

KARACHI TAX BAR ASSOCIATION

**BY: RAHAT AZIZ
S.A. ASSOCIATES
CORPORATE CONSULTANTS & TRAINERS**

“Introduction And Basic Concept Relating To Corporate Laws Applicable In Pakistan; Incorporation Of Companies And Prescribed Filings”

Corporate Compliance

- Incorporation / Start-ups.
- Routine Compliance.
- Additional Compliance.

Incorporation

● Section 10: Prohibition of certain names.

- (1): No company shall be registered by a name which contains such word or expression, as may be notified by the Commission or in the opinion of the registrar is—
 - (a) Identical to the name of a company; or
 - (b) inappropriate; or
 - (c) undesirable; or
 - (d) deceptive; or
 - (e) exploit religious susceptibilities of people; or
 - (f) any other ground as may be specified.

● Section 16: Registration Of Memorandum And Articles.

- (5): On registration of the memorandum of a company, the registrar shall issue a certificate that the company is incorporated.
- (6): The certificate of incorporation shall state—
 - (a): the name and registration number of the company;
 - (b): the date of its incorporation;
 - (c): whether it is a private or a public company;
 - (d): whether it is a limited or unlimited company; and
 - (e): if it is limited, whether it is limited by shares or limited by guarantee.

Memorandum of Association

| <u>Section 27</u> | <u>Section 28</u> | <u>Section 29</u> |
|---|--|--|
| Memorandum of company limited by shares | Memorandum of company limited by guarantee | Memorandum of unlimited company |
| <p>(A) The memorandum shall state:</p> <ul style="list-style-type: none">(i) name of company;(ii) registered office province;(iii) principal line of business;(iv) an undertaking;(v) limited liability of members;(vi) amount of share capital; <p>(B) No subscriber shall take less than one share; and</p> <p>(C) Each subscriber shall state the number of shares he agrees to take.</p> | <p>(1) The memorandum shall state:</p> <ul style="list-style-type: none">(a) name of company with (Guarantee) Limited;(b) the province;(c) principal line of business;(d) an undertaking;(e) limited liability of members;(f) amount that members contribute towards assets of the company, if wound up; <p>(2) Amount of share capital, division of shares, number of shares taken by each subscriber.</p> | <p>(1) The memorandum shall state:-</p> <ul style="list-style-type: none">(a) name;(b) province;(c) principal line of business;(d) an undertaking;(e) that members liability is unlimited. <p>(2) Amount of share capital and number of shares taken by each subscriber.</p> |

Articles of Association

- Section 36: Registration of articles
 - (6) The articles of every company shall be explicit and without ambiguity and, without prejudice to the generality of the foregoing, shall list and enumerate the voting and other rights attached to the different classes of shares and other securities, if any, issued or to be issued by it.

Commencement of Business

A public Company shall not start its operations or exercise any borrowing powers unless Minimum Subscription 19 (1)(A).

- **Project Based.**
- **Application of availability of name and issuance there to**
- **Preparation of incorporation case submission with SECP and Issuance of COI**
- **Since it is a project based Company the sponsors will get the feasibility prepared from a financial consultant**
- **If the project is 1000M. The normal Structure is**
 - **600M Debt**
 - **400M equity (200M S.P, 200M G.P)**

SECTION -19 COMMENCEMENT OF BUSINESS BY A PUBLIC PLC

- **After Project appraisal from financial institution sponsors will subscribe to their part of equity as a minimum subscription on 20%.**
- **Preparation of commencement of business case U/S 19, the submission with SECP, and issuance of commencement of business**
- **Disbursement of loans (Debt 60%)**
- **Commission of project**
- **Application for IPO to PSX and SECP**
- **Subscription of equity 20% Completion of a project for commercial run.**

SPECIALISED COMPANIES

- NOC from the relevant regulator
- COI
- Application for license case, submission, and issuance of license
- Subscription from sponsors 50% of the whole capital to be raised
- Application of IPO to PSX and SECP
- Subscription of G.P portion 50%
- Completion of whole minimum subscription requirement `19 (1)
- Preparation of commencement of business case u/s 19, the submission with SECP.
- Issuance of commencement of business.

- Commercial Bank 23 BILLION
- Leasing Company 500 MILLION
- Investment bank +1000 MILLION
- Investment Bank 750 MILLION
- Asset Management 200 MILLION
- Investment advisory. 30 MILLION

Form I

FORM I

**THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
[Section 17(3) and Regulation 4]**

RECEIPT OF SUBSCRIPTION MONEY

PART-I

(Please complete in typescript or in bold block capitals.)

- 1.1 CUIIN (Registration Number)
- 1.2 Name of the Company
- 1.3 Fee Payment Details 1.3.1 Challan No 1.3.2 Amount

PART-II

- 2.1 Total amount of subscription (Rs.)
- 2.2 Total amount received against subscription (Rs.)
- 2.3 Total amount outstanding, if any, against subscription (Rs.)
- 2.4 Particulars of persons who have not deposited the subscription amount if any

| Name of subscriber | Number of shares | Amount Due |
|--------------------|------------------|------------|
| | | |
| | | |
| | | |

PART-III

- 3.1 Declaration:
I do hereby solemnly, and sincerely declare that the information provided in the form is:
- (i) true, and correct to the best of my knowledge, in consonance with the record as maintained by the Company and nothing has been concealed; and
- (ii) hereby reported after complying with and fulfilling all requirements under the relevant provisions of law, rules, regulations, directives, circulars and notifications whichever is applicable.
- 3.2 Name of Authorized Officer with designation/ Authorized Intermediary
- 3.3 Signatures
- 3.4 Registration No of Authorized Intermediary, if applicable
- 3.5 Date Day Month Year

Enclosures: Certificate of receipt of subscription money on Appendix to Form I.

Routine Compliance

● **Section: S.130 Annual returns**

- (1): A company having share capital-once each year, file with the registrar an annual return.
- (2): A company not having a share capital - each year file with the registrar a return.

● **Regulation:**

- R(4) Forms and Returns.

● **Returns:**

- Form 'A' Annual return of company having share capital.
- Form 'B' Annual return of company not having share capital.

● **Sections:**

- S.159: Procedure for election of directors.
- S.161: Term of office of directors.
- S.162: Fresh election of directors.
- S.167: Consent to act as director to be filed with company.

● **Regulations:**

- R (4): Forms & Returns.
- R (20): Particulars of directors and officers.

● **Returns:**

- Form 28: Consent To Act As Director / Chief Executive
- Form 29: Particulars of Directors & Officers.

Along with:

- Resignations (if any).
- Resolutions (if any).

Filing of Annual Accounts

| Paid Capital | Audit Requirement | Qualification | Authentication & Signing | Filing Requirement | Director's Report | Additional Requirement |
|--|-------------------|------------------------|--|-------------------------|---|--|
| Upto 1 Million- Pvt | N S.223(5)(p) | N/A | CEO & 1 Director or 2 Directors in case of absence of CEO from Pakistan – S.232(1). In case of SMC only by one D (S.232(2)). | Y Unaudited S.234 | Y If it is a private company being subsidiary of public S.226(1)(p) | Supported by an affidavit that the accounts are approved by the Board S.232(1)(p) |
| >1M <3M | Y | CA/ICMA S.247(1)(b) | CEO & 1 Director or 2 Directors in case of absence of CEO from Pakistan – S.232(1). | X | DO | |
| Pvt 3M to 10M or a Pvt Co being subsidiary of a public company | Y | CA 247(1)(a) | CEO & 1 Director or 2 Directors in case of absence of CEO from Pakistan – S.232(1). | X | Y S.226(1) | |
| A public company | Y | CA 247(1)(a) | CEO & 1 Director or 2 Directors in case of absence of CEO from Pakistan – S.232(1). | Y S.233 | Y S.226(1) | |
| >10M capital All companies | Y | CA 247(1)(a) | CEO & 1 Director or 2 Directors in case of absence of CEO from Pakistan – S.232(1). | Y S.233 | Y S.226(1) | |

Additional

● **Sections:**

- S.70: Return as to allotments.
- S.76: Restriction on transfer of shares by the members of a private company.
- S.465: Special return to rectify the data.

● **Regulations:**

- R(12): Return of allotments of shares.
- R(14): Return for change in shareholding etc.

● **Returns:**

- Form 3: Return of allotments of shares.
- Form 3A: Change of more than twenty five percent in shareholding or membership or voting rights.

Along with:

- All documents.

● **Sections:**

- S.85: Power of company to alter its share capital.

● **Regulation:**

- R(4): Forms and Returns.

● **Returns:**

- Form 7: Notice of alteration in share capital.
- Form 26: Special Resolution.

Along with:

- Resolutions.

● **Sections:**

- S.100: Requirement to register a mortgage or charge.
- S.101: Particulars in case of series of debentures entitling holders pari passu.
- S.106: Modification in the particulars of mortgage or charge.
- S.448: Registration of charges.

● **Regulation:**

- R(18): Verification of copies for purposes of sections 100, 101 and 106.

● **Returns:**

- Form 10: Particulars of mortgages, charges, pledge, etc.
- Form 16: Particulars of modification of mortgage, charge, pledge, etc.
- Charge creating instruments.

Along with:

- Charge creating instruments.

● **Sections:**

- S.109: Company to report satisfaction of charge.
- S.448: Registration of charges.

● **Regulation:**

- R(18): Verification of copies for purposes of sections 100, 101 and 106.

● **Return:**

- Form 17: Memorandum of complete satisfaction of mortgage, charge, pledge, etc.

Along with:

- Release Deed.
- No Objection Certificate from Bank.

● **Section:**

- S.21: Registered office of company.

● **Regulation:**

- R(4): Forms and Returns.

● **Return:**

- Form 21: Notice of situation of registered office or any change therein.

Along with:

- Resolution (if any).

● **Section:**

- S.150: Filing of resolution.

● **Regulation:**

- R(4): Forms and Returns.

● **Return:**

- Form 26: Special Resolution.

Along with:

- Extract of Resolution.

THANK YOU!