

**REGULATIONS FOR MANAGEMENT  
OF A SINGLE MEMBER PRIVATE COMPANY LIMITED BY SHARES**

**INTERPRETATION**

1. In the interpretation of these articles the following expressions shall have the following meanings unless repugnant to or inconsistent with the subject articles,-
  - (a) “alternate nominee director” means an individual nominated by the single member to act as nominee director in case of non-availability of nominee director;
  - (b) “company” or “this company” means XYZ (SMC-Private) Limited;
  - (c) “directors” or “board of directors” means board of directors so that it may consist of only the sole director or more than one directors if so appointed under the relevant provisions of the Ordinance;
  - (d) “in writing” means written or printed or partly written and partly printed or lithographed or typewritten or other substitute for writing;
  - (e) “member director” means an individual becoming director due to membership of the company in terms of clause (h) of section 187;
  - (f) “nominee director” means an individual nominated by the single member to act as director in case of death of single member;
  - a. (g) “private company” means a private company other than a single member company;
  - (h) “rule” means the rule of the Single Member Companies Rules, 2003;
  - (i) “Rules” means the Single Member Companies Rules, 2003;
  - (j) “section” means section of the Companies Ordinance, 1984 (XLVII of 1984); and
  - (k) “sole director” means the director of the company who is for the time being the only director and the single member of the company.

**PRELIMINARY**

2. Any provision of the Ordinance or rules and regulations made thereunder which apply in relation to a private company limited by shares incorporated under the

Ordinance shall, in the absence of any express provision to the contrary, apply in relation to a single member company as it applies in relation to such a company which is formed by two or more persons or which has two or more persons as members.

#### SINGLE MEMBER COMPANY

3. The company is a single member company and as such being a Private Company limited by shares—
  - (a) it shall not issue invitation to the public to subscribe for any share of the company;
  - (b) the company shall not register any share(s) in the name of two or more persons to hold one or more shares individually or jointly; and
  - (c) number of the members of the company shall be limited to one.

#### SHARES

4. The company may increase the nominal share capital in accordance with sections 92 and 94.
5. Share certificate(s) shall be issued under the seal of the Company and shall be signed by the member director, and in case of his death, by the nominee director and the secretary.
6. The company may, upon passing of a special resolution, issue further shares or transfer existing shares or part thereof causing the number of members to become two or more in accordance with the Rules but it shall become a private company thereafter.
7. The company shall not transfer all of the shares of a single member to two or more persons or part of shares of single member to other person(s) or allot further shares to any person other than the single member or, at any time, allow transfer of shares or allotment of shares or both resulting in number of members to become two or more, except under the authority of a special resolution for change

of status from single member company to private company and to alter its articles accordingly.

8. The single member may transfer all of his shares to a single person under the authority of an ordinary resolution whereby the company shall remain a single member company as it was before such transfer.
9. A person whose name is entered as a member in the register of members shall without payment, be entitled to receive, within ninety days after allotment or within forty-five days of the application for registration of transfer, a certificate under the seal specifying the share or shares held by him.

#### TRANSFER AND TRANSMISSION OF SHARES

10. Transfer and transmission of shares shall be in accordance with provisions of sections 74 to 81.
11. In case of death of the single member, the power to register or refuse transfer of shares shall be exercised by the secretary and the nominee director under the Rules.
12. If the company allots further shares or the shares held by the single member are transferred in total or in part and as a result thereof the company becomes a private company, the fact that it has converted from a single member company to a private company and number of its members has increased to two or more shall be recorded in the register of members along with the date of the event and the particulars of the members.
13. Transmission of shares to the legal heirs shall be recorded in the register of members by the secretary and the nominee director.

#### CHANGE OF STATUS

15. 14. The company may convert itself from single member private company to a private company in accordance with the provisions of rule 4.

#### GENERAL MEETINGS

15. A general meeting, to be called annual general meeting, shall be held, in accordance with the provisions of section 158 and rule 5.
16. All general meetings of the company other than an annual general meeting as specified in section 158 shall be called extraordinary general meetings and shall be deemed to be held in accordance with the provisions of rule 5.
17. The secretary shall attend all the meetings of the company but shall have no vote.

#### NOTICE AND PROCEEDINGS OF GENERAL MEETINGS

18. In case where the law specifies time period for giving of notice of any meeting of the members or of director(s), requirements of the law shall be deemed to have been complied with if both the secretary and the members are notified of the meeting and they attend such meeting provided that in case of annual general meeting the time period for giving of notice to the auditor of the company shall not be less than twenty one days.
19. The single member present in person or through proxy shall be the quorum for the general meeting provided that secretary shall not act as proxy of the single member.
20. If the single member takes any decision which is required to be taken in a meeting of the board or in the general meeting or by means of a resolution and such decision is delivered by the single member in writing, within three days of such decision, to the company for entry in the minute book and is so recorded, that decision shall be valid as if agreed in such a meeting.

#### DIRECTOR(S)

21. The company shall always have the single member as a director but it may have such number of other director(s) who fulfill the conditions as specified in section 187.

22. The board or the general meeting shall not have the power to remove the member director but the single member (or member director) shall have the power to remove any director, chief executive or secretary through a resolution.
23. The director(s) shall have the powers as specified in section 196.
24. The director(s) shall appoint a chief executive in accordance with the provisions of sections 198 and 199.
25. The director(s) shall cause minutes to be made in books as required under section 173.

#### SECRETARY

26. A single member private limited company shall appoint a secretary in terms of section 204A and rule 6 who shall be responsible for discharge of duties and functions normally discharged by a secretary under the corporate laws and secretarial practice.
27. The secretary shall be appointed at the time of incorporation and subsequently on the same day or the day next following his resignation or removal or in case of his death within seven days of the event.
28. The sole director shall not be the secretary of the company.

#### CONTRACTS WITH THE SINGLE MEMBER

29. Contract between the company and single member shall be made in accordance with the provisions of rule 8.

#### DIVIDENDS AND RESERVES

30. The company may declare dividends and pay in accordance with the provisions of sections 248 to 251.

#### ACCOUNTS

31. The director(s) shall cause to keep proper books of account in accordance with the provisions of section 230 and shall, as required by sections 233 and 236, 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. They shall in all respects comply with the provisions of sections 230 to 236.
32. So long as the company has only one director, the requirements of section 241 shall be deemed to have been met if the balance sheet and profit and loss account is authenticated by the sole director.
33. Auditors shall be appointed and their duties regulated in accordance with the provisions of sections 252 to 255.

#### THE SEAL

34. The director(s) 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 director(s) or by a committee of director(s) authorized in that behalf by the member director and in the presence of at least member director and of the secretary or such other person as the director(s) may appoint for the purpose; and the member director and the secretary or other person as aforesaid shall sign every instrument to which the seal of the company is affixed in their presence.

#### WINDING UP

35. The company shall follow, in case of its winding up, the relevant provisions of the Companies Ordinance, 1984 (XLVII of 1984).

#### INDEMNITY

36. Every officer or agent for the time being of the company may be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal arising out of his dealings in relation to the affairs of the company, except those brought by the company against him, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under section 488 in which relief is granted to him by the Court.