

Section "A"

ANSWER P Q 2 (a)

(i). "**BODY CORPORATE**" or "corporation" includes a company incorporated outside Pakistan, but does not include:

- a corporation sole; or
- a co-operative society registered under any law relating to the registration of co-operative societies: or
- any other body corporate, not being a company as defined in this Ordinance, which the Federal Government may by notification in the official Gazette specify in this behalf.

(ii). "**SPECIAL RESOLUTION**" means a resolution which has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy at a general meeting of which not less than twenty-one days notice specifying the intention to propose the resolution as a special resolution has been duly given.

Provided that, if all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days notice has been given.

P Q 2 (b)

REDUCTION OF SHARE CAPITAL. -

1. Subject to confirmation by the Court, a company limited by shares, if so authorised by its articles, may by special resolution reduce its share capital in any way, and in particular and without prejudice to the generality of the foregoing powers may -

- (i) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (ii) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or
- (iii) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the needs of the company; and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.

2. A special resolution under sub-section (1) is in this Ordinance referred to as a resolution for reducing share capital.

P Q 2 (c)

PROCEDURE FOR ELECTION OF DIRECTORS

Step 1. The directors of a company shall, subject to section 174, fix the number of elected directors of the company not later than thirty-five days before the convening of the general meeting at which directors are to be elected. The number so fixed shall not be changed except with the prior approval of a general meeting of the company.

Step 2. The notice of the meeting at which directors are proposed to be elected shall among other matters, expressly state the number of elected directors fixed and the names of the retiring directors.

Step 3. Any person who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director.

Step 4. All notices received by the company shall be transmitted to the members not later than seven days before the date of the meeting, in the manner provided for sending of a notice of general meeting in the normal manner or in the case of a listed company by publication at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province in which the stock exchange on which its securities are listed is situate.

Step 5. The directors of a company having a share capital shall, unless the number of persons who offer themselves to be elected is not more than the number of directors fixed be elected by the members of the company in general meeting in the following manner, namely:

- (i) A member shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected;
- (ii) A member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose; and
- (iii) The candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected.

P Q 2 (d)

ISSUE OF DUPLICATE CERTIFICATES

A duplicate of a certificate of shares, debentures or debenture stock issued under section 74 shall be issued by the company within forty-five days from the date of application if the original is proved to have been lost or destroyed, or having been defaced or mutilated or torn is surrendered to the company. The company, after making such inquiry as to the loss destruction; defacement or mutilation of the original shall, subject to such terms and conditions which it may consider necessary, issue the duplicate.

Provided that the company shall not charge fee exceeding the sum prescribed and the actual expenses incurred on such inquiry.

PQ.3(a)

- (i) Section 226 of the Companies Ordinance, 1984 deals with utilization of funds received as securities and deposit. This section states that no company shall receive or utilize any money received as security or deposit; except in accordance with a contract in writing: and all moneys so received shall be kept in a special account with a scheduled bank. Since the company is using these funds without any contract being entered / without any permission of the supplier and is therefore liable under the law.
- (ii) Section 248 of the Companies Ordinance, 1984 states the restrictions as under:
- 1) The company in general meeting may declare dividend but no dividend shall exceed the amount recommended by the directors.
 - 2) No dividend shall be declared or paid by a company for any financial year out of the profits of the company made from the sale or disposal of any immovable property or assets of a capital nature, comprised in the undertaking or any of the undertakings of the company unless business of the company consists, wholly or partly, of selling and purchasing any such property or assets except after such profits are set off or adjusted against losses arising from the sale of any such immovable property or assets of a capital nature.
Provided further that no dividend shall be declared or paid out of unrealized gain on investment property credited to profit and loss account.
 - 3) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on shares, but if and so long as nothing is paid upon any of the shares in the company dividend may be declared and paid according to the amount of shares (clause 66 of the first schedule - table A).

Section 243 explains that save as otherwise provided in this ordinance, a member of a company shall be entitled to be furnished with copies of the balance sheet and profit & loss account or the income & expenditure account, the director's report and the auditor's report on payment of such sum as the company may fix not exceeding the maximum amount prescribed.

P Q.3(b)

Section 230 states that

- (1) Every company shall keep at its registered office proper books of account with respect to:
- a) All sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place.
 - b) All sales and purchases of goods by the company
 - c) All assets of the company
 - d) All liabilities of the company; and

e) In case of a company engaged in production, processing, manufacturing or mining activities, such particulars relating to utilization of material or labor or the other inputs or items of cost as may be prescribed, if such class of companies is required by the Commission by a general or special order to include such particulars in the books of accounts.

Provided that all or any of the books of accounts aforesaid may be kept in such other places in Pakistan as the directors may decide, and when the directors so decide, the company shall, within seven days of the decision, file with the registrar a notice in writing giving the full address of that place.

- (2) Where a company has a branch office, whether in or outside Pakistan, the company shall be deemed to have complied with the provisions of subsection (1) if proper books of account relating to the transactions effected in the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the company at its registered office or the other place referred to in sub section (1).
- (3) For the purpose of sub section (1) & (2) , proper books of account shall not be deemed to be kept with respect to the matters specified therein if there are not kept such books as are necessary to give a true and fair view of the state of affairs of the company or the branch office as the case may be, and to explain its transactions.
- (4) The books of accounts of every company relating a period of not less than ten years immediately preceding the current year shall be preserved in good order.

Provided that in case of a company incorporated less than ten years before the current year, the books of accounts for the entire period preceding the current year shall be preserved.

P Q 3 (c)

Utilization of Share Premium Account

A company can issue shares at premium. The share premium account may be applied by the company;-

1. In writing off the preliminary expenses of the company.
2. In writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.
3. In providing for the premium payable on the redemption of any redeemable preference shares or debentures of the company.
4. In paying up un-issued shares of the company to be issued to members of the company as fully paid bonus shares.

P Q 4(a)

Ans: Functions and powers of the Board:-

Subject to the provisions of this Act, the Board shall-

- (a) when so asked to do and after consultation with the Commission, advise the Federal Government on all matters relating to:
 - (i) the securities industry and insurance industry
 - (ii) regulation of companies and corporate sector and protection of the interests of investors
 - (iia) regulation of the insurance sector and protection of the interests of insurance policy holders;
 - (iii) measures to encourage self-regulation by the stock exchanges, insurers, insurance intermediaries, insurance surveyors and NBFIs by specifying the standards for such self regulatory organizations;
 - (iv) measures to promote the development of and to regulate the securities market and the insurance market; and
 - (v) other related matters;
 - (b) consider and approve (with or without modification) any regulations with respect to implementation of policy decisions, proposed to be made by the Commission under the Act;
 - (c) consider and approve (with or without modification) the budget for each financial year of the Commission prepared and submitted to it pursuant to the provisions of sub-section (2) of section 24;
 - (d) express its opinion in writing on any policy matter referred to it by the Federal Government or the Commission;
 - (e) oversee the performance of the Commission to the extent that the purposes of this Act are achieved;
 - (f) exercise all such powers and perform all such functions as are conferred or assigned to it under this Act; and
 - (g) specify fees, penalties and other charges chargeable by the Commission for carrying out the purposes of this Act.
- (2) All policy decisions, including any change in previously established policy, in respect of all and any matters within the jurisdiction of the Commission shall be made only by the Board.

The Board may make policy decisions *suo motu* or adopt such policy recommendations of the Commission, with or without modification, as the Board may deem fit in its sole discretion.

PQ.4(b)

The Directors
ABC Limited

Sub: INCORPORATION / COMMENCEMENT
OF BUSINESS BY NBFC

Dear Sir

We acknowledge receipt of your enquiry seeking advice regarding incorporation and commencement of business by NBFC. We would comment that Section 282 C of the Companies Ordinance 1984 clearly lays down the conditions and are stated as under:

- (1) A NBFC shall not be incorporated without prior approval of the Commission.
- (2) Notwithstanding anything contained in any other provision of the Ordinance, a NBFC shall not carry on business unless it holds a license issued in this behalf by the Commission and such license may be issued subject to such conditions and payment of such fees as the commission may deem fit to impose.
- (3) Every company in existence which is engaged in any one or more forms of business as specified in Section 282 A, of the Ordinance before the expiry of six months from coming into force of this clause (a) of section and every other company before commencing any of business as specified in clause (a) of Section 282 A shall apply in writing to the Commission for grant of a license under this section.

The Commission, if satisfied that the company has fulfilled the conditions prescribed by the Commission in respect of the business for which license is being sought, may grant license to such company for one or more of the forms specified in section 282 A.

- (4) A NBFC shall not commence or carry on business unless it has such minimum equity as may be prescribed by the commission from time to time in respect of each form of business as specified in clause (a) of section 282 A.

5 (a) (i)

Listed company shall have a whole time secretary and a single member company shall have a secretary possessing the qualifications as may be prescribed.

The words "whole time secretary" in relation to a public listed company means a "full time employee" designated as secretary to perform this specific assignment.

It may be noted that a single member company is also required to have a company secretary but such company does not necessarily require a whole time secretary.

5 (a) (ii)

Non-secretarial functions:

- 1- Administrative functions.
- 2- Managerial functions.
- 3- Liason functions.
- 4- Organisational functions.
- 5- Coordination functions.

P Q 5 (b)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Members of Aamir Company Limited ("Company") will be held at _____, date & year at 10.00 a.m. to transact the following business:

SPECIAL BUSINESS

1. To consider and if thought fit, to approve the issue of bonus shares in the ratio of 10 shares for every 100 shares held (i.e. 10%) as declared and recommended by the Board of directors of the company in their meeting held on (date, month & year) and for that purpose to pass the following resolution:

"RESOLVED THAT a sum of Rs. _____ out of reserves of the company available for appropriation as at December 31, 2008, be capitalized and applied for issue of _____ ordinary shares of Rs. 10/- each allotted as fully paid bonus shares to the members of the company whose names appear on the register of members as at close of business on (date, month & year) in the proportion of ten shares for every hundred shares held (i.e. 10%) and that such shares shall rank pari passu in every respect with the existing ordinary shares of the company, but shall not be entitled to the first interim cash dividend for the year 2009.

FURTHER RESOLVED THAT fractional entitlement of the members shall be consolidated into whole shares and sold on the Karachi Stock Exchange and the sale proceeds thereof will be donated as deemed appropriate by the Board.

FURTHER RESOLVED THAT the company secretary be and is hereby authorized and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares^m.

2. To transact any other business with the permission of the Chair.

Karachi
Date

By Order of the Board
Company Secretary

P Q 6 (a)

Agenda of General Meeting in respect of Ordinary Business:

- (i) Consideration of the accounts, balance sheet and the reports of the directors and auditors.
- (ii) Declaration of dividend.
- (iii) Appointment and fixation of remuneration of auditors.
- (iv) Election or appointment of directors.

P Q 6 (b)

The functions of the CDC are:

- (a) to establish and administer the CDS;
- (b) to provide facilities for effecting electronic deliveries of book-entry securities;
- (c) to provide facilities for effecting pledges in respect of book-entry securities;
- (d) to provide information in relation to book-entry securities to CDS elements and other persons in accordance with the Act and these Regulations;
- (e) to provide such other facilities and services as the CDC may from time to time determine in accordance with its memorandum of association; and
- (f) to co-operate with the Commission, the State Bank of Pakistan and the stock exchanges in carrying out the functions set out in paragraphs (a) to (e) above and to provide such assistance as is required by the Commission, the State Bank of Pakistan and the Stock Exchanges in carrying out their functions and duties under the Act or under any other law for the time being in force.