

Registration Number	:	LLB119/3-18/M01039
Student Name	:	Danish Rauf
Title of Assignment	:	Annual Examination 2020
Title of Course	:	Companies Act, 2017 and Partnership Act, 1932
Name of Faculty Member	:	Dr. Liaquat Ali Abro
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Answer Sheet

Answer Question (1):

Highlight the requirements for formation of companies (PIC, LSC and MSC) under Companies Act, 2017, as per Third Schedule.

1. INTRODUCTION:

As per the Third Schedule of Companies Act, 2017, following is the definition of PIC, LSC and MSC:

Public Interest Company (PIC):

- a. Listed Company
- b. Non-listed Company which is:
 - a public sector company as defined in the Act; or
 - a public utility or similar company carrying on the business of essential public service; or
 - holding assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity.
 - having such number of members holding ordinary shares as may be notified; or
 - holding assets exceeding such value as may be notified.

Large Sized Company (LSC)

- a. Non-listed Company with:
 - paid-up capital of Rs. 200 million or more; or
 - turnover of Rs. 1 billion or more; or
 - Employees 750 or more.
- b. A Foreign Company with turnover of Rs. 1 billion or more.
- c. Non-listed Company licensed/formed under
- d. Section 42 / Section 45 of the Act having annual gross revenue (grants/income/subsidies/donations) including other income/revenue of Rs. 200 million or more.

Medium Sized Company (MSC)

- a. Non-listed Public Company with:
 - paid-up capital less than Rs.200 million;
 - turnover less than Rs1 billion; and
 - Employees less than 750.
- b. Private Company with:
 - paid-up capital of greater than Rs. 10 million but less than Rs. 200 million;
 - turnover greater than Rs. 100 million but less than Rs. 1 billion; or
 - Employees more than 250 but less than 750.
- c. A Foreign Company which have turnover less than Rs. 1 billion.
- d. A private company having:
 - paid-up capital up to Rs. 10 million;
 - turnover not exceeding Rs.100 million; and
 - Employees not more than 250

2. FORMATION OF COMPANY:

Either any of the company is formed i.e. if it is Public Interest Company (PIC), Large Sized Company (LSC) or Medium Sized Company (MSC) the procedure is same.

If a company wishes to register itself under the following category prior approval is required:

Serial No.	Category of Company	Ministries / Departments
1	A banking Company	Ministry of Finance. State Bank of Pakistan
2	A non-Banking finance Company (NBFC)	SECP
3	A security service providing company	Ministry of Interior
4	A corporate brokerage house	Stock Exchange (for transfer of membership card in favour of proposed company)
5	A money exchange company	State Bank of Pakistan
6	NPO u/s S.42	License from SECP
7	A trade organization	License from Ministry of Commerce

3. REGISTRATION ON COMPANY:

First step towards Incorporation of a company is to submit a combined or a separate application to the reservation of Company's name and incorporation either through e-services or in physical form as per the formats provided in the Companies (Incorporation) Regulations, 2017 (the "Regulations"),

(a) Name of proposed company

The application shall include three proposed names in the order of priority, out of which any one may be approved by the registrar.

(b) Conditions before applying

Before applying for incorporation of company please check the name first from SECP's website to make sure that the proposed name complies with the following conditions as provided under Section 10 of the Companies Act, 2017

- Its neither identical nor resemble or similar to the name of any existing company;
- Is not in inappropriate or deceptive:
- It is not undesirable i.e. it includes the name of a registered trademark or a trade mark includes any word or words which are offensive to any section of the people, it is identical with a resemble or similar to name of registered LLP or any other word that in the opinion of registrar is undesirable;
- It is not designed to exploit or offend religious susceptibilities of people,
- It does not contain any prohibited word.

4. ONLINE INCORPORATION:

For online submission, the user shall create an account on SECP's website. (user name and password) under user registration system of Services and generate PIN for signing the application. The step wise procedure for user registration in Services is available at SECP's website. Log on to eservices Portal using the user name and password.

Application submitted before 10:00 am usually process same day

Open the online form and fill in the required data, sign the form using your given PIN and submit the process.

Payment can be made through credit card, debit card, cash voucher or online fund transfer. At present the online fund transfer facility is available to MCB and UBL account holders only.

5. OFFLINE INCORPORATION:

Generate manual challan from SECP's website, after filling in properly, deposit the requisite fee in designated branches of MCB or UBL. Submit application along with Original fee challan to the Registrar at concerned CRO.

6. PROCESSING TIME:

If the applicant submits the complete application along with short memorandum and articles of association by 10:00 a.m. on any working day the application shall be processed on the same day and if submitted after 10.00a.m. would be processed on next working day.

Answer Question (2):

The role and responsibilities of Directors while performing their duties under Companies Act, 2017.

1. INTRODUCTION:

Director is a person who is head of an organization either he is elected or appointed. Directors have some powers and duties relating to administration of the company. A board of directors makes a group of people among the shareholders who elect representatives to run the business of the company as well as who makes the policies of the company

2. DEFINITION OF DIRECTOR:

A director is an elected or appointed member of the board of directors of the company who is responsible for administration and implementation of the policies of the company in order to run the business of the company.

3. TERM OF OFFICE OF DIRECTORS:

Directors of the company shall hold his office for the period of three years.

4. NUMBER OF DIRECTORS:

Following are the numbers of directors of the private and public company.

- Private Company

Directors of the private company should not less than 2.

- **Public company**

Directors of the public company should not less than 7.

5. **QUALIFICATION OF DIRECTOR:**

Following are the qualification of the director for their appointment.

- **Must be an individual**

Any organization, firm or a company cannot become the director of the company.

Director of the company must be an adult individual who will administer the company

- **To hold Share qualification**

It is required that the directors of the Company must hold minimum shares at the time of his Appointment

- **Competent to enter into the contract**

Director of the company must be able to enter into the contract, he should not be a minor, unsound minded, or mentally unfit to enter into the contract

- **Sound mind**

Director of the company must be of sound mind and must be able to understand the terms and conditions of the contract of the company. As well as must know the subsequences of acts committed by him

- **Bankrupt**

The director of the company must not be a bankrupt. Because a bankrupt does not qualify as director of the company.

- **Convict**

Any person, who has been convicted by the court of law against commission of any offence, does not qualify for the post of director of the company.

6. POWERS AND FUNCTIONS OF THE DIRECTORS:

Following are the powers and functions of the director. Details are as under.

1. Issuance of debenture (Qarznama)
2. Issuance of shares to shareholders
3. To obtain loans from different sources
4. Hiring of directors of the company on vacant position
5. To perform extra function for the further benefit of the company
6. To make necessary arrangement for recovery of unpaid shares
7. To give approval for the bonus for employees
8. To maintain the company's accounts
9. Formation of the contracts of the company with shareholders and others
10. To forfeit the shares of those shareholders who has not paid the money
11. To pay government expenditures
12. Investment of the funds of the company
13. To give the whole business on lease or any part of it
14. To sell the whole business or any part of it
15. Give approval for time extension to any shareholder who is liable to pay any debt

which is outstanding on him.

7. VACATION OF OFFICE OF DIRECTORS:

Following are the circumstances when the office of the directors falls vacant.

1. If the director of the company dies.
2. If the director becomes unsound mind.
3. If the directors is declared unsound mind by the court of law.
4. If the director is convicted by the court of law.
5. If the director becomes bankrupt.
6. If any director willfully gives resign from his post.
7. If any director who is not performing his duties responsibly.
8. If any director who has completed his term of office.
9. If any director remains absent continuously from three meetings of the board of directors.
10. If any director commit wrong or corruption which is against the interest of the company.
11. When shareholders appoint the new director by passing a special resolution.

8. APPOINTMENT OF DIRECTOR:

Directors are being appointed according to the following ways.

- **Appointment by promoter**

The first director of the company is elected by the promoters. Promoters are the person who firstly formed the organization

- **Appointment by shareholders**

Sometimes director is elected by the Shareholders because they also are entitled to elect their director in annual general meeting.

- **Appointment by subscribers**

Sometimes director is elected by the subscribers of the company because they also are entitled to elect their director. Subscribers are the persons who are first shareholders of the company.

- **Appointment by other directors**

Sometimes director is elected by the others directors of the company. And other directors are the members of the board of directors.

- **Appointment by creditors**

Sometimes director is appointed by the creditors of the company. Because they are also entitle to elect their directors.

9. CONCLUSION:

The Director of the company is a person who holds the responsibility to run the business of the company and is responsible to implement all the policies of the company. Under company law there are certain qualifications have been set by law for the appointment of the director, who will fail to meet the qualification is not able to be elected or appointed as directors of the company. As well as different methods of appointment of director has also been mentioned in the company law.

Answer Question (3):

The Concept, types and Procedure of winding up of Company under Companies Act, 2017.

1. PREFACE:

The term 'winding up' of a company can be defined as the proceedings by which a company is dissolved or it is called an end of the life of the business of the company.

The process of winding up starts after the Court's order for voluntary winding up. It is a permanent closing of the business of the company and if some funds in the account of company is exist, in this case all the amount will be distributed among the shareholders equally.

2. DEFINITION OF WINDING UP:

Winding up is the process of selling all the assets of a company, paying off creditors, and distribution of all remaining funds to the shareholders and then closing the business is called winding up.

3. MODES OF WINDING UP:

According to the companies' ordinance 1984, following are the three ways for winding up of the company.

- 1- Voluntary winding up
- 2- Compulsory winding up it proceeds by the court
- 3- Winding up it proceeds under the supervision of the court.

1- Voluntary winding up:

A voluntary winding up is proceeded by the members of the company by the passing a special resolution. The winding up begins at the time of passing the resolution.

Voluntary winding up has following two types

- **Members voluntary winding up:**

In order to proceed winding up, a company must be in the position to pay its all debts within 12 months after starting the process of winding up.. The liquidator will be appointed by the company for this purpose.

- **Creditors voluntary winding up:**

If a company is unable to pay its debts to the creditors but wanted to close up of the business of the company, it is impossible but with the consent of the creditors the voluntary winding up of the company is possible.

a) Procedure

Director of the company designates any person as liquidator who is appointed for the winding up the company. The liquidator takes over the control of company, collects its assets, pays debts of the company and distributes all remaining funds amongst the shareholders. At the time of winding up, the name of the company is excluded from the list of companies and its identity is lost.

b) Dissolution

After three months of receiving the copy of accounts of the company, the business of the company is wound up or dissolved.

2- Compulsory winding up it proceeds by the court:

A company may be wound up at by an order of the Court. This is also called compulsory winding up. According to Section 305, a company may be wound up by the Court in the following cases.

a. Special Resolution: If the company has, by special resolution, resolved that it may be wound up by the Court. It may be noted here that the power of the Court is discretionary and it may refuse to pass an order for winding up if it finds that this would be against the public interest or the interest of the company as a whole.

b. Statutory Report, Statutory Meeting and Annual General Meeting: According to Section 305(8), the company may be ordered to be wound up by the Court under the following cases:

(a) If the company does not deliver the statutory report to the registrar.

(b) If the company fails to hold statutory meeting.

(c) If the company fails to hold two consecutive annual general meetings.

The power of Court is discretionary and instead of making winding up order, the Court may direct that the statutory report shall be delivered or that the statutory meeting or annual general meeting shall be held.

c. Failure to Commence or Suspend Business: If the company does not commence its business within a year from its incorporation or suspends its business for a whole year, it may be ordered to be wound up.

Here, again the power of Court is discretionary and will be exercised only when there is clear indication that the company has no intention to carry on business.

d. Reduction in Membership: If the number of members is reduced, in the case of a private company, below 2, and in the case of public company, below 7, the company may be ordered to be wound up, Sec. 305(d).

e. Inability to Pay Debts: A company may be ordered to be wound up if it is unable to pay its debts. A company shall be deemed to be unable to pay its debts in the following three cases:

(i) Statutory Notice: Firstly, if a creditor to whom the company owes a sum exceeding 1% of its paid-up capital or Rs. 50,000, whichever is less, has served on the company a demand for payment and the company has for 30 days neglected to pay or enter into a compromise to satisfy creditor.

(ii) Decreed Debt: Secondly, if execution or other process issued on judgment of any Court in favour of creditor of the company is returned unsatisfied in whole or in part.

(iii) Commercial Insolvency: Lastly, if it is proved to the satisfaction of the Court that the company is unable to pay its debts.

f. Unlawful and Unauthorized: A company may be wound up by Court under the following circumstances

(i) Fraudulent Activities: A company may be ordered to be wound up by the Court if it is formed for or is carrying on or has been carrying on, unlawful or fraudulent activities.

(ii) Unauthorized Business: A company may be wound up by Court if it is carrying on business which is not authorized by the memorandum.

(iii) Oppression: A winding up order may be made if the company have been guilty of oppression towards any of its member or any person concerned with formation or minority shareholders.

(iv) Maintenance of Proper and True Accounts: A company may be wound up if it is run and managed by persons:

(i) who fail to maintain proper and true accounts, and

(ii) who commit fraud, misfeasance or malfeasance in relation to the company.

(v) Avoidance of Law and Directions: A company may be wound up if it is managed by persons who refuse to act according to the requirements of the memorandum, articles and the Companies Ordinance, 1984.

Moreover, it may also wound up if such persons do not obey the directions of Court, registrar or the authority, Sec. 305(f).

g. Ceases to Enlist: A listed company may be wound up by the order of the Court when it ceases to be a listed company.

h. Just and Equitable: If the Court is of the opinion that it is just and equitable that the Company should be wound up, it may order the company to be wound up. What is just and equitable depends upon the circumstances of each particular case. An order may be made under the following cases:

(i) Loss of Substratum: Substratum means a purpose of making a company. If the Situation arises where it becomes impossible to achieve its main objects, it would be

(ii) Deadlock in Management: Where there is complete deadlock in the management of the company. For example, there are two directors of private company who were shareholders and they were not on speaking terms with each other.

(iii) Company Having no Property: Where the company was a bubble having no property or not doing any business and it is obvious that the company will never have resources to commence business.

(iv) Losses: Where the business of a company cannot be carried on except at a loss and its insolvency is inevitable.

(v) Grounds Similar to Dissolution of Partnership: If the company is, in fact, a partnership, the Court will order for winding up on same grounds that would justify the dissolution of partnership.

i. PETITION FOR WINDING UP: The following persons can make a petition to the Court to get an order for winding up of a company:

(i) Petition by Shareholder: The shareholder can present a petition to the Court for winding up of where the shareholders have passed a special resolution to this effect.

(ii) Petition by Director: The director can make a petition on behalf of the company, with consent of shareholders.

(iii) Petition by Creditor: A creditor may apply for winding up. The word 'creditor' includes secured creditor, debenture holder and trustee for debenture holders, Sec. 309.

(iv) Petition by Contingent Creditor: A winding up petition can also be presented by contingent creditor.

(v) Petition by Contributory: On the commencement of the winding up of a company, its shareholders are called contributory. Any contributory can present a petition for winding up.

(vi) Petition by Registrar: The registrar can also apply for winding up. However, he cannot present a petition for the winding up of the company unless the previous sanction of the authority has been obtained to the presentation of the petition.

(vii) Petition by Authority: The authority or a person authorized by the authority cannot present a petition for the winding up of a company unless on some grounds.

3- Winding up it proceeds under the supervision of the court:

When a company has passed a resolution for voluntary winding up, the court may order that the winding up shall take place under the supervision of the Court.

Further, the Court may give such liberty to creditors, contributory or others to apply to the Court and on such terms and conditions as the Court shall think just.

a. Grounds for Issuing Supervision Order: While making the order for the winding up under the supervision of the Court, the Court shall consider the following points:

1. Partiality of the liquidator.
2. Failure to comply with the rules of winding up.
3. Negligence of liquidator in realizing the assets.
4. The winding up resolution being obtained through fraud.

b. Object of Supervision Order: The object of issuing the supervision order is to protect the interest of the members, creditors and the company.

c. Effect of Supervision Order: When supervision order is made for winding up, the liquidator shall have the same powers as in a voluntary winding up, subject however to any restrictions the Court may impose. In voluntary winding up, the Court does not interfere but, on the request of the creditors or the shareholders, the Court can order for inspection. The effect of this order is that the winding up of the company is conducted under the supervision of the Court.

d. Power to Replace Liquidator: When an order is made for winding up under the supervision of Court, the Court can appoint official liquidator.

e. Who May Apply: An application may be made to the Court by any creditor or Contributory or registrar or a person authorized by the authority in this behalf.

5. **CIRCUMSTANCES IN WHICH A COMPANY WILL BE WOUND-UP:**

Following are the circumstances to keeping them a company may be wound up.

- **Special resolution**

A company will be wound up when a special resolution is passed by the company due to any reason.

- **Non-provision of statutory report**

A company will be wound up when the company gets failed to present statutory report to the office of registrar.

- **Non-provision of balance sheet**

A company will be wound up when company gets failed to present balance sheet for last five years consecutively.

- **Non-commencement of business**

A company will be wound up when it gets failed to commence its business within one year after its formation.

- **Reduction of members**

A company will be wound up when number of members of public company are less than 7 and the number of members of a private company are less than 2

- **Unpaid debts.**

A company will be wound up when the debt of the company are unpaid to the creditors of the company.

- **Criminal offense**

A company will be wound up when company will act against the interest of the company.

6. CONSEQUENCES OF WINDING UP:

Following are the consequences of the company when winding up its operation.

- **As to company itself.**

After winding up, the company keeps its existence until its dissolution. But the business of the company is administered by the liquidator during the process of winding up.

- **As to shareholder**

During the process of winding up of the company, all the shareholders are liable to obtain the approval of the liquidator for any further contribution

- **As to creditors**

If the company is being wound up but the company is unable to pay the debts of its creditors, in this case the rules of the insolvency will apply. But if company is able to pay all the debts of its creditors, in this case company will be wound up without any legal restriction.

- **As to shares and assets of company**

If the company is winding up, all the shares will be wound up and all the assets of the company will be taken into possession.

- **Powers of officer and servants**

After appointment of the liquidator, all the powers of the directors, chief executives and other officers will be abolished. And all servants of the company will be dismissed with the winding up of the company.

- **Disposition of company's property**

After winding up of the company, all the property of the company will be disposed of.

- **No legal proceeding**

After winding up of the company, no legal proceeding will be preceded against the company.

7. **CONCLUSION:**

The winding up of the company is a process when life of the company comes to end and all the business of the company abolished. All the directors and chief executives and other officer becomes powerless and their servant ship also comes to an end. Liquidator takes the control over of the company until the dissolution is occurred.

Answer Question (4):

The Role and responsibilities of Partners in Partnership as per Partnership Act, 1932.

1. PREFACE:

A partnership is also known as a partnership agreement. Either it can be oral or written document having prescribed details of rights and responsibilities of all the partners who are joint with a specific business. Such kind of agreement is enforceable by the law.

The persons who have made the document of document with one another are called partner and made a promise that they will share the profit of the business. The rights and duties of the partners are defined as per law.

2. PARTNER:

A partner is a member in the partnership who agrees to share both profits and losses of a business is called partner.

3. RIGHTS OF PARTNER:

Following are the rights of a partner.

- **Right of profit:**

Under the partnership act 1932, every partner has right to receive the profit of the business.

- **Right of insurance:**

Under the partnership act 1932, every partner has right to be insured by the company in respect of payment by him.

- **Case law:**

Any partner obtaining credit on his own behalf cannot bind other partners and they are not liable.

- **Right to manage:**

Under the partnership act 1932, every partner has right to take part in the management of business.

- **Right to express opinions:**

Under the partnership act 1932, every partner has right to express his opinions related to business matters.

- **Right to access the accounts books:**

Under the partnership act 1932, every partner has right to access the account books of firm.

- **Right to give consent for new partner:**

Under the partnership act 1932, every partner has right to prevent the Preface of a new partner unless he consents to that.

- **Right to receive interest on capital:**

Under the partnership act 1932, every partner right to receive interest on capital contributed by him.

- **Right to receive interest on advances:**

Under the partnership act 1932, every partner has a right to receive interest on advances at the 6 % per annum.

- **Right of stay:**

Under the partnership act 1932, all partners have a right to stay in the company and cannot expel by the other partners at any cost due to any reason.

- **Partner's right in emergency:**

Under the partnership act 1932, every partner has right to act to protect the company from loss in emergency.

Conditions

There must be state of emergency.

The act must be done for the purpose of protecting the firm from loss.

- **Right of retirement:**

Under the partnership act 1932, every partner has a right of avail retirement from the company.

- **Right of dissolution:**

Under the partnership act 1932, every partner has right to file the case for dissolution of firm.

- **Right to stop the company name and property:**

Under the partnership act 1932, every partner has the right to stop the usage of name of company or property of the company by any other partner on the behalf of his partnership in the company

- **Right to claim for shares:**

Under the partnership act 1932, every partner who leaves the company due to any reason he can claim to receive the shares according to the agreement

4. RESPONSIBILITIES OF PARTNER:

Following are the duties of a partner.

- **Responsibility to run the business**

Under the partnership act 1932, every partner under is under an obligation to run business of the company for their mutual profit.

- **Responsibility to maintain accounts:**

Under the partnership act 1932, every partner is under an obligation to maintain the company account of his co-partners.

- **Responsibility to provide information**

Under the partnership act 1932, every partner is under an obligation to provide necessary information to the co-partners about the company business.

- **Responsibility to keep secrecy**

Under the partnership act 1932, every partner is under an obligation to main the secrecy of the company business.

- **Responsibility to compensate**

Under the partnership act 1932, every partner is under an obligation to compensate any loss which is occurred by his own mistake.

- **Responsibility to obey the decisions**

Under the partnership act 1932, every partner is under an obligation to obey the decisions taken by the majority of the partners.

- **Responsibility to share the loss**

Under the partnership act 1932, every partner is under an obligation to bear the loss of the company equally irrespective of their capital contribution.

- **Responsibility to use to property of company**

Under the partnership act 1932, it is the duty of every partner of the firm to hold and use the property of the firm only for the purpose of business

- **Sincerity**

Under the partnership act 1932, every partner should be sincere and faithful to the other partners as well as with the company business.

- **Responsibility not to start other business**

Under the partnership act 1932, every partner is under an obligation not to start any other business during his partnership with one company.

- **Responsibility to pay profit**

Under the partnership act 1932, if a partner earns any profit from any source of the company, he is under an obligation to pay the profit to the company.

- **Joint liability of company business**

Under the partnership act 1932, every partner jointly and individually is liable for all the acts of the company.

- **Responsibility not to transfer his rights**

Under the partnership act 1932, a partner cannot transfer his rights and interest to an outsider to make him partner in the business without the consent of others partners.

5. **REMARKS:**

Partner is a person who is agreed to share the profit of the business and is responsible to maintain the accounts of the company. Every partner acts as an agent of the other partner of the company. Every partner has some rights and duties under the agreement made by them.

Answer Question (5):

Draft main contents of Partnership Deed as per Partnership Act, 1932. Assume necessary details.

THE DEED TO BE AFIXED ON 1000/- STAMP PAPER.

This Deed of Partnership is Made on This December 3rd, 2020, By & Between: -

1. **Danish Rauf S/o Abdul Rauf** CNIC# 42101-7286178-5 resident of House#422, Bantva Memon Co-operative Housing Society, Liaquatabad, Karachi, hereinafter referred to as, ‘ the Party of the FIRST PART’.
2. **Salman S/o Hanif**, CNIC # 42201-7286178-7, resident of Flat# B-20, Al Azam Apartments, Gulshan-e-Iqbal, Block-13A, Karachi, hereinafter referred to as, ‘ the Party of the SECOND PART’

WHEREAS, the above-mentioned parties are fervent to initiate business of retail supply of Ladies Fashions including Garments, Purses, Glasses and Shoes etc including any other business incidental thereto & any other business as may be agreed upon, time to time, by the partners under the name and style **“The Western Spirit”**.

WHEREAS, it is expedient to reduce the ‘terms’ and ‘conditions’ of the partnership relationship in writing.

Now This Deed Witnesseth as Under:

1. That the partnership business shall come into effect from **December 3rd, 2020**.
2. That the business shall be carried on under the name and style: **“The Western Spirit”**

3. The head office of the firm shall be situated at Shop #10, Glamour Mall, Tariq Road, Karachi or at any other place (s) as may be decided by the partners from time to time.

4. The firm's business shall be: -

(a) to carry on retail sale of ladies fashion items including Garments, Purses, Glasses and Shoes etc.

(b) to carry on whole sale of ladies fashion items including Garments, Purses, Glasses and Shoes etc.

(c) To carry online retail sale of ladies fashion items including Garments, Purses, Glasses and Shoes etc. thorough web domain "www.thewesternspirit.com"

5. The **duration** of the partnership shall be 'at will'.

6. The '**Profit & Loss Ratio**' between the partners shall be as under:

Party of the First Part: 50%

Party of the Second Part: 50%

7. The initial capital of the Partnership is PKR 4 million distributed in the following manner:

Party of the First Part: PKR 2 million

Party of the Second Part: PKR 2 million

8. **The party of the first part** shall be the ‘**Active Partner**’ of the firm; will exercise complete authority to manage all the affairs of the firm.
9. The **party of the second part** shall be a ‘**Managing Partner**’ of the firm; will exercise complete authority to manage all the affairs of the firm.
10. The Managing Partner and Active Partner on behalf of the firm is authorized to borrow or raise money from any bank or financial institution(s) as the case may be.
11. Neither partner can assign his interest in the firm to any person without the consent of the other.
12. No any new partner can be admitted in the firm unless the partners mutually agreed thereupon.
13. Required ‘**Books of Accounts**’ shall be kept and maintained by the firm at the head office.
14. ‘**Firm’s bank Account (s)**’ shall be operated jointly by the both parties.
15. The ‘**Good Will**’ of the firm will belong to the partners.
16. The ‘**Statement of Assets and Liabilities**’, after making final adjustments, shall be prepared at the end of every financial year.
17. The **Accounts** of the firm shall be closed at the end of every Financial Year i.e. on **30th June**.
18. The Firm shall also prepare monthly financial statements.
19. Any term of this deed, without executing a fresh partnership deed, may be **varied, altered or amended** mutually by the partners.
20. Any **dispute** arising between the partners shall be referred to **arbitration** under **The Arbitration Act**.

21. **Subject to** the provisions mentioned as above, the partnership relation shall lobe
inconformity with the provisions of the Partnership Act 1932, or any other law
enforced for the time being in Pakistan.

IN WITNESS WHEREOF, the partners on the date mentioned as above have agreed to set
their respective hands on this partnership deed as under:

Particulars, Signatures & Thumb Impressions of Witnesses:	Signatures & Thumb Impressions of the Partners:
	<p data-bbox="783 1003 831 1043"><u>SD</u></p> <p data-bbox="783 1227 1062 1267">Party of the First Part</p>
	<p data-bbox="783 1518 831 1559"><u>SD</u></p> <p data-bbox="783 1742 1098 1783">Party of the Second Part</p>