



Corporate Laws

Final Examination
Summer 2012
Module E

6 June 2012
100 marks - 3 hours
Additional reading time - 15 minutes

- Q.1 On 29 April 2012, a memorandum of association of AB Limited was filed for registration in the office of Registrar. However, on 25 May 2012, a letter from the registrar office was received by the subscribers to the memorandum in which the registration was refused on the ground that the objects stated in the memorandum were inappropriate.
- Describe what course of action is available to AB Limited in the above situation, according to the Companies Ordinance, 1984. *(05 marks)*
- Q.2 The Company Secretary of AQ Limited realized on 29 May 2012 that particulars of charge created on the Company's properties in favour of AK Bank Limited on 2 May 2012 have not been filed for registration with the Registrar of Companies.
- Explain the procedure that would be required to be followed by AQ Limited in the above situation, for registration of charge with the Registrar of Companies. *(06 marks)*
- Q.3 List the conditions specified under the Companies Ordinance, 1984 which a listed company is required to comply with before placement of its quarterly accounts on its website. *(07 marks)*
- Q.4 The Board of Directors of KG Limited have decided to buy-back one million of its ordinary shares.
- You are required to describe the procedure to be followed by KG Limited to buy-back its shares in view of the provisions of the Companies Ordinance, 1984 and the Companies (Buy-back of Shares) Rules, 1999. *(07 marks)*
- Q.5 The Directors of BD Limited intend to wind up the company's business voluntarily. In the context of the Companies Ordinance, 1984 you are required to explain the following:
- (a) The requirement to file a declaration of solvency. *(08 marks)*
 - (b) The contents of declaration of solvency. *(02 marks)*
- Q.6 Based on the Listing Regulations of the Karachi Stock Exchange, state the following:
- (a) Whether an audit firm may be appointed as the auditor of a listed company, if one of its partners is found guilty of professional misconduct? *(04 marks)*
 - (b) Regulations relating to transfer of shares and closure of share transfer books. *(05 marks)*
- Q.7 Kevin Jason is a UK national but is residing in Australia. He intends to invest in securities listed at Karachi Stock Exchange. In the context of the provisions of Foreign Exchange Regulations, advise him in respect of the procedure to be followed for purchase and sale of shares of companies listed in Pakistan. *(06 marks)*

Q.8 According to the Competition Ordinance, 2010:

- (a) No undertaking shall enter into deceptive marketing practices.

List the practices which are deemed to fall under the purview of deceptive marketing practices. *(03 marks)*

- (b) No undertaking or association of undertakings shall enter into any agreement which have the object or effect of preventing, restricting or reducing competition within the relevant market.

Explain how and under what circumstances an undertaking may claim exemption from the application of the above provision. *(07 marks)*

Q.9 Apprehensions are widespread in the stock market that the affairs of JK Limited are being conducted in a manner which is prejudicial to the interest of the stakeholders. In the context of the provisions of the Companies Ordinance, 1984 you are required to explain the following :

- (a) Identify the persons who may file a suit in the Court with a request to intervene in the business of the company. *(05 marks)*
 (b) Decisions that the court may take in the above circumstances. *(04 marks)*

Q.10 (a) An open-end fund is being managed by LM Limited which is an NBFC.

List the persons who would be termed as “connected person” in relation to the above open-end fund. *(08 marks)*

- (b) Describe the provisions contained in the NBFC Rules, 2003 in respect of the following:
 (i) Credit rating. *(03 marks)*
 (ii) Appointment of internal auditor. *(04 marks)*
 (iii) Sale or purchase transaction between an NBFC and any of its directors. *(03 marks)*

Q.11 The Board of Directors of YZ Limited, a listed company, intends to issue 50% right shares.

Advise the directors about the conditions required to be complied with, for the issuance of right shares under the Companies (Issue of Capital) Rules, 1996. *(07 marks)*

Q.12 The general meeting of VX Limited, a listed company, was convened on 30 May 2012. However, only four shareholders turned up to attend the meeting.

Explain how VX Limited should deal with the above situation in the light of Companies Ordinance, 1984. *(06 marks)*

(THE END)