

# REGISTRATION PROCEDURE FOR A COMPANY



**PREPARED BY:**  
**LEGAL SERVICES CELL-BDS**

Updated on June 2009

**Small and Medium Enterprise Development Authority**  
**Government of Pakistan**

[www.smeda.org.pk](http://www.smeda.org.pk)

## **HEAD OFFICE**

6<sup>th</sup> Floor, LDA Plaza, Egerton Road, Lahore  
Tel: (042) 111-111-456, Fax(042) 6304926-7  
[legal@smeda.org.pk](mailto:legal@smeda.org.pk)

### **REGIONAL OFFICE PUNJAB**

8<sup>th</sup> Floor, LDA Plaza,  
Egerton Road,  
Lahore.

Tel: (042) 111-111-456  
Fax: (042) 6304926-7  
[helndesk@smeda.org.pk](mailto:helndesk@smeda.org.pk)

### **REGIONAL OFFICE SINDH**

5<sup>th</sup> Floor, Baharia  
Complex-II, M.T.Khan  
Karachi.

Tel: (021) 111-111-456  
Fax: (021) 5610572  
[helndesk-khi@smeda.org.pk](mailto:helndesk-khi@smeda.org.pk)

### **REGIONAL OFFICE NWFP**

Ground floor  
State Life Building  
The Mall, Peshawar.

Tel: (091) 9213046-47  
Fax: (091) 286908  
[helndesk-new@smeda.org.pk](mailto:helndesk-new@smeda.org.pk)

### **REGIONAL OFFICE BALOCHISTAN**

Banglow No. 15-A  
Chaman Housing,  
Scheme, Airport, Road,  
Quetta.

Tel: (081) 831623, 831702  
Fax: (081) 831922  
[helndesk-qtta@smeda.org.pk](mailto:helndesk-qtta@smeda.org.pk)

## Table of Contents

1.	Introduction of SMEDA	3
2.	What is Company?	4
3.	The Companies Ordinance 1984	4
4.	Kinds of Companies	4
5.	Company as a Mode for Business Advantage	4
6.	Why is it important to Register a Company	4
7.	Company Registration Office (CROs)	5
8.	The Formation, Incorporation And Registration of a Company	5
8.1.	Pre-incorporation Stage	5
8.2.	Flow Chart	6
8.3.	Prior Approval of the Ministry/Depts.	7
8.4.	Application for Availability of Name	8
8.5.	Memorandum of Association	8
8.6.	Articles of Association	9
9.	Post-incorporation Stage	9
9.1.	Private Companies after Incorporation	9
9.2.	Public Companies after Incorporation	10
10.	Form-I	11
11.	Form-21	14
12.	Form-29	15
13.	Template Memorandum of Association	18
14.	Template Articles of Association	25

## **INTRODUCTION OF SMEDA**

The Small and Medium Enterprise Development Authority (SMEDA) was established with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy.

Since its inception in October 1998, SMEDA had adopted a sectoral SME development approach. A few priority sectors were selected on the criterion of SME presence. In depth research was conducted and comprehensive development plans were formulated after identification of impediments and retardants. The all-encompassing sectoral development strategy involved overhauling of the regulatory environment by taking into consideration other important aspects including finance, marketing, technology and human resource development.

SMEDA has so far successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. Whereas the task of SME development at a broader scale still requires more coverage and enhanced reach in terms of SMEDA's areas of operation.

Along with the sectoral focus a broad spectrum of services are now being offered to the SMEs by SMEDA, which are driven by factors like enhanced interaction amongst the stakeholders, need based sectoral research, over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications.

## **ROLE OF LEGAL SERVICES CELL**

The Legal Services Cell [LSC] is a part of Business Development Division of SMEDA and plays a key role in providing an overall facilitation and support to SMEs. The LSC provides guidance based on field realities pertaining to SMEs in Pakistan and other parts of the world.

LSC believes that information dissemination among the SMEs on the existing regulatory environment is of paramount importance and it can play a pivotal role in their sustainable development.

In order to facilitate SMEs at the Micro Level LSC has developed user-friendly systems, which provide them detail description of the Laws, and Regulations including the process and steps required for compliance.

The purpose of this document is to provide SMEs with information pertaining to a company's registration / incorporation procedure. Companies interested in enhancing their understanding about the procedures can also use the document and documentation required to comply with registration procedure. For convenience of the readers a process flow chart and sample of various forms are also included.

**What is a company?**

Company is legally an entity apart from its members, capable of rights and duties of its own, and endowed with the potential of perpetual succession. It is an 'intricate, centralised, economic, administrative structure run by professional managers who hire capital from the investors'. In other words a company means certain persons registered under the Companies Ordinance, 1984.

**The Companies Ordinance, 1984.**

This is the most potent statute dealing with the company registration process in Pakistan. Its primary purpose is the promotion of investment and development of economy of Pakistan, and also the healthy growth of the corporate enterprises and the protection of investors and creditors.

**Kinds of Companies.**

With the increasing complexities of the corporate world, companies take on diverse forms with the passage of time. However, the basic two genres of company remain as follows:

**• Private Limited Company**

Any one or more persons may by subscribing to a memorandum of association for a lawful purpose may form a private company. (The Companies Ordinance, 1984)

**• Public Limited Company**

Any three or more persons may form a public limited company, and any seven or more persons may form a listed public company in the same manner and purpose. (The Companies Ordinance, 1984)

Both the companies stated above might either be limited by share, or guarantee, or unlimited.

**Company as a mode of business-Advantage.**

Where greater mobilization of capital is required, which the resources of a few persons cannot provide, the formation of a company is advisable as this is the only form of business organization which offers the privilege of limiting of members' liability for debts of the company.

**Why is it important to register a company?**

The Companies Ordinance, 1984 strictly lays down that no company shall be formed for the acquisition of gain through its mode of business unless it is registered as a company under the 'Ordinance'. Hence any person who shall do so in contravention of the provisions of the 'Ordinance' shall be liable for the payment of fine which may extend to Rs. 5000 and also for all the liabilities incurred in the business.

### **Company Registration Offices. (CRO's)**

For the convenience of the general public and the promoters of companies, Securities & Exchange of Pakistan (SECP) has established seven company registrations offices (CROs) at Islamabad, Karachi, Lahore, Peshawar, Faisalabad, Multan and Quetta.

The main function of the CROs is to provide services and guidance in connection with the registration of new companies and also to ensure that their directors comply with the statutory requirements as provided under the Companies Ordinance 1984.

The record of the companies maintained by the given CROs' is public record, and investors, shareholders and other concerned, may inspect the record of any company whenever needed by them and, they may also obtain certified copies of any specific document in accordance with the prescribed procedure.

### **The Formation, Incorporation and Registration of a Company.**

For the sake of convenience, this procedure can be further classified into:

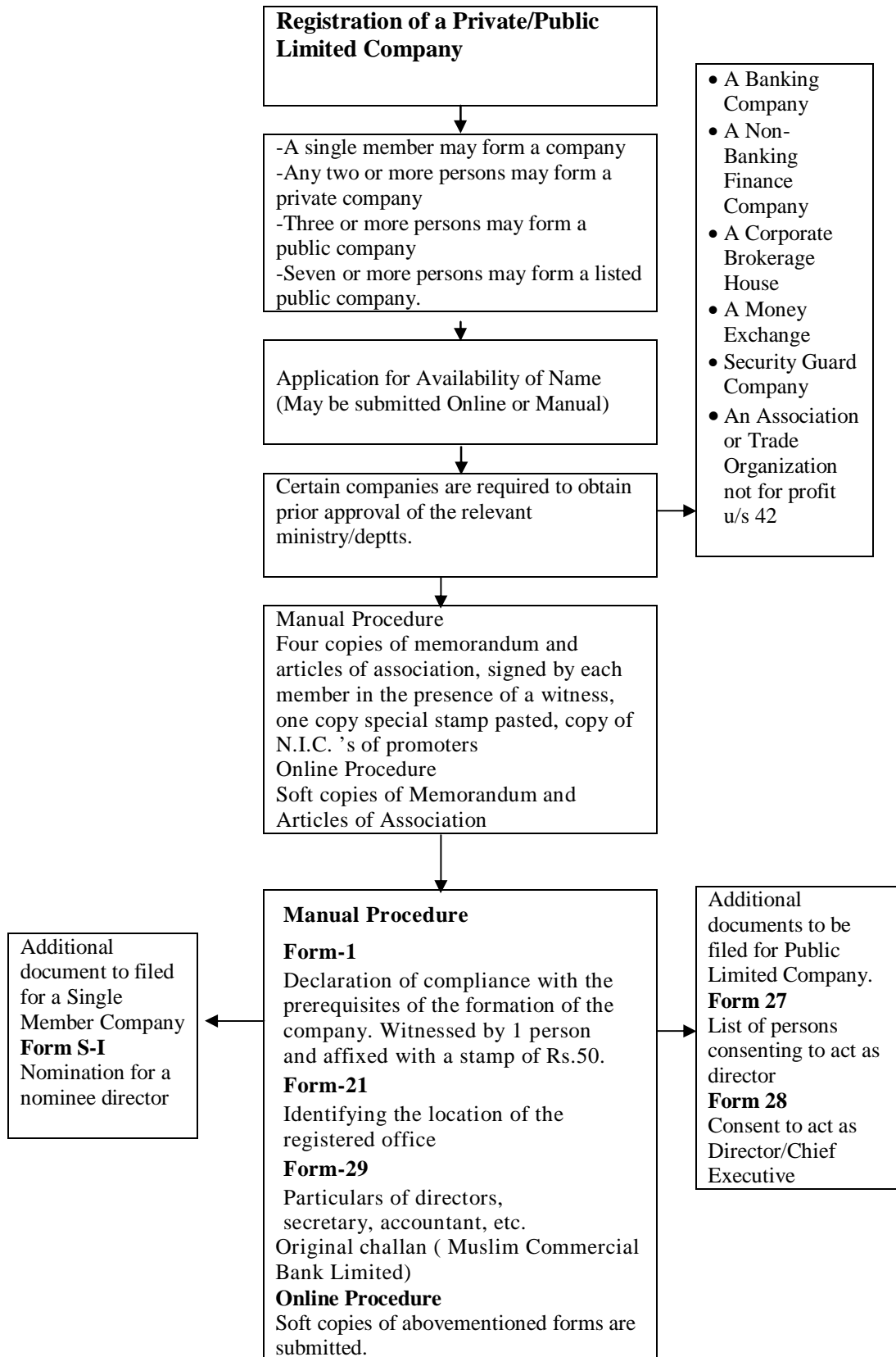
- a) The Pre-Incorporation Stage.
- b) The Post-Incorporation Stage.

Both these stages entail the filing of various documents, fees and stamp duties with the Company Registrar.

### **Pre-Incorporation Stage**

Certain persons called promoters under take the task of forming a company. In order to register a company the promoters must prepare and file certain documents with the registrar of companies and pay fees and stamp duties. Such documents are to be filed with the Registrar in 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 stated by the memorandum to be situated, under section 30 of the Companies Ordinance, 1984.

**Formation of a company (Flow Chart)**



The flow chart above presents a brief over view of the forms required in the formation and registration of a company manually or online, however the process also involves some further details that are discussed below.

Under section 174 of the Company Ordinance, 1984: --

- (a) Every single member company shall have at least one director;
- (b) Every other private company shall have not less than two directors; and
- (c) Every public company other than a listed company shall have not less than three directors,
- (d) Every listed company shall have not less than seven directors to be elected in a general meeting in the manner provided in this Ordinance.

**Prior Approval of the Ministry/Departments etc**

With regards to the registration of a new company, the following types of companies require prior approval from the relevant ministry or department, under the Companies Ordinance 1984

A banking Company	i) Ministry of Finance ii) State bank of Pakistan
A non-banking finance company (NBFC)	Securities and exchange Commission of Pakistan (under part-viii-A and section 282 of the Companies Ordinance, 1984 read with non-banking Finance Companies (Establishment & Regulations) Rules, 2003
A corporate brokerage house	Stock Exchange under section 8 of the Securities & Exchange Ordinance, 1969 (for transfer of member ship card in Favor of proposed company)
A money exchange Company	State Bank of Pakistan
A company having objects of a security guard company	Ministry of Interior
An association not for profit u/s 42 of the Companies Ordinance, 1984	License from Securities and exchange Commission of Pakistan
A trade organization u/s 42	License from Ministry of Commerce

**APPLICATION FOR AVAILABILITY OF NAME**

- Application for availability of name may be made manually for Rs.200 or online for Rs.400.
- Application for the availability of the company name must be made to the Registrar.
- The name must not be inappropriate, deceptive, designed to exploit or defend any religion, be identical or have a close resemblance with that of an existing company name.
- On receiving the application, the Registrar issues a certificate of availability of name within 2 days if he thinks fit.
- The name is reserved for 90 days from the receiving of the certificate of the availability of name.
- On failure of the promoters to get the company registered within 90 days from the receipt of such certificate, the Registrar may allocate such name to any other applicant seeking the same name.

**Memorandum of Association**

- The promoters of the company prepare the memorandum of association
- It is the most important document of the company.
- It is the charter of the company and defines its powers and states its objectives. The mandatory contents of the memorandum of association are as follows:

**1. The name clause**

The name clause must include:

- a) The word “Limited” as the last word in case of a Public Limited Company.
- b) The words “(Private) Limited” as the last words in the case of a Private Limited Company.
- c) The words “(SM C-Private) Limited” as the last words of a Single Member Private Limited Company.

**2. Registered Office Details**

This clause must state the address details of the company offices.

**3. Object Clause**

This is the most important part of the memorandum of association and is to be worded immensely carefully. A company cannot legally take up any business that is not authorised by its object clause. The object clause cannot contain any thing contrary to the provisions of the Companies Ordinance, 1984. It is generally very lengthy and the scope of the company's activities is widened by including the words “and the doing of all such other things incidental or conducive of the environment of the above objects.”

#### **4. Liability Clause**

The clause must include whether the company is limited by share or guarantee. The effect of this statement is in the event if the company is wound up, the members of the company will not be liable to contribute more than the amount, if any, unpaid on their shares, in case of a company limited by shares. In the case of a company limited by guarantee, the members undertake to contribute a specific amount to the assets of the company.

#### **5. Share Capital Clause**

The following information is provided in this clause, except for guarantee companies having no share capital and unlimited companies:

- a) The amount of share capital with which the company is formed and registered.
- b) The division of share capital into shares of fixed amounts.

The memorandum of association must be signed by the subscribers i.e. the first members of the association.

#### **Articles of Association**

- Following the memorandum of association, are the articles of association, which pertain to the internal management of the company.
- The Articles provide a description of the regulations and by-laws with which the company intends to conduct and regulate its daily working on various issues e.g. transfer of shares, general meetings, voting, notices, etc.
- The subscribers to the memorandum of association must sign the Articles of Association.
- These members may also adopt all or any of the regulations specified in Table A if the First Schedule of the Companies Ordinance, 1984, in case they do not prepare the articles of association.

#### **Post Incorporation Stage**

The post incorporation stage is almost the same for both the private and public companies with a few minor differences.

#### **Private companies after incorporation**

1. Private companies may commence business from the date of incorporation.
2. The first annual general meeting is required to be held within eighteen months of incorporation (Section 158). Consequently Form-A (Annex. 19) is to be filed with the registrar within 30 days.
3. Subsequent annual general meetings are to be held once every year, within a period of six months following the close of its financial year, and not more than 15 months after the holding of the last AGM.

4. The first election of directors is to be conducted at the first annual general meeting. Re-election should take place every three years. (Section 176 & 178)
5. An annual return prescribed on Form-A is required to be filed with the registrar at the end of each year.
6. In the case of increase in paid-up capital, the company is required to offer new shares to its members. A circular (under section 86(3)) shall be issued to all the members. A copy of this will also be filed with the registrar concerned, and thereafter Form-3 (Annex.20) to be filed within 30 days of the allotment of shares.
7. Any appointment or change in the Directors, Chief Executive, Auditors, Chief Accountant is required to be notified to the concerned registrar by filing Form-29. This is to be done within 14 working days for any appointment or change.
8. The first auditors of the company must be appointed within 60 days of the date of incorporation. Subsequent auditors must then be appointed only at the annual general meetings.
9. Every mortgage or charge created by the company on its property should be registered with the concerned registrar. Any changes thereafter in this should also be registered.

**Public companies after incorporation.**

1. A public company may not commence business unless a "Certificate of Commencement of Business" is obtained from the Registrar concerned.
2. A statutory meeting is required to be held within a period of not less than 3 months and not more than 6 months from the date at which it becomes entitled to commence business. A statutory report is required to be forwarded to the members at least 21 days before this meeting. 5 duly certified copies of the statutory report shall be delivered to the registrar immediately after sending the report to the members.
3. The first audited accounts are required to be shown in the first annual general meeting to be held within 18 months from the date of incorporation. Five duly attested copies of the accounts and an Annual Return in form "A" it to filed with the registrar within 30 days of the date of the AGM.
4. Subsequent AGMs shall be held once every year in which audited accounts are presented. Every AGM must be held within six months of the closing of the financial year and not more than 15 months after the last meeting.
5. The procedure of appointing of directors is exactly the same as shown in private companies above.
6. Any change in Directors/Chief Executives, Auditors, Secretaries, Chief Accountants, and Legal Advisors etc shall be conducted in the same manner as discussed in private companies.
7. Again the procedure stated in increase of paid-in capital described above should also be followed.







12. Date

--	--	--	--	--	--	--	--

**FORM 29**

**THE COMPANIES ORDINANCE, 1984**

(Section 205)

**PARTICULARS OF DIRECTORS AND OFFICERS, INCLUDING THE CHIEF EXECUTIVE, MANAGING AGENT, SECRETARY, CHIEF ACCOUNTANT, AUDITORS AND LEGAL ADVISER, OR OF ANY CHANGE THEREIN**

*Please complete in typescript or in bold black capitals.*

1. CUIIN (Incorporation Number)

--	--	--	--	--	--	--	--

2. Name of the Company

--

3. Fee Paid (Rs.)

--	--	--	--

Name & Branch of the Bank

--

Day

Month

Year

4. Receipt No.

--

Date

--	--

--	--

5. Mode of payment (Indicate)

--

6. *Particulars\**:

<i>Present Name in Full</i>	<i>NIC No or passport No. in case of Foreign National</i>	<i>Father's/ Husband's Name</i>	<i>Usual residential address</i>	<i>Designatio n</i>	<i>Nationality*</i> *	<i>Business Occupation*</i> ** (if any)	<i>Date prese appo or ch</i>
<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	<i>(f)</i>	<i>(g)</i>	<i>(h)</i>
<b>6.1 New appointment/election:</b>							

Registration Procedure for A Company

Legal Services Cell

--	--	--	--	--	--	--	--

**6.2 Ceasing of office/Retirement/Resignation:**

--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--

**6.3 Any other change in particulars relating to columns (a) to (g) above:**

--	--	--	--	--	--	--	--

**Registration Procedure for A Company**

**Legal Services Cell**

--	--	--	--	--	--	--	--

<b>7. Name of Signatory</b>		<b>8. Designation</b>	
-----------------------------	--	-----------------------	--

<b>9. Signatures of Chief Executive/ Secretary</b>		<b>10. Date</b>	Da

- \* In the case of a firm, the full name, address and above mentioned particulars of each partner, and the date on which each became a partner.
- \*\* In case the nationality is not the nationality of origin, provide the nationality of origin as well.
- \*\*\* Also provide particulars of other directorships or offices held, if any.".

**THE COMPANIES ORDINANCE, 1984**

**(COMPANY LIMITED BY SHARES)**

**Template Memorandum of Association**

**of**

**ABC TRADINGS (PRIVATE) LIMITED**

- I. The name of the Company is ABC Trading (Private) Limited.
- II. The Registered Office of the Company will be situated in Islamabad Capital Territory/in the Province of Punjab/Baluchistan/Sindh/N.W.F.P.
- III. The objects for which the Company is established are all or any of the following:
  1. To carry on the business as traders, suppliers of products and commodities and material in any form or shape manufactured, semi-manufactured, raw materials or supplied by any company, firm, association of persons, body, whether incorporated or not, individuals, government, semi-government or any local authority, as permissible under law.
  2. To carry on business of wholesalers, indenting agents and manufacturer's representatives, sales representatives either on commission or on commission and profit sharing basis of all kinds of goods and materials, as permissible under law.
  3. To receive goods on consignment, from any company, firm, association of persons, body, individuals, government, semi-government or any local authority and sell the same as agents or as principal.
  4. To establish, purchase, take on lease or otherwise acquire and run shops, showrooms, trading outlets, distributing centers or depots at any place in Pakistan and/or abroad.
  5. And for the purposes of achieving the above objects, the company is authorized:-
    - (1) To transact such other business as may be proper, necessary and desirable for or in connection with the objects of the Company or any of them.
    - (2) To set up, erect, construct, purchase, take on lease, import, buy, install, run, operate and administer plants, machineries, other equipments and factories and to carry on all such functions

a

and business as are necessary and incidental to meet the objectives of the Company and to dispose off such plants, machineries and spare parts which have become obsolete or worn out.

- (3) To manufacture, import, export, store, process, purchase and sell raw materials, equipments, machineries, other equipments, spare parts or other articles of use required for or incidental to the manufacture, preparation, adaptation, treatment, use or working of the foregoing or the packing, storing or otherwise for the purpose of carrying on the business of the Company.
- (4) To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorized to carry on, or possessed of property suitable for the purposes of the Company.
- (5) To establish laboratories and research and development centres to perform such research and development as the Company may deem advisable or feasible.
- (6) To train personnel and workers, both in Pakistan and abroad, to obtain technical proficiency in various specialties connected with the objects of the company or any of them.
- (7) To apply for, purchase or otherwise acquire any patents, *brevits* invention, licences, concessions, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired.
- (8) To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession, with any person or company, local or foreign, carrying on or engaged in any business or transaction which this Company is authorized to carry on or be engaged in, or otherwise assist any such person or company, and to take or otherwise acquire shares and securities of any such company, and to sell, hold, re-issue with or without guarantee, or otherwise deal with the same, except doing business as an investment company.
- (9) To take, or otherwise acquire, and hold shares in any other company, having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company, but not to act as an investment company.
- (10) To enter into arrangement with any Government or authorities, supreme, national, municipal, local, railway, or otherwise, public or quasi-public bodies, or with any other persons, in any place

w

here the Company may have interest that may seem conducive to the objects of the Company or any of them and to obtain from any such Government, authorities or persons any rights, privileges and concessions which the Company may think fit to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

- (11) To establish and support or aid in the establishment and support of associations, institutions, funds, and conveniences calculated to benefit employees of the Company or the dependants or connections of such persons, and to grant pensions and allowances, and to make payments towards their insurance.
- (12) To amalgamate with any other company whose objects are and/or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertakings, subject to the liabilities of this or any such other company as aforesaid, with or without winding up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.
- (13) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and, in particular, for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.
- (14) To purchase, take on lease or in exchange, hire or otherwise acquire, any movable or immovable property, and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and, in particular, any land, buildings, easement, machinery, plant and stock-in-trade.
- (15) To construct, maintain and alter any buildings or works, necessary or convenient for the purposes of the Company.
- (16) To construct, improve, maintain, develop, work, manage, carry out, or control any manufactories, warehouses, shops, stores, and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests.
- (17) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any parts of the property and rights of the Company.

- (18) To invest and deal with the money of the Company, not immediately required, in such manner as may from time to time be determined, but not to act as an investment, finance, or banking company.
- (19) To advance money to such persons or companies and on such terms as may seem expedient and, in particular, to customers and others having dealings with the Company, but not to act as an investment, finance, or banking Company.
- (20) To borrow or raise funds by means of loans or secure the payment of money from shareholders, directors, commercial banks and government approved agencies in such manner as the Company shall think fit for its manufacturing, trading and allied business and, in particular, by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property and other assets, both present and future, including its uncalled capital, and to purchase, redeem, or pay any such securities, but not to act as an investment, finance, or banking company.
- (21) To guarantee the performance of contracts, agreements, obligations or discharge of any debt of the company or on behalf of any company or person in relation to the payment of any financial facility including but not limited to loan, advance, letter of credit or other obligations through creation of all types of mortgages, charges, pledges, hypothecation, on execution of the usual banking documents/instruments or otherwise encumbrance on any or all of the movable and immovable properties of the company, either present or future or both and issuance of any other securities or sureties by any other means in favour of banks, Non-Banking Finance Companies or any financial institutions and to borrow money for purposes of the company on such terms and conditions as may be considered proper.
- (22) To open, close and operate banking accounts of the Company with any banker.
- (23) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments, but not to act as an investment or banking company.
- (24) To adopt such means of making known the products of the Company as may seem expedient, including, in particular, by advertisement in the press, circulars, purchase and exhibition of works of art or interests, publication of books and periodicals, and grant of prizes, rewards and donations.

- (25) T  
o subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, technical, national, public, or any other institutions, for its objects or purposes or for any exhibition.
- (26) To apply for and obtain any provisional order or Act of legislature or any consents, permissions and licenses from the Government, central or provincial, and any agencies of the Government for enabling the Company to carry on any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any proceeding or application which may seem calculated, directly or indirectly, to prejudice the Company's interests.
- (27) To sell any patent rights or privileges belonging to the Company or which may be acquired by it, or any interest in the same, and to grant licenses for the use and practice of the same or any of them and to let or allow to be used or otherwise deal with any inventions, patents or privileges in which the Company may be interested, and to do all such acts and things as may be deemed expedient for turning to account any inventions, patents and privileges in which the Company may be interested.
- (28) To extend money on experimenting upon and testing and improving or securing any process or processes' patent, or protecting any invention or inventions which the Company may acquire or propose to acquire or deal with.
- (29) To distribute among the members of the Company, in kind or otherwise, any property of the Company and, in particular, any shares, debentures or securities of other companies belonging to this Company, or of which this Company may have the power of disposing.
- (30) To create any reserve fund, sinking fund, insurance fund or any other special fund, whether for depreciation or for repairing, insuring, improving, extending or maintaining any of the property of the Company or for any other purpose conducive to the interests of the Company.

6. Notwithstanding any thing stated in any object clause the company shall obtain such other approval or license from competent authority as may be required under any law for the time being enforced to undertake a particular business.

7. It is decalred that notwithstanding anything contained in the foregoing object clauses of this Memorandum of Association nothing contained therein shall be construed as empowering the Company to undertake or to indulge in business of banking company, leasing, and investment, managing agency or insurance business directly or indirectly as restricted under the law or any unlawful operation. The Company shall not launch multi-level marketing (MLM), Pyramid and Ponzi Schemes.

- IV. The liability of the members is limited.
  
- V. The Authorized Share Capital of the Company is Rs. 1,000,000/- divided into 100,000 ordinary shares of Rs. 10 each with the rights, privileges and conditions attached thereto, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively, subject to the provisions of the Ordinance, such preferential, deferred, qualified, or special rights, privileges or conditions and to vary, modify or abrogate any such rights, privileges, or conditions in such manner as may for the time being be provided by the regulations of the Company.

e, the several

persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

	Name and Surname (present & former) in full (in Block Letters)	NIC No. (in case of foreigner, Passport No.)	Father's/ Husband's Name in full	Nationality(ies) with any former Nationality	Occupation	Residential address in full	Number of shares taken by each subscriber	Signatures
AB		12354-1456877-1	Gh	Pakistani	Trading business	Street ---, No. ----, Sadaf colony, Islamabad	10	-----
CD		25814-1456879-2	IJ	Pakistani	Import and export of sports goods	Street ----, No.-----, Pak Nagar, Akram Road, Lahore	20	-----
EF		62584-1548795-3	KL	Pakistani	Advocate	Street-----, No. ----, Queens Road, Karachi.	5	-----

Total number of shares taken

dated the 2<sup>nd</sup> day of April 2009  
 witness to above signatures.

Signatures  
 Full Name, \_\_\_\_\_  
 CNIC Number, \_\_\_\_\_  
 Father's/Husband's Name \_\_\_\_\_  
 Full Address \_\_\_\_\_

**THE COMPANIES ORDINANCE, 1984****(COMPANY LIMITED BY SHARES)****TEMPLATE ARTICLES OF ASSOCIATION  
OF  
XYZ (PRIVATE) LIMITED**

1. The regulations contained in Table "A" in the First Schedule to The Companies Ordinance, 1984 shall not apply to the Company except in so far as the same are expressly made applicable by the said Ordinance, or these Articles. The regulation for management of the Company, and for the observance thereof by the members of the Company, and their representatives shall, subject as aforesaid and to any exercise of the statutory power of the Company in reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Ordinance; be such as are contained in these Articles.

**INTERPRETATION**

2. In the interpretation of these Articles the following expressions shall have the following meanings, unless repugnant to or inconsistent with the subject Articles.
  - 2.1: "The Ordinance" means the Companies Ordinance, 1984, or any statutory modification or re-enactment thereof for time being in force in Pakistan;
  - 2.2: "Board" means a Board of the Directors, elected by the shareholders, to act on their behalf in the management of the Company affairs;
  - 2.3: "The Company" or "This Company" means **XYZ (PRIVATE) LIMITED**;
  - 2.4: "The Directors" means the Directors and Alternate Directors for the time being of the Company, or as the case may be, the Directors and Alternate Directors assembled at a Board;
  - 2.5: "Dividend" includes bonus shares;
  - 2.6: "Month" means a calendar month;
  - 2.7: "The Office" means the Registered Office for the time being of the Company;
  - 2.8: "Persons" includes corporation as well as individuals;
  - 2.9: "The Register" means the Register of members to be kept pursuant to the Ordinance;
  - 2.10: "In Writing" means written or printed or partly written and partly printed or lithographed or typewritten or other substitute for writing;

- 2.11: Words importing singular number include the plural number and vice versa;
- 2.12: Words importing masculine gender include the feminine gender;
- 2.13: Subject as aforesaid any words or expressions defined in the Ordinance; shall except where the subject or context forbids bear the same meaning in these Articles.

#### **PRIVATE COMPANY**

3. The Company is "Private Company" within the meaning of sub section 2(1) (28) of the Ordinance and accordingly:
- (1) No invitation shall be issued to the public to subscribe for any share of the Company.
  - (2) The numbers of the members of the Company (exclusive of persons in the employment of the Company), shall be limited to fifty, provided that for the purpose of this provision, where two or more persons hold one or more shares in the company jointly, they shall be treated as single member; and
  - (3) The right to transfer shares of the Company is restricted in manner and to the extent herein appearing.

#### **BUSINESS**

4. The company is entitled to commence business from the date of its incorporation. The business of the company shall include all or any of the objects enumerated in the Memorandum of Association. The business of the company shall be carried out at such place or places anywhere in Pakistan or elsewhere as the directors may deem proper or advisable from time to time.

#### **SHARES AND CAPITAL**

5. The ----- share capital of the Company is Rs. ----- (Rupees -----) divided into ----- ordinary shares of Rs. ----- (Rupees -----) each with powers of the Company to increase or reduce the same and to divide the shares into several classes.
6. The shares shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such persons, on such terms and conditions and at such times, as the Board of Directors think fit. Shares may also be allotted in consideration other than cash.
7. Fully paid shares shall be allotted to all subscribers in the first instance and the Company shall not be bound to recognize any equitable, contingent, future or partial claim to or interest in a share on the part of any person other than the registered share holder, save as herein provided or saves as ordered by some Court of competent jurisdiction.
8. The certificate of title to shares shall be issued under the seal of the Company.
9. Every member shall be entitled to one certificate for the shares registered in his name, or at the discretion of the directors to several certificates, each for one or more of such shares.

## **TRANSFER AND TRANSMISSION OF SHARES**

10. Every person whose name is entered as a member in the Register of Members shall without payment, be entitled to a certificate under the common seal of the Company specifying the shares held by several persons. The Company shall not be bound to issue more than one certificate and delivery of a share certificate to any one of several joint holders shall be sufficient delivery to all.
11. The directors may decline to register any transfer of shares to transferee of whom they do not approve and shall be bound to show any reasons for exercising their discretion subject to the provisions of Section 77 and 78 of the Ordinance.
12. No share can be mortgaged, pledged, sold, hypothecated, transferred or disposed off by any member to a non-member without the previous sanction of the Board of Directors.
13. The legal heirs, executors or administrators of a deceased holder shall be the only persons to be recognised by the directors as having title to the shares. In case of shares registered in the name of two or more holders, the survivors and the executors of the deceased shall be the only persons to be recognised by the company as having any title to the shares.

## **BORROWING POWERS**

14. Subject to the provision of the Ordinance, the Directors may from time to time at their absolute discretion raise or borrow any sum, or sums of money for the purpose of the company from banks, firms or companies, particularly a person holding the office of the director, and may secure the payment of money in such manner and upon such terms, and conditions in all respects as they think fit particularly by the issue of debentures of the company or by making, drawing, accepting or endorsing on behalf of the company any promissory note or bills of exchange or giving or issuing any other security of the Company.
15. Debentures and other securities may be made assignable free from any equities between the Company and the persons to whom the same may be issued.
16. Any debentures or other security may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, attending and voting at general meeting of the Company or subject to compliance of the provisions of the Ordinance.

## **RESERVES**

17. The directors may from time to time before recommending any dividend set aside out of the profit of the company such sums as they think fit as a reserve for redemption of debentures or to meet contingencies for equalization of or for special dividends or for rebuilding, repairing, restoring replacing, improving, maintaining or altering any of the property of the Company or

f

or such other purpose as the directors may in their absolute discretion think conducive to the interest of the Company.

### **GENERAL MEETINGS**

18. A General meeting, to be called annual general meeting shall be held, in accordance with the provisions of section 158, within eighteen months from the date of incorporation of the Company and thereafter once at least in every year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting as may be determined by the directors.
19. The directors may, whenever, they think fit, call an extra ordinary general meeting, and extra ordinary general meetings shall also be called on such requisition, or in default, may be called by such requisitionists, as is provided by section 159 of the Ordinance.

### **NOTICE AND PROCEEDINGS OF GENERAL MEETING**

20. Twenty-One days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general nature of that business shall be given in manner provided by the Ordinance for the general meeting, to such persons as are, under the Ordinance or the regulation of the Company, entitled to receive such notice from the Company, but the accidental omission to give notice to, or the non-receipt or notice by, any member shall not invalidate the proceedings at any general meeting.
21. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at annual general meeting with the exception of declaring dividend, the consideration of the accounts, balance sheet and the reports of the directors and auditors, the election of the directors, the appointment of, and the fixing of the remuneration of, the auditors.

### **QUORUM**

22. No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business; save as herein otherwise provided, members having twenty-five percent of the voting power present in person or through proxy and two members personally present will be quorum of the Company's meeting.
23. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved: in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the

a

adjourned meeting quorum is not present within half an hour from the time appointed for the meeting, the members present being not less than two, shall be a quorum.

24. The Chairman of the Board of Directors, if any, shall preside as Chairman at every general meeting of the Company, but if there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as Chairman, any one of the Directors present may be elected to be Chairman, and if none of the directors is present, or willing to act as Chairman, the members present shall choose one of their number to be Chairman.
25. The Chairman may, with the consent of any meeting at which the quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of the business to be transacted at an adjourned meeting.
26. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the show of hands) demanded. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, being carried, or carried unanimously, or by particular majority, or lost an entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against that resolution.
27. A poll may be demanded only in accordance with the provisions of section 167 of the Ordinance.
28. If a poll is duly demanded, it shall be taken in accordance with the manner laid down in section 168 of the Ordinance and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
29. A poll demanded on the election of Chairman or on a question of adjournment shall be taken at once.
30. In the case of an equality of votes, whether on a show of hand or on a poll, the Chairman of the meeting at which the show of hands take place, or at which the poll is demanded, shall have and exercise a second or casting vote.

### **VOTES OF MEMBERS**

31. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote except for election of Directors in which case, the provisions of section 178 of the Ordinance shall apply. On a poll every member shall have voting rights as laid down in section 160 of the Ordinance.
32. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on show of hands, or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll vote by proxy.

- 33. O  
n a poll votes may be given either personally or by proxy.
- 34. (1) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be a member.
- (2) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
- 35. An instrument appointing a proxy may be in the following form, or a form, as near thereto as may be:-

XYZ (PRIVATE) LIMITED

I.....of.....in the district of ..... being a member of the **XYZ (PRIVATE) LIMITED** hereby appoint ..... of ..... as my proxy to vote for me and on my behalf at the (annual, extraordinary, as the case may be) general meeting of the company, to be held on the ..... day of ..... and at any adjournment thereof.

DIRECTORS

- 36. The number of directors shall not be less than two. The following persons shall be the first directors of the Company **and shall hold the office upto the date of the First Annual General Meeting.**
  - 1.
  - 2.
  - 3.
- 37. The remuneration of the directors shall from time to time be determined by the Company in general meeting subject to the provisions of the Ordinance.
- 38. Save as provided in Section 187 of the Ordinance, no person shall be appointed as a director unless he is a member of the Company.

**POWERS AND DUTIES OF DIRECTORS**

- 39. The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not by the Ordinance or any statutory modification thereof for the time being in force, or by these regulations, required to be exercised by the company in general meeting, subject nevertheless to the provisions of the Ordinance or to any of these regulations, and such

regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the company in general meeting but no regulations made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

40. The directors shall appoint a chief executive in accordance with the provisions of sections 198 and 199 of the Ordinance.

41. The amount, for the time being remaining undischarged, of moneys borrowed or raised by the directors for the purposes of the company (other wise than by the issue of share capital) shall not at any time without the sanction of the company in general meeting, exceed the issued share capital of the company.

42. The directors shall cause minutes to be made in books provided for the purpose:-

- (a) of all appointments of officers made by the directors;
- (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;
- (c) of all resolutions and proceedings at all meetings of the company and of the directors and of committees of directors.

#### DISQUALIFICATION OF DIRECTORS

43. No person shall become the director of a company if he suffers from any of the disabilities or disqualifications mentioned in section 187 of the Ordinance and, if already a director, shall cease to hold such office from the date he so becomes disqualified or disabled.

Provided, however, that no director shall vacate, his office by reason only of his being a member of any company which had entered into contracts with, or done any work for, the company of which he is director, but such director shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.

#### PROCEEDINGS OF DIRECTORS

44. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have and exercise a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of directors. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from Pakistan.

45. The directors may elect the chairman of their meetings and determine the period for which he is to hold office; but, if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as chairman, the directors present may choose one of their number to be chairman of the meeting.

46. A resolution in writing signed by all the directors for the time being entitled to receive notice of a meeting of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

#### FILLING OF VACANCIES

47. At the first annual general meeting of the company, all the directors shall stand retired from office, and directors shall be elected in their place in accordance with section 178 of the Ordinance for a term of three years.
48. A retiring director shall be eligible for re-election.
49. The directors shall comply with the provisions of sections 174 to 178 and sections 180 and 184 of the Ordinance relating to the election of directors and matters ancillary thereto.
50. Any casual vacancy occurring on the board of directors may be filled up by the directors, but the person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is chosen was last elected as director.
51. The company may remove a director but only in accordance with the provisions of the Ordinance.

#### DIVIDENDS AND RESERVE

52. The company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the directors. No dividends shall be paid otherwise than out of the profits of the Company.

#### THE SEAL

53. The directors shall provide for the safe custody of the seal and the seal shall not be affixed to any instrument except by the authority of a resolution of the board of directors or by a committee of directors authorized in that behalf by the directors and the presence of at least two directors; and those two directors shall sign every instrument to which the seal of the company is so affixed in their presence.

#### ACCOUNTS

54. The directors shall cause to be kept proper books of account as required under section 230 of the Ordinance.
55. The books of account shall be kept at the registered office of the company or at such other place as the directors shall think fit and shall be open to inspection by the directors during business

h  
ours.

56. The directors shall be required by sections 233 and 236 of the Ordinance, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts or income and expenditure accounts and balance sheets duly audited and reports as are referred to in those sections.

#### AUDIT

57. Once at least in every year the accounts of the Company shall be audited and the correctness of profit and loss accounts or income and expenditure accounts and balance sheet ascertained by an auditor or auditors and the provisions of the Ordinance in regard to audit and the appointment and qualification of auditors shall be observed.
58. Auditors shall be appointed and their duties regulated in accordance with sections 252 to 255 of the Ordinance.

#### WINDING UP

59. If the company is wound up, whether voluntarily or otherwise the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, the whole or any part of the assets and liabilities of the company, subject to the section 421 and other provisions of the Ordinance as may be applicable.

#### INDEMNITY

60. Every director and other officer or servant of the company shall be indemnified by the company against, and it shall be the duty of the directors to pay out of the funds of the company, all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or thing done by such officer or servant as such in any way in the discharge of the duties of such officer or servant including traveling expenses.
61. No director or other officer of the company shall be liable for the acts, receipts, neglect or default of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the company or for the insufficiency or deficiency of any security or investment in or upon which any of the money of the company shall be invested or for any loss or damage arising from bankruptcy, insolvency or tortuous act of any person with whom any money, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in the execution of his office or in relation thereto unless the same happens through his dishonesty.

#### NOTICES

62. (1) A notice may be given by the company to any member either personally or by sending it by post to him to
- (2) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and, unless the contrary is proved, to have been effected at the time at which the letters would be delivered in the ordinary course of post.
63. A notice may be given by the company to the joint-holders of the share by giving the notice to the joint-holder named first in the register in respect of the share.

ARBITRATION

64. Whenever any difference arises between the company on the one hand and any of the members, their executors, administrators or assignees on the other hand touching the intent or construction or the incidence or consequences of these presents, or of the statute or touching any thing then or thereafter done, executed, omitted, or suffered in pursuance of these presents or of the statute or touching breach or alleged breach or otherwise relating to the premises, or to any statute effecting the company, or to any of the affairs of the company, including the fixing of the fair value of the shares of the company, every such difference shall be referred to the decision of an arbitrator to be appointed by the parties in difference or if they cannot agree upon a single arbitrator to the decision of two arbitrators of whom one shall be appointed by each of the parties in difference or any umpire to be appointed by the two arbitrators.

SECRECY CLAUSE

65. Every director, manager, member of the committee, officer, servant, accountant or other person employed in the business of the Company shall if so require by the directors before entering upon his duties, sign a declaration pledging to observe a strict secrecy respecting all transactions of the company with the customers and the state of accounts with individuals, matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which come to his knowledge in the discharge of his duties except when required to do so by the directors or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

We the several persons, whose names and addresses are subscribed below are desirous of being formed into a Company in pursuance of the Articles of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

Name and surname (present & former) in full (in Block Letters)	NIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in full	Nationality with any former Nationality	Occupation	Residential Address in full	Number of shares taken by each subscriber	Signatures
1. AB							
2. CD							
3. ABC Ltd through EF.							

			Total number of shares taken		
--	--	--	------------------------------	--	--

Dated the..... day of .....20.....

Witness to above signatures.

.....  
(Full Name, NIC No, Father's/Husband's Name)  
Full Address, Occupation (in Block Letters)