

CORPORATE LAWS AND SECRETARIAL PRACTICES [G4] – GRADUATION LEVEL

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Question No. 2**(a) Interested Director Not to Participate or Vote in Proceedings of Directors:****06**

No director of the company shall, as a director, 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 anyway, 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.

The above sub-section shall not apply to:

- A private company which is neither a subsidiary nor a holding company of a public company;
- Any contract of indemnity against any loss which the directors, or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the company;
- Any contract or arrangement entered into or to be entered into with a public company, in which the interest of the director aforesaid consists solely in his being a director of such company and the holder of not more than such shares therein as are requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the company.

(b) Register and Index of Debenture-Holders:**04**

Every company having more than fifty debenture-holders shall unless the register of debenture-holders is in such a form as to constitute in itself an index, keep an index of the names of the debenture-holders of the company and shall, within fourteen days after the date at which any alteration is made in the register of debenture-holders make the necessary alteration in the index

Every company shall keep in one or more books a register of the holders of its debentures and enter therein the following particulars, namely:

- (i) The name in full, father's name (in the case of a married woman or widow, the name of her husband or deceased husband), nationality, address and the occupation, if any, of each debenture-holder.
- (ii) The debentures held by each holder, distinguishing each debenture by its number and the amount paid or agreed to be considered as paid on the debentures held by each holder;
- (iii) The date at which each person was entered in the register as a debenture-holder; and
- (iv) The date at which any person ceased to be a debenture-holder.

(c) Procedure for Change in Place of Registered Office:**08**

- (i) Hold a Board meeting to approve the proposal, specially approval of amendment in the Registered office clause of the Memorandum of Association.
- (ii) Issue the notice of general meeting 21 days before the meeting. The notice contains statement of material facts and proposed special resolution for changing the registered office and amendment in relevant clause of Memorandum of Association.
- (iii) Pass the special resolution and copy of special resolution on Form-26 is filed with the registrar concerned within 15 days of passing of special resolution.
- (iv) File form 21 within 28 days of special resolution with the Commission.
- (v) Prepare a list of creditors and debenture holders along with their "No Objection Certificate" (NOC). The list is required to be filed with the application to the Commission duly verified by an affidavit.

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- (vi) Obtain order for confirmation of alteration by Commission.
- (vii) Filing of altered memorandum with the registrar concerned within 30 days from the date of the order. The registrar shall register the same and issue a certificate which shall be conclusive evidence of fulfilling all the requirements.
- (viii) Submission of form 18 to Pakistan Stock Exchange through PUCARS followed by the hard copy of letter of confirmation immediately.

Question No. 3**(a) Submission of the Quarterly Financial Statements:****(i) To The Securities And Exchange Commission of Pakistan (SECP):**

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Mode of filing: Manual (by post)

Number of copies: Three including one original set of financial statements.

Time deadline: within 1 month of the close of quarter

To the Company Registration Office (CRO).

Mode of filing: Electronically

Number of copies: One scan copy of sign financials statements is uploaded on website

Time deadline: Within one month of the close of the quarter

(ii) Penalty in Case of Non-Compliance:

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Fine not exceeding Rs.100,000 and to a further fine of one thousand rupees for every day during which the default continues.

(b) (i) Period for Payment of Dividend and Consequences for Non-Compliance in this Regard:

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The dividend is required to be paid to the shareholders within 30 days of the declaration of the dividend and it is not lawful for the directors or the company to withhold or defer its payment.

It is the responsibility of the Chief Executive to make the payment within the specified period and in case of failure the Chief Executive of the company shall be punishable with imprisonment for a term which may extend to two years and with fine which may extend to one million rupees.

(ii) • Declaration of Final Dividend:

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Dividend is deemed to have been declared on the date of the General Meeting.

• Declaration of Interim Dividend:

The dividend is deemed to have been declared on the date of commencement of closing of share transfer for purpose of determination of entitlement of dividend and where register of member is not closed for such purpose, on the date on which such dividend is approved by the directors.

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(c) Issuance of Share at Premium:

A company may issue shares to the general public at premium subject to the following conditions, namely:

- (i) the company has commenced commercial operations and based on its latest audited accounts for not less than twelve months, it has:
 - (a) earned profit from its principal operations; and
 - (b) positive earnings per share;
- (ii) save as provided in clause (vi), the premium on public offering shall not exceed the amount of premium charged on placements with foreign or local investors, if such placement has been made within a period of six months preceding the opening of the public subscription and the names and addresses of such investors shall be disclosed in the prospectus;
- (iii) the issue shall be fully underwritten in the manner as provided in clause (ii) of rule 3 and the conditions prescribed in clause (iii) of rule 3 shall be fulfilled;
- (iv) the company shall justify the amount of premium per share which shall be disclosed in the prospectus;
- (v) the employees of the company getting preferential allocation, if any, shall be charged premium at the same rate as the public;
- (vi) the shares allotted or allocated to any person including employees on account of preferential allocation within a period of six months preceding the opening of the public subscription, at a price lesser than the price at which shares are to be offered to the general public shall not be saleable or transferable for a period of six months from the date of close of the public subscription;
- (vii) the issuing company shall ensure that the shares allotted on account of preferential allocation under clause (vi) are deposited in an account with a depository company in frozen form:

Provided that charges of opening and maintaining of such account shall be borne by the holder of such shares; and
- (viii) the provisions of clauses (i) and (ii) shall not be applicable where the issue is made through the book building].

Question No. 4**(a) Controlling/ Strategic Holdings:**

- (i) Free-float means the number of ordinary shares readily available for trading through the Pakistan Stock Exchange (PSX) which comprises of all outstanding ordinary shares excluding the shares held by the certain categories/ persons.
 - Government holdings;
 - Directors, sponsors and senior management officers and their associates
 - Shares in physical form;
 - Associate companies/ Group companies (cross holdings)
 - Shares issued under Employee Stock Option Schemes that cannot be sold in the open market in normal course.
 - Treasury shares
 - Any other category that are barred from selling at the review date.

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(ii) Every listed company shall or issuer of a listed security shall:

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- ensure the requisite input into the CDC free-float functionality is entered in a timely manner to enable the Exchange to access the number and break-up of free-float share of the company on quarterly basis i.e., as on March 31, June30, September 30 and December 31 each year, within fifteen (15) days of close of each quarter.
- submit directly to the Exchange along with the annual audited accounts as prescribed in PSX Regulations, an annual free-float certificate duly verified by the auditor, in the format specified by the Exchange.

(b) **Annual Return to be filed with the Commission:**

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Every listed company shall once in each year within forty five days from the date of the annual general meeting held in the year or, where no such meeting is held or if held is not concluded, from the last day of the calendar year to which it relates:

- Prepare and file online the following information as per detail given in e-Services process of the Commission titled as annual return by listed companies:
 - Issuer company information
 - Particulars of each director, executive officer and substantial shareholder of the issuer company and their beneficial ownership;
 - Particulars of dependents i.e. spouse, minor children and other dependent relatives of each director, executive officer and substantial shareholder and their beneficial ownership.
 - Particulars of private companies where each director, executive officer and substantial shareholder is shareholder, but the private company holds less than ten percent shareholding in the issuer company;
 - Particulars of associated companies;
 - Detail of trade carried out by each director, executive officer and substantial shareholder during the period from previous annual general meeting to present annual general meeting; and
 - Summary of shareholding;
- Prepare and file a soft copy of list of members (physical shareholders and central depository accountholders) in MS Excel in accordance with the format and instructions given at the bottom of the aforesaid e-Services Process.

(c) (i) **Disclosure Requirements of the Corporate Social Responsibility (CSR) Activities:**

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Every company shall provide descriptive as well as monetary disclosures of the Corporate Social Responsibility activities undertaken by it during each financial year.

Such disclosures shall be made in the directors' report to the shareholders annexed to the annual audited accounts.

(ii) **Specific Disclosures for CSR Activities: [Any six]**

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The disclosures, wherever required, shall include, but shall not be limited to the following:

- corporate philanthropy
- energy conservation
- environmental protection measures

- community investment and welfare schemes
- consumer protection measures
- welfare spending for under-privileged classes
- industrial relations
- employment of special persons
- occupational safety and health
- business ethics and anti-corruption measures
- national-cause donations
- contribution to national exchequer rural development programs

Question No. 5**(a) Deceptive Marketing Practices:****06**

The opinion of a company secretary is valid because a deceptive marketing practices shall be deemed to have been resorted to fraudulent use of another's trademark and firm name. As per section 10 of the Competition Act, 2010 no undertaking shall enter into deceptive marketing practices.

The deceptive marketing practices shall be deemed to have been resorted to or continued if an undertaking resorts to:

- The distribution of false or misleading information that is capable of harming the business interest of another undertaking;
- The distribution of false or misleading information to consumers, including the distribution of information lacking a reasonable basis, related to the price, character, method, or place of production, properties, suitability for use, or quality of goods;
- False or misleading comparison of goods in the process of advertising; or
- Fraudulent use of another's trademark, firm name, or product labelling or packaging.

(b) Securities Adviser:**06**

Securities adviser means a person, who:

- (i) gives investment advice on whether, which, the time at which or the terms or conditions on which, securities may be bought, sold, exchanged or subscribed for;
- (ii) issues analyses or reports, for the purposes of facilitating the recipients of the analyses or reports to make decisions on whether or the time at which or the terms or conditions on which, specific securities may be bought, sold, exchanged or subscribed for; or
- (iii) advises on the management of a portfolio of securities for another person
 - without holding property of the other person; and
 - on terms that preclude him from doing so, but does not include
 - a bank
 - a person who gives such advice or issues such analyses or reports

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- ⇒ in a newspaper, magazine, book or other publication which is made generally available to the public, and which does not have as its principal or only object the provision of advice or the issue of analyses or reports, concerning securities; or
- ⇒ in television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise; and

(iv) any other person excluded to the such extent as may be notified by the Commission;

(c) (i) Appointment of Legal Adviser:

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No, DJI Associates could not be appointed as Legal advisers of Shah Limited because a company cannot 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 exceeds in the case of the advocate, three or in the case of the firm, the product of three and the total number of partners of the firm.

(ii) Every company, having paid-up capital of Rs.500,000 or above, shall appoint at least one Legal Adviser on retainership to advise such company in the performance of its functions and the discharge of its duties in accordance with law:

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Provided that a company in existence immediately before the commencement of this Act shall be deemed to have complied with the provisions of this sub -section if it appoints a Legal Adviser before the expiration of three months from such commencement.

No person other than an advocate or a registered firm shall be appointed to be a Legal Adviser.

Question No. 6**(a) (i) Pre- Annual General Meeting (AGM) Activities:**

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- Circulation of closed period letter to Pakistan Stock Exchange (PSX) Executives and Directors;
- Information to PSX about Board meeting.
- Approval of AGM date from PSX.
- Disseminating Board folders to directors.
- Information through PUCARS to PSX and SECP Islamabad regarding final results and book closure.
- Information to Central Depository company (CDC) and Share Registrar regarding AGM and Book Closure.
- Upload Notice of AGM in PUCARS.
- Arrangement and delivery of annual reports.
- Dispatch of annual reports to shareholders and PSX (21 days before AGM).
- Upload of annual report on company's website.
- Notice in newspaper regarding AGM (21 days before AGM).
- E-mail copy of AGM notice to SECP, Islamabad.
- Filing of annual reports to SECP-Karachi and Islamabad and e-mail soft copy (PDF and word format) to SECP, Islamabad.
- E-mail scan copies of newspapers clippings of AGM notice to SECP
- Share transfer book closure
- Conduct of AGM.

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(ii)

**PROXY FORM
RIBENNA BEVERAGES LIMITED**

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I/ We _____ of _____ in the district of _____ being a member of the Ribenna Beverages Limited, hereby appoint Mr. _____ of _____ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof.

Dated this _____ day of _____

Signature of the Shareholder _____

Folio No. _____

CDS Account No. _____

Notes:

1. This proxy form duly completed and signed across five rupees revenue stamp must be deposited at the company's registered office not less than 48 hours before the time for holding the meeting.
2. Witnessed by two persons for CDC Account holder only.
3. CDC Account holder shall also submit attested copies of their CNIC/ passport and that of proxy
4. The proxy of CDC account holder shall produce his/her original CNIC/Passport at the time of meeting.
5. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature of the proxy shall be submitted along with this form

(b) Resolved that:

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- The directors be and are authorised to purchase 50,000 shares of Al-Meezan Sugar Industries at the market price of Rs.1,250 per share.
- The purchase of shares be made within 30 days.
- The purchase be made through an open tender to be published in the newspapers having country side circulation.

Further resolved that:

The Chief Executive Officer and Company Secretary be and is/ are hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

THE END