

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS****Question No. 2****(a)** As per Section 153 (i) of the Companies Act 2017 ---**04**

Director must be a member but it is not applicable in the case of :

- a person representing a member which is not a natural person
- a whole time director who is an employee of the company
- CEO ; or
- A person representing a creditor /special interests by virtue of contractual arrangements

(b) As per Section 79 of the Companies Act 2017—**04**

The person to be nominated under this section shall not be a person other than the relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter.

Mr Furqan (brother of deceased person) after the death of the member(Mr Fareed):

- be deemed as a member of company till the shares are transferred to the legal heirs and
- since the deceased was a director of the company, not being a listed company, the nominee shall also act as director of the company to protect the interest of the legal heirs.

(c) Duties of Mr. Salman**08**

- Mr. Salman shall report to the company his shareholding or any other interest as may be notified by the Commission, on a specified form within thirty (30) days of holding such position or interest.

(Under Section 452 (1) Every substantial shareholder or officer of a company incorporated under the Company law, who is citizen of Pakistan within the meaning of the Citizenship Act, 1951 (II of 1951), including dual citizenship holder whether residing in Pakistan or not having shareholding in a foreign company or body corporate shall report to the company his shareholding or any other interest as may be notified by the Commission, on a specified form within thirty (30) days of holding such position or interest)

Duties of Jinnah Textile Mills Limited

- Section 452 (2) The company shall submit all the aforesaid information received by it during the year to the registrar along with the annual return.
- Section 452 (3) Any investment in securities or other interest as may be notified in sub-section (1) by a company incorporated under this Act, in a foreign company or body corporate or any other interest shall also be reported to the registrar along with the annual return.
- Section 452 (4) All the above information shall be reported to the registrar through a special return on a specified form within sixty days from the commencement of this Act and thereafter in accordance with the sub-section (2).

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS****Question No. 3****(a) Clauses of Memorandum of company limited by shares--In the case of a company limited by shares:****06**

(a) the memorandum shall state-

- (i) The name of the company with the word 'Limited' as last word of the name in the case of a public limited company, the parenthesis and words "(Private) Limited" as last words of the name in the case of a private limited company, and the parenthesis and words '(SMC-Private) Limited' as last words of the name in the case of a single member company;
- (ii) The Province or the part of Pakistan not forming part of a Province, as the case may be, in which the registered office of the company is to be situate;
- (iii) Principle line of business provided that:
 - (a) The existing companies shall continue with their existing memorandum of association and the object stated at serial number 1 of the object clause shall be treated as the principal line of business;
 - (b) If the object stated at serial number 1 of the object clause is not the principal line of business of the company, it shall be required to intimate to the registrar their principal line of business within such time from as commencement of this Act and in the form as may be specified. A revised copy of the memorandum of association indicating therein its principal business at serial number 1 of the object clause shall also be also furnished to the registrar; and
 - (c) the existing companies or the companies to be formed to carry on or engage in any business which is subject to a license or registration, permission or approval shall mention the businesses as required under the respective law and the rules and regulations made thereunder;
- (iv) an undertaking as may be specified;
- (v) that the liability of the members is limited; and
- (vi) the amount of share capital with which the company proposes to be registered and the division thereof into shares of a fixed amount;

(b) Answer As per Section 154 of the Companies Act 2017 ---Minimum number of directors of a company:**04**

- a single member company shall have at least one director;
- every other private company shall have not less than two directors;
- a public company other than a listed company shall have not less than three directors; and
- a listed company shall have not less than seven directors:

Section 154 also requires that Only a natural person shall be a director.

Only Public Interest Companies shall be required to have female representation on their board (it means at least one woman director). So this does not apply to a Large Size Company.

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS****(c) Under section 205 of the Companies Act 2017- Disclosure of interest by director –****04**

Every director of a company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the directors.

Mr Ismail should have disclosed his interest in the contract and should have abstained from voting on such contract.

Under Section 205, no director of a company shall take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

(d) OBGD Oil Company is classified as Public Sector Company since more than 50 % shares are owned by the Government.**02**

As per Section 181 of the Companies Act 2017 – Protection to independent and non-executive directors — an independent director shall be held liable, only in respect of such acts of omission or commission by a listed company or a public sector company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently.

Question No. 4**(a) Under Section 293 of the Companies Act 2017 Modes of winding up****03**

The winding up of a company may be either—

- (i) by the Court or
- (ii) voluntary; or
- (iii) subject to the supervision of the Court.

As per Section 347 of the Companies Act, 2017, a company may be wound up voluntarily if:

- (i) the company in general meeting passes a resolution requiring the company to be wound-up voluntarily as a result of the expiry of the period for its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company should be dissolved; or
- (ii) the company passes a special resolution that the company be wound up voluntarily.

(b) (i) Aggrieved preference shareholders holding not less than ten percent of the preference shares may, within thirty days of the date of the resolution varying their rights, apply to the Court for an order cancelling the resolution.**02**

- (ii) The court may reverse the decision of the company if it is shown to its satisfaction that some facts which would have had a bearing on the decision of the shareholders were withheld by the company in getting the aforesaid resolution passed or, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant.

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The decision of the Court on any such application shall be final.

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS****(c) (i) Credit Rating (Regulation G-4):****03**

With a view to safeguard the interest of prospective investors, depositors and creditors, it shall be mandatory for all banks/DFIs to have themselves credit rated by a credit rating agency on the approved panel of the State Bank of Pakistan.

Foreign Banks which are credit rated by M/s. Standard & Poor, Moody's Fitch-Ibea and Japan Credit Rating Agency (JCRA) are given a minimum rating of A/3/A and above shall be exempt from the application of this requirement. All other foreign banks have to go through credit rating process in Pakistan.

- (ii)** The credit rating will be an ongoing process i.e. credit rating should be updated on a continuous basis from year to year, within six months from the date of close of each financial year and the rating report complete in all respects be submitted to the State Bank of Pakistan and made public within a period of seven days of the notification of rating by the credit rating agency. Further, the banks/DFIs will disclose their credit rating prominently in their published annual and quarterly financial statements. **04**

Question No. 5**(a) As per Section 6 of the Companies E-Voting Regulations, 2016:****04**

- Notice of general meeting shall clearly specify that members can also exercise their right to vote through e-voting by giving his consent in writing on the appointment of the execution officer by the Intermediary as a proxy.
- The notice of meeting and e-voting shall also be placed on the website of the company.
- The members opting for e voting shall be required to communicate their intention to opt for e voting and demand of poll for resolution through e voting to the company at least 10 days before holding of a general meeting through regular mail or electronic mail at the registered address/email of the company , to be provided in the notice of meeting
- It be binding on the Company to arrange for e voting if the company receives demand for poll from at least 5 members or by any member or members having not less than one tenth of the voting power.

- (b) (i)** As per Rule (5.13), any company intending to seek voluntary de-listing from the Exchange shall intimate to the Exchange, immediately, of the intention of the majority security holders/sponsors to purchase all securities, without exception, from all the security holders with the purpose to de-list the security along with the reasons thereof. **05**

Such intimation shall also include minimum price at which the securities are proposed to be purchased. Provided that the minimum purchase price proposed by the sponsors will be the highest of the benchmark price based on any of the following:

- (a) Current Market Price as of the date the exchange receives the sponsors/ majority security holders' intimation under 5.13.1
- (b) Average Market Price (Annualized)
- (c) Intrinsic value per share (estimated net realizable value of assets of the company)
- (d) Earnings Multiplier approach (for profitable companies)
- (e) The maximum price at which the Sponsors had purchased these shares from the open market in the preceding one year

- (ii)** As per Rule (5.14.1)----- Approval of the proposal in general meeting of the company by not less than $\frac{3}{4}$ of the security holders present in person or by proxy at such general meeting. **02**

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS****(c)** “Banker to an issue” (scheduled bank) is capable to perform all or any of the following functions: **04**

- Accept application for bidding and subscription of securities.
- accept the bid money and subscription money of the bids and subscription applications mentioned in clause (i) above electronically, thorough cheque or through any other mode as disclosed in the relevant prospectus;
- Block the bid money and subscription money in the respective account of the bidder and the subscriber;
- Unblocking or refund of bid or subscription money and
- Any other related function as may be specified by the Commission from time to time.

Question No. 6**(a)** As per Modaraba Ordinance 1980 , para 20 If- **04**

- (i) the Registrar, has reason to believe that a modaraba company has been conducting the affairs of a modaraba in a manner prejudicial to the interest of the modaraba or the holders of Modaraba Certificates or in a fraudulent or unlawful manner or has committed a default in complying with the provisions of this Ordinance or the rules or with any direction made or given thereunder or any condition of the modaraba;
- (ii) the registration of a modaraba company has been cancelled; or
- (iii) any other modaraba under the management of the modaraba company has been ordered to be wound up by the Tribunal, the Registrar, after affording the modaraba company an opportunity of being heard, may, without prejudice to any other action under the law, by order in writing appoint an administrator to take over and manage the modaraba in place of modaraba company.

(b) Section 96 (1) of the Securities Act, 2015 requires a listed company shall disclose to the public forthwith any price sensitive information relating to the company or its subsidiaries which has come to the company’s knowledge and which would be material to an investor’s investment decision, including information that: **08**

- (i) is necessary to enable the public to appraise the position of the company and its subsidiaries;
 - (ii) is necessary to avoid the creation or continuation of a false market in the securities of the company (false market being defined as an uninformed market or one which is based on incomplete information); or
 - (iii) might reasonably be expected to materially affect the market activity and the price of its securities.
- (2) A listed company shall ensure that, when disclosing the above information, means it uses for disseminating information are such that it equally, timely and effectively provides access to such information by the holders of the securities of the company and investors.
 - (3) A listed company meets the requirements of disclosure to public when information that affects the market or a sector of the market generally is made public in a manner that would be likely to bring it to the attention of persons who commonly invest in securities of a kind whose price or value might be affected by the information.

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL**MARKS**

- (c) A company shall not appoint an advocate or a registered firm to be its Legal Adviser, if upon such appointment, the number of companies of which such advocate or firm is a Legal Adviser will exceed-

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- (a) the case of the advocate, three: or
 (b) in the case of the firm, the product of three and the total number of partners of the firm:

Provided that a company in existence immediately before the commencement of this Act shall be deemed to have complied with the provisions of this subsection if, before the expiration of three months from such commencement, it terminates the appointment of the advocate or registered firm the appointment of whom or which is prohibited by this subsection.

Question No. 7**(a) Notice of Annual General Meeting:****08**

Notice is hereby given that the 64th Annual General Meeting of Jamal Fabric Limited will be held on Saturday, March 31, 2018 at 09:00 a.m. at the registered office of the Company situated at Jamal House, Shahrah-e-Faisal, Karachi to transact the following business:

Ordinary Business:

1. To receive consider and approve the Audited Accounts of the Company for the year ended December 31, 2017 together with the Auditors' and Directors Report thereon.
2. To consider and approve the payment of final cash dividend of 40% (Rs.4.00 per ordinary share of Rs.10 /each) for the year ended December 31, 2017. As recommended by the Directors of the company.
3. To appoint Auditors of the Company for the year ending December 31, 2018 and fix their remuneration. The Present Auditor M/s ABC & Company Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business:

4. To consider and, if thought fit, pass special resolution pursuant to Section 199 of the Companies Act, 2017 to authorize investment in Share Capital of Jamal Food (Private) Limited a subsidiary of the company up to a value of approximately Rs.50 million in aggregate.

Resolved that Pursuant to the requirements of section 199 of the Act, the company be and is hereby authorized to invest in Share Capital of the subsidiary, Jamal Food (Private) Limited up to a value of approximately Rs.50 million.

Resolved further that the Chief Executive Officer and the Company Secretary of the company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of above transactions but not limited to filing of the entire requisite statutory forms and all other documents with SECP, executing documents all such notice, reports, letters and any other documents or instrument to give effect to the above resolution.

5. To consider any other business with the permission of Chairman.

Place:**By Order of the Board****Date: March 09, 2018****Company Secretary**

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- (b) (i) Any person can register as an Individual User. This may include a director / chief executive/ company secretary/authorized representative/ manager/ authorized person of a company who is a natural person and is authorised to sign documents electronically on behalf of the company. An Intermediary/ Consultant can also register as a user of the e-Services. **03**
- (ii) Online user registration is available at e-Services at www.secp.gov.pk, for which Rs.100/- only will be charged subsequently after registration and at the time of submission of documents. **02**

THE END