited, a listed company, on July 10, 2007. He further acquired 4% and 3% shares of FU Limited on February 15, 2008 and March 7, 2008 respectively.

Explain the requirements related to submission of statements of beneficial ownership in the above case. Also identify the dates by which Mr. Shoaib has to file the statement of beneficial ownership, in respect of the above purchases. (08)

- (b) What documents are required to be submitted to the registrar while submitting the return of allotment in respect of shares issued otherwise than in cash? (04)

- Q.6 (a) Shiraz Limited holds 8% shares in Shafiq Limited. The Chief Executive has authorized the Company Secretary to represent Shiraz Limited in the extraordinary general meeting of Shafiq Limited. The Company Secretary does not hold any shares in Shafiq Limited.

Comment on the legality of the above authorization. (03)

- (b) Notice of an extraordinary general meeting shall be sent to the members at least 21 days before the date of the meeting. How and under what conditions, can a company convene such a meeting at a shorter notice? (04)

- (c) The directors of a listed company are required to forward the statutory report to every member at least twenty-one days before the date of the statutory meeting.

(i) Who is required to authenticate the statutory report on behalf of the company?

(ii) What particulars are required to be mentioned in the abstract of receipts and payments contained in the statutory report? (05)

- Q.7 (a) The directors of Shahzada Limited, a listed company, have offered Mr. Shams who is presently working as General Manager Operations, to become the Chief Executive of the company. Last year, Mr. Shams obtained a loan amounting to Rs 1.2 million in accordance with the company's employment rules, out of which Rs 0.8 million is still outstanding. Mr. Shams has agreed to take the position of Chief Executive but is not in a position to repay the loan immediately.

Discuss the requirements of the Companies Ordinance, 1984 which Mr. Shams will need to comply with. (08)

- (b) State the provisions of the Companies Ordinance, 1984 relating to the execution of deeds by an attorney, on behalf of the company. (03)

- (c) Shan Limited, a listed company, has received a request from a shareholder who holds 5% shares of the company, to inspect the registers containing:

(i) the minutes of proceedings of general meetings;

(ii) the minutes of proceedings of directors' meetings.

Discuss the rights of the shareholder to inspect the above registers. (06)

- Q.8 (a) Narrate the circumstances in which SECP becomes empowered to appoint auditors under the Companies Ordinance, 1984. (06)

- (b) The directors of Sherwani Limited wish to increase the authorized capital of the company from Rs 100 million to Rs 200 million. You are required to inform them about the relevant provisions regarding increase in authorized capital, contained in the Companies Ordinance, 1984. (07)

(THE END)