



June 04, 2003

**CORPORATE LAWS AND
CORPORATE LAWS & SECRETARIAL PRACTICES
[Module 'E' Paper E-16] & [PE-1 Paper 4]**

**(MARKS 100)
(3 hours)**

- Q.1 (a) A listed company has a 31 December year-end. For a variety of reasons, its Board meeting for approval of the annual accounts and other related matters was scheduled to be held on April 30, 2003. Explain the corporate implications of the timing of the Board meeting.

Assuming that it wants the book closure period to be 2 weeks, prepare a list of key dates (working back from the latest date of the AGM) for the key secretarial requirements upto and including the date for the annual general meeting.

(07)

- (b) You are the Company Secretary of a listed company. At the forthcoming Annual General Meeting, a poll is expected in respect of one of the items on the agenda. Briefly describe the main provisions in respect of the poll and prepare a checklist of steps you would want to take in this regard prior to and at the AGM.

(12)

- Q.2 (a) Explain with reference to the relevant company law provisions, the salient difference between reduction of capital and purchase of shares by the company.

(02)

- (b) (i) A company listed on Karachi Stock Exchange made alterations in object clause of its memorandum of association by passing special resolution. Subsequent to the meeting, the company also got those alterations confirmed by the Securities & Exchange Commission of Pakistan. Describe other formalities to be completed by the company, if any, and consequences of not doing so.

(07)

- (ii) A company having two classes of shareholders namely Ordinary and Preference (comprising 75 and 25 percent of capital respectively) had proposed to vary the rights of preference shareholders and given 21 days notice to all the members for approving the variation in rights as well as for adoption of annual accounts. On the date of meeting, the attendance of members (both in person and through proxy) of the two classes was as under:

Ordinary Shareholders	61%
Preference Shareholders	73%

The resolution proposing the variation was passed by the majority of 76% whereas only 24% in the meeting opposed the variation. Kindly comment whether the variation in rights were approved or not?

(04)

- Q.3 (a) A company's paid up capital is Rs 10 million. One of the key suppliers is owed Rs. 3 million on account of supplies and interest on delayed payments. The supplier seeks your advice on its rights under the Companies Ordinance 1984 to recover the amounts due to it. Advise the rights of the supplier under the Companies Ordinance, 1984. **(06)**
- (b) A private limited company has recently been incorporated. Shares are to be issued to the sponsors in two tranches/phases linked to the requirement of funds by the company. In the second phase, two new groups of shareholders would need to be inducted. Explain with reference to the relevant provisions of the Companies Ordinance, 1984, what legal and corporate secretarial steps, the company would need to take with regard to the second phase of share issue. **(07)**
- Q.4 (a) The Companies Ordinance, 1984 prescribes grounds for vacation of office by director. Can a company provide additional grounds for vacation of office and if so, how? **(02)**
- (b) What is the quorum for meeting of directors of a listed company? **(01)**
- (c) Can a chief executive be removed before the expiration of his term of office or period for which appointed under a contract with the company? If yes how? **(02)**
- (d) Whether an employed chief executive of a listed company (not being an elected director) can participate and vote and his presence would be counted for the purpose of quorum in the meeting considering a business in which he has interest? **(05)**
- Q.5 In the context of the Companies (Buy-Back of Shares) Rules, 1999, answer the following:
- (a) what declaration of solvency is required to be made and who is required to make it? **(05)**
- (b) give details of the two certificates to be obtained from the auditors of the company. **(06)**
- Q.6 (a) Define the following under Leasing Companies (Establishment and Regulation) Rules, 2000:
- (i) Certificate of Investment
 - (ii) Equity
 - (iii) Lease Key Money
 - (iv) Major Shareholder
 - (v) NBFIs
- (05)**
- (b) Who may not be appointed as legal advisor of a company under the Companies (Appointment of legal Advisers) Act, 1974? **(05)**

(3)

- Q.7 (a) Describe the provisions relating to closure of register of members under the Companies Ordinance, 1984 and Listing Regulations of Karachi Stock Exchange. **(05)**
- (b) All listed companies are required to have an Audit Committee under listing regulations of stock exchanges in Pakistan. Reply the following in relation to Audit Committee:
- (i) composition
 - (ii) frequency of meeting
 - (iii) who should/may attend the meeting **(07)**
- (c) An investor is looking for a financing vehicle through which it can maintain direct management control over its core business by investing as low as just 30% equity. Which type of corporate structure would support such a business objective and why? **(04)**
- Q.8 What is the time period both under Companies Ordinance, 1984 and Code of Corporate Governance for:
- (a) filling of casual vacancy in Board of Directors
 - (b) circulation of minutes of meeting of the Board of Directors
 - (c) notice for meeting of Board of Directors
 - (d) circulation of annual audited financial statements **(08)**

(THE END)