

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
<b>PART I</b>				
1.	Preamble	<p><del>An Ordinance to consolidate and amend the law relating to companies and certain other associations</del></p> <p><del>WHEREAS it is expedient to consolidate and amend the law relating to the companies and certain other associations for the purpose of healthy growth of the corporate enterprises, protection of investors and creditors, promotion of investment and development of economy and matters arising out of or connected therewith;</del></p> <p>And whereas the President is satisfied that circumstances exist which render it necessary to take immediate action;</p> <p><del>Now, therefore, in pursuance of the Proclamation of the fifth day of July, 1977, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:</del></p>	Preamble	<p><i>to reform and re-enact the law relating to companies and for matters connected therewith</i></p> <p><u>WHEREAS it is expedient to reform company law with the objective of facilitating corporatisation and promoting development of corporate sector, encouraging use of technology and electronic means in conduct of business and regulation thereof, regulating corporate entities for protecting interests of shareholders, creditors, other stakeholders and general public, inculcating principles of good governance and safeguarding minority interests in corporate entities and providing an alternate mechanism for expeditious resolution of corporate disputes and matters arising out of or connected therewith;</u></p> <p><u>AND WHEREAS the Senate and the National Assembly are not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;</u></p> <p><u>NOW, THEREFORE, in exercise of powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—</u></p>
2.	2(1)(2)	2) "associated companies" and "associated undertakings" mean any two or more companies or undertakings, or a company and an undertaking, interconnected with each other in the following manner, namely: —	2(4)	(4) "associated companies" and "associated undertakings" mean any two or more companies or undertakings, or a company and an undertaking, interconnected with each other in the following manner, namely:—

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		<p>(i) if a person who is the owner or a partner or director of a company or undertaking, or who, directly or indirectly, holds or controls shares carrying not less than twenty per cent of the voting power in such company or undertaking, is also the owner or partner or director of another company or undertaking, or directly or indirectly, holds or controls shares carrying not less than twenty per cent of the voting power in that company or undertaking; or</p> <p>(ii) if the companies or undertakings are under common management or control or one is the subsidiary of another; or</p> <p>(iii) if the undertaking is a <i>modaraba</i> managed by the company; and a person who is the owner of or a partner or director in a company or undertaking or, who so holds or controls shares carrying not less than ten per cent of the voting power in a company or undertaking, shall be deemed to be an "associated person" of every such other person and of the person who is the owner of or a partner or director in such other company or undertaking, or who so holds or controls such shares in such</p> <p>Provided that shares shall be deemed to be owned, held or controlled by a person if they are owned, held</p>		<p>(a) if a person who is owner or a partner or director of a company or undertaking, or who, directly or indirectly, holds or controls shares carrying not less than twenty percent of the voting power in such company or undertaking, is also the owner or partner or director of another company or undertaking, or directly or indirectly, holds or controls shares carrying not less than twenty percent of the voting power in that company or undertaking; or</p> <p>(b) if the companies or undertakings are under common management or control or one is the subsidiary of another; or</p> <p>(c) if the undertaking is a <i>modaraba</i> managed by the company;</p> <p>and a person who is the owner of or a partner or director in a company or undertaking or, who so holds or controls shares carrying not less than ten percent of the voting power in a company or undertaking, shall be deemed to be an "associated person" of every such other person and of the person who is the owner of or a partner or director in such other company or undertaking, or who so holds or controls such shares in such company or undertaking:</p> <p>Provided that—</p> <p>(i) shares shall be deemed to be owned, held or controlled by a person if they are owned, held or controlled by that person or by the spouse or minor children of the person;</p>

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		<p>or controlled by that person or by the spouse or minor children of the person:</p> <p>Provided further that—</p> <p>(i) directorship of a person or persons by virtue of nomination by the Federal Government or a Provincial Government or a financial institution directly or indirectly owned or controlled by such Government; or</p> <p>(ii) shares owned by the National Investment Trust or the Investment Corporation of Pakistan or a financial institution directly or indirectly owned or controlled by the Federal Government or a Provincial Government; or shares registered in the name of a central depository, where such shares are beneficially owned by the central depository;</p> <p>shall not be taken into account for determining the status of a company, undertaking or person as an associated company, associated undertaking or associated person;</p>		<p>(ii) directorship of a person or persons by virtue of nomination by <u>concerned Minister-in-Charge of the Federal Government</u> or as the case may be, a Provincial Government or a financial institution directly or indirectly owned or controlled by such Government <u>or National Investment Trust</u>; or</p> <p>(iii) <u>directorship of a person appointed as an “independent director”</u>; or</p> <p>(iv) shares owned by the National Investment Trust or <del>the Investment Corporation of Pakistan</del> or a financial institution directly or indirectly owned or controlled by the Federal</p>
3.	2(1)(4)	<p>"Body corporate" or "corporation" includes a company incorporated outside Pakistan, but does not include—</p> <p>(i) a corporation sole; or</p> <p>(ii) a co-operative society registered under any law relating to the registration of co-operative societies;</p>	2(9)	<p><b>“body corporate”</b> or "corporation" includes—</p> <p>(a) <u>a company incorporated under this Ordinance or company law</u>; or</p> <p>(b) a company incorporated outside Pakistan, or</p>

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		or (iii) any other body corporate, not being a company as defined in this Ordinance, which the Federal Government may, by notification in the official Gazette, specify in this behalf;		(c) <u>a statutory body declared as body corporate in the relevant statute,</u>  but does not include—  (i) a co-operative society registered under any law relating to cooperative societies; or  (ii) any other entity, not being a company as defined in this Ordinance or <u>any other law for the time being in force,</u> which the concerned Minister-in-Charge of the Federal Government may, by notification, specify in this behalf;
4.	2(1)(5)	<b>"book and paper", "book or paper" or <del>"books of accounts"</del></b> include accounts, deeds, vouchers, registers, writings and documents; <del>maintained on paper or computer network, floppy, diskette, magnetic cartridge tape, CD-Rom or any other computer readable media.</del>	2(10)	<b>"book and paper" and "book or paper"</b> includes <u>books of account, cost accounting records deeds, vouchers, writings, documents; minutes and registers maintained on paper or in electronic form.</u>
5.	2(1) (5A)	<b>"central depository"</b> <del>means a central depository as defined in clause (cc) of section 2 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), and registered with the 4[Commission] under section 32A of that Ordinance.</del>	2(12)	<b>"central depository"</b> shall have the same meaning as assigned to it under the Securities Act, 2015 (III of 2015).
6.	2(1) (6)	<b>"chief executive"</b> , in relation to a company means an individual who, subject to the control and directions of <del>the directors,</del> is entrusted with the whole, or substantially the whole, of the powers of management of the affairs of the company, and	2(14)	<b>"chief executive"</b> , in relation to a company means an individual who, subject to control and directions of the <u>board,</u> is entrusted with whole, or substantially whole, of the powers of management of affairs of the company and includes a director or any other person occupying the position of a chief executive, by whatever

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		includes a director or any other person occupying the position of a chief executive, by whatever name called, and whether under a contract of service or otherwise.		name called, and whether under a contract of service or otherwise.	
7.	2(1) (6A)	<b>"Commission"</b> means <del>the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);</del>	2(16)	<b>"Commission"</b> shall have the same meaning as assigned to it under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).	
8.	2(1) (7)	<b>"company"</b> means a company formed and registered under the Ordinance or <del>an existing company.</del>	2(17)	<b>"company"</b> means a company formed and registered under this Ordinance or <u>company law.</u>	
9.	2(1) (9)	<b>"company limited by guarantee"</b> means a company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its <del>winding up.</del>	2(19)	<b>"company limited by guarantee"</b> means a company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its <u>being wound up.</u>	
10.	2(1) (8)	<b>"company limited by shares"</b> means a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.	2(20)	<b>"company limited by shares"</b> means a company; having the liability of its members limited by the memorandum to the <u>extent of amount, if any, remaining</u> unpaid on the shares respectively held by them.	
11.	2(1) (11)	<b>"the Court"</b> means <del>the Court</del> having jurisdiction under this Ordinance	2(23)	<b>"Court"</b> means <u>a Company Bench of a High Court</u> having jurisdiction under this Ordinance.	
12.	2(1) (12)	<b>"debenture"</b> includes debenture stock, bonds, term finance certificate <del>and any other securities, other than a share,</del> of a company, whether constituting a charge of the assets of the company or not.	2(24)	<b>"debenture"</b> includes debenture stock, bonds, term finance certificate <u>or any other instrument of a company evidencing a debt,</u> whether constituting <u>a mortgage</u> or charge on the assets of the company or not.	
13.	2(1) (14)	<b>"document"</b> includes <del>summons, notice, requisition, order, other legal process, voucher and register; whether issued, sent or kept in pursuance of this Ordinance or any other law for the time being in</del>	2(26)	<b>"document"</b> includes <u>any information or data recorded in any legible form or through use of modern electronic devices or techniques whatsoever, including books and papers, returns, requisitions, notices, certificates, deeds, forms, registers,</u>	

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		<del>force, whether maintained in any medium capable of being retrieved by any electronic means or in any other manner.</del>		<u>prospectus, communications, financial statements or statement of accounts or records maintained by financial institutions in respect of its customers.</u>
14.	2(1) (15A)	<p><b>"financial institution"</b> includes:—</p> <p>(a) <del>a company or an institution whether established under any special enactment and operating</del> within or outside Pakistan which transacts the business of banking or any associated or ancillary business <del>through its branches;</del></p> <p>(b) a modaraba, leasing company, investment bank, venture capital company, financing company, <del>housing finance company, a non-banking finance company;</del> and</p> <p>(c) <del>such other institution or</del> company authorised by law to <del>undertake</del> any similar business, as the Federal Government may, by notification in the official Gazette, specify <del>for the purpose;</del></p>	2(31)	<p><b>"financial institution"</b> includes—</p> <p>(a) <u>any</u> company whether <u>incorporated</u> within or outside Pakistan which transacts the business of banking or any associated or ancillary business <u>in Pakistan through its branches within or outside Pakistan and includes a government savings bank, but excludes the State Bank of Pakistan;</u></p> <p>(b) <u>a modaraba or modaraba management company, leasing company, investment bank, venture capital company, financing company, unit trust or mutual fund of any kind and credit or investment institution, corporation or company;</u> and</p> <p>(c) <u>any</u> company authorised by law to <u>carry on</u> any similar business, as the <u>concerned Minister-in-Charge of the Federal Government</u> may by notification in the official Gazette, specify;</p>
15.	2(1) (16)	<b>"financial year"</b> in relation to any body corporate, means the period in respect of which <del>any profit and loss account or the income and expenditure account,</del> as the case may be, of the body corporate, laid before it in general meeting, is made up, whether that period is a year or not	2(34)	<b>"financial year"</b> in relation to <u>a company or any other body corporate,</u> means the period in respect of which any financial statement <u>of the company or the body corporate, as the case may be,</u> laid before it in general meeting, is made up whether the period is a year or not.
16.	2(1) (18)	<b>"holding company"</b> means <del>a holding company as defined in section 3.</del>	2(37)	<b>"holding company"</b> means <u>a company which is another company's holding company if, but only if, that other company is its subsidiary.</u>

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17.	2(1) (20)	" <b>listed company</b> " means a company or a body corporate or other body whose securities are listed.	2(38)	" <b>listed company</b> " means a <u>public company</u> , body corporate <u>or any other entity</u> whose securities are listed <u>on securities exchange</u> .
18.	2(1) (22)	" <b>memorandum</b> " means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of <del>the provision of any previous Companies Act or of this</del> Ordinance.	2(40)	" <b>memorandum</b> " means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of <u>company law</u> or of this Ordinance.
19.	2(1) (23)	" <b>modaraba</b> " and " <b>modaraba company</b> " <del>have the same meaning as in the modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);</del>	2(41)	" <b>modaraba</b> " and " <b>modaraba company</b> " shall have the same <u>meaning as assigned to it in the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980)</u>
20.	2(1) (24)	" <b>officer</b> " includes any director, <del>chief executive, managing agent, secretary or other executive of the company, howsoever designated, but, save in sections 205, 220 to 224, 260, 261, 268, 351, 352, 412, 417, 418, 474 and 482, does not include an auditor.</del>	2(45)	" <b>officer</b> " includes any director, <u>chief financial officer, company secretary or other authorised officer of a company.</u>
21.	2(1) (26)	" <b>prescribed</b> " means,—  (a) <del>as respects the provisions of this Ordinance relating to the winding up of companies and other matters requiring to be determined or decided by the Court, prescribed by rules made by the Supreme Court in consultation with the High Courts or, where the Supreme Court advises the Federal Government to do so, by the Federal Government in consultation</del>	2(48)	" <b>prescribed</b> " means prescribed by rules made by <u>the concerned Minister-in-Charge of the Federal Government</u> under this Ordinance.

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		with the High Courts; and  <del>(b) as respect the other provisions of this Ordinance, prescribed by rules or regulations made by the Federal Government or the Commission as the case may be after previous publication in the official Gazette;</del>		
22.	2(1) (29)	<del>"prospectus" means any document described or issued as prospectus, and includes any notice, circular, advertisement, or other communication, inviting offers from the public for the subscription or purchase of any shares in, or debentures of, a body corporate, or inviting deposits from the public, other than deposits invited by a banking company or a financial institution approved by the Federal Government, whether described as prospectus or otherwise.</del>	2(51)	<b>"prospectus"</b> shall have the same meaning as assigned to it under the Securities Act, 2015 (III of 2015).
23.	2(1) (30A)	<del>"redeemable capital" includes finance obtained on the basis of participation terms certificate (PTC), musharika certificate, terms finance certificate (TFC), or any other security or obligation not based on interest, other than an ordinary share of a company, representing an instrument or a certificate of specified denomination, called the face value or nominal value, evidencing investment of the holder in the capital of the company on terms and conditions of the agreement for the issue of such instrument or certificate or such other certificate or instrument as the Federal Government may, by notification in the</del>	2(55)	<b>"redeemable capital"</b> includes sukuk and other forms of finances obtained on the basis of participation term certificate (PTC), musharika certificate, <u>term</u> finance certificate (TFC) or any other security or obligation not based on interest, representing an instrument or a certificate of specified denomination, called the face value or nominal value, evidencing investment of the holder in the capital of the company <u>other than share capital</u> , on terms and conditions of the agreement for the issue of such instrument or certificate or such other certificate or instrument <u>as the concerned Minister-in-Charge of the Federal Government may, by notification in the official Gazette, specify for the purpose.</u>



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		official Gazette, specify for the purpose		<u>Explanation.- “sukuk” represents redeemable investment in certificates of equal nominal value representing undivided shares in ownership of tangible assets of a particular project or specific investment activity, usufruct and services.</u>
24.	2(1) (31)	<b>“registrar”</b> means a registrar, an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, performing under this Ordinance <del>the duty of registration of companies.</del>	2(57)	<b>“registrar”</b> means registrar, an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, performing <u>duties and functions</u> under this Ordinance.
25.	2(1) (36)	<b>“special resolution”</b> means a resolution which has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy at a general meeting of which not less than twenty-one days notice specifying the intention to propose the resolution as a special resolution has been duly given:  Provided that, if all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days notice has been given.	2(66)	<b>“special resolution”</b> means a resolution which has been passed by a majority of not less than three-fourths of such members of the company entitled to vote as are present in person or by proxy or <u>vote through postal ballot</u> at a general meeting of which not less than twenty-one days' notice specifying the intention to propose the resolution as a special resolution has been duly given:  Provided that if all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days notice has been given.
26.	2(1) (38)	<b>“subsidiary company” or “subsidiary”</b> <del>means a subsidiary company as defined in section 3.</del>	2(68)	<b>“subsidiary company” or “subsidiary”,</b> <u>in relation to any other company (that is to say the holding company), means a company in which the holding company-</u>  (a) <u>controls the composition of the board; or</u>  (b) <u>exercises or controls more than one-half of its voting securities either by itself or together with one or more of its</u>

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				<p>subsidiary companies:</p> <p><u>Provided that such class or classes of holding companies shall not have layers of subsidiaries beyond such numbers, as may be notified,</u></p> <p><b><u>Explanation.-</u></b> For the purposes of this clause-</p> <p>(i) <u>a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (a) or sub-clause (b) is of another subsidiary company of the holding company;</u></p> <p>(ii) <u>the composition of a company's board shall be deemed to be controlled by another company if that other company by exercise of power exercisable by it at its discretion can appoint or remove all or a majority of the directors;</u></p> <p>(iii) <u>the expression "company" includes any body corporate;</u></p> <p>(iv) <u>"layer" in relation to a holding company means its subsidiary or subsidiaries.</u></p>
27.	2(1) (39)	"Table A" means Table A in the First Schedule.	2(69)	"Table" means Table in a Schedule to this Ordinance
28.	5	<p><b>Application of Ordinance to non-trading companies with purely provincial objects.-</b></p> <p>The powers conferred by this Ordinance on the Federal Government or the Commission shall, in</p>	3	<p><b>Application of Ordinance to non-trading companies with purely provincial objects.—</b> (1) The powers conferred by this Ordinance on the concerned Minister-in-Charge of the Federal Government or the Commission, in relation to companies which are not trading corporations and the objects of which are confined to a</p>

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		relation to companies which are not trading corporations and the objects of which are confined to a single Province, <del>be the powers of the Provincial Government.</del>		<p>single Province, <u>may be exercised by the Minister-in-Charge of the Provincial Government:</u></p> <p><u>Provided that where the licence is issued by the Provincial Government or, as the case may be, its concerned Minister-in-Charge, in exercise of the powers conferred by this section, the company shall mention this fact in all its documents.</u></p> <p><u>(2) A non-trading corporation formed under sub-section (1) extending its operational activities beyond the territorial limits of its respective province shall be liable to a penalty of level 3 on the standard scale and be wound up on the application by the Commission.</u></p>
29.	6	<p><b>Ordinance to override memorandum, articles, etc..-</b> Save as otherwise expressly provided herein,—</p> <p><del>(a) the provisions of this Ordinance which come into force by virtue of a notification under sub section (3) of section 1 shall have effect notwithstanding anything contained in the memorandum or articles of a company, or in any contract or agreement executed by it, or in any resolution passed by the company in general meeting or by its directors, whether the same be registered, executed or passed, as the case may be, before or after the coming into force of the said provisions; and</del></p> <p><del>(b) any provision contained in the memorandum,</del></p>	4	<p><b>Ordinance to override.—</b> Save as otherwise expressly provided herein-</p> <p><u>(a) the provisions of this Ordinance shall have effect notwithstanding anything contained in the memorandum or articles of a company or in any contract or agreement executed by it or in any resolution passed by the company in general meeting or by its directors, whether the same be registered, executed or passed, as the case may be, before or after the coming into force of the said provisions; and</u></p> <p><u>(b) any provision contained in the memorandum, articles, contract, agreement, arrangement or resolution aforesaid shall, to the extent to which it is repugnant to the aforesaid provisions</u></p>

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		<del>articles, agreement or resolution aforesaid shall, to the extent to which it is repugnant to the aforesaid provisions</del>		<u>of this Ordinance, become, or be, void, as the case may be.</u>
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30.	7	<p><b>Jurisdiction of the Court.-</b></p> <p>(1) The Court having jurisdiction under this Ordinance shall be the High Court having jurisdiction in the place at which the registered office of the company is situate:</p> <p><del>Provided that the Federal Government may, by notification in the official Gazette and subject to such restrictions and conditions as it thinks fit, empower any civil Court to exercise all or any of the jurisdiction by this Ordinance conferred upon the Court, and in that case such Court shall, as regards the jurisdiction so conferred, be the Court in respect of companies having their registered office within the territorial jurisdiction of such Court.</del></p> <p>(2) For the purposes of jurisdiction to wind up companies, the expression "registered office" means the place which has longest been the registered office of the company during the six months</p>	5	<p><b>Jurisdiction of the Court and creation of Benches.—</b></p> <p>(1) The Court having jurisdiction under this Ordinance shall be the High Court having jurisdiction in the place at which the registered office of the company is situate.</p> <p><u>(2) Notwithstanding anything contained in any other law no civil court as provided in the Code of Civil Procedure, 1908 (Act V of 1908) or any other court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Court is empowered to determine by or under this Ordinance.</u></p> <p>(3) For the purposes of jurisdiction to wind up companies, the expression "registered office" means the place which has longest been the registered office of the company during the six months immediately preceding the presentation of the petition for winding up.</p> <p>(4) <u>There shall be, in each High Court, one or more benches on permanent basis, each to be known as the Company Bench, to be constituted by the Chief Justice of the High Court to exercise</u></p>

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		<p>immediately preceding the presentation of the petition for winding up.</p> <p>(3) Nothing in this section shall invalidate a proceeding by reason of its being taken in a Court other than the High Court or a Court empowered under sub-section (1).</p>		<p><u>the jurisdiction vested in the High Court under this Ordinance:</u></p> <p><u>Provided that Benches constituted under the Companies Ordinance, 1984 (XLVII of 1984), shall continue to function accordingly unless otherwise notified by the respective Chief Justice of the High Court:</u></p> <p><u>Provided further that provisions of section 6 shall be effective from the date of notification by the Chief Justice of the respective High Court within six months from the date of the commencement of this Ordinance.</u></p> <p>(5) <u>There shall be a Registrar to be known as “Registrar of the Company Bench” duly notified by the Chief Justice of the respective High Court who shall be assisted by such other officers as may be assigned by the Chief Justice of the respective High Court.</u></p> <p>(6) <u>The Registrar of the Company Bench shall perform all the functions assigned to it under this Ordinance including all ministerial and administrative business of the Company Bench such as the receipt of petitions, applications, written replies, issuance of notices, service of summons and such other functions or duties as may be prescribed under section 423.</u></p> <p>(7) <u>The Chief Justice of the respective High Court, if deemed appropriate, may also establish a secretariat in each Company Bench of the respective High Court in such form and manner to provide secretarial support and to perform such functions as may</u></p>

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				be prescribed under section 423.
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31.	12	<p><b>Powers and functions of the Commission.-</b></p> <p>(1) The Commission shall exercise and perform such powers and functions as are conferred on it by or under this Ordinance <del>or any other law.</del></p> <p><del>(2) Notwithstanding anything contained in any other law, and without prejudice to the generality of the foregoing provisions, the Federal Government may, by notification in the official Gazette, direct that all or any of the powers and functions conferred on the Federal Government or any of the officer of the Federal Government under any law shall, subject to such limitations, restrictions or conditions, if any, as it may from time to time impose, be exercised or performed by the Commission.</del></p>	7	<p><b>Powers and functions of the Commission.—</b></p> <p>(1) The Commission shall exercise such powers and perform such functions as are conferred on it by or under this Ordinance.</p> <p>(2) <u>The powers and functions of the Commission under this Ordinance shall be in addition to and not in derogation to the powers and functions of the Commission under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</u></p>
32.	13	<p><b>Reference by the Federal Government or Commission to the Court.-</b></p> <p>(1) Without prejudice to the powers, jurisdiction and authority exercisable by the Federal Government or the Commission under this ordinance, the Federal Government or the Commission, as the case may be, may make a reference to the Court, on any question</p>	8	<p><b>Reference by the Federal Government or Commission to the Court.—</b></p> <p>(1) Without prejudice to the powers, jurisdiction and authority exercisable by the <u>concerned Minister-in-Charge</u> of the Federal Government or <u>any functionary thereof</u> or the Commission under <u>this Ordinance</u>, <u>the concerned Minister-in-Charge</u> of the Federal Government or the Commission, as the case may be, may make a</p>

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		<p>or matter which <del>the Government or the Commission considers</del> to be of special significance requiring orders, determination or action concerning the affairs of a company or any action of any officer thereof.</p> <p><i>Explanation:</i> In this sub-section "officer" includes an auditor, liquidator or agent of the company.</p> <p>(2) Where a reference is made to the Court under sub-section (1), the Court may make such order as it may deem just and equitable under the circumstances.</p>		<p>reference to the Court, on any question or matter which is considered to be of special significance requiring orders, determination or action concerning affairs of a company <u>or class of companies</u> or any action of any officer thereof.</p> <p><i>Explanation.—</i> In this sub-section "officer" includes an auditor, liquidator or agent of the company.</p> <p>(2) Where a reference is made to the Court under sub-section (1), the Court may make such order as it may deem just and equitable under the circumstances.</p>
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33.	14	<p><b>Obligation to register certain associations, partnerships <del>etc.</del>, as companies. –</b></p> <p>(1) No association partnership or <del>company</del>, consisting of more than twenty persons shall be formed for the purpose of carrying on any business that has for its object the acquisition of gain by the association, partnership or <del>company</del>, or by the individual members thereof, unless it is registered as a company under this Ordinance.</p> <p>(2) <del>Every person who is a member of any association, partnership or company carrying on business in contravention of the provisions of this section shall be punishable with fine which may extend to five thousand rupees and also be personally liable for all</del></p>	9	<p><b>Obligation to register certain associations, partnerships as companies.—</b></p> <p>(1) No association, partnership or <u>entity</u> consisting of more than twenty persons shall be formed for the purpose of carrying on any business that has for its object the acquisition of gain by the association, partnership or <u>entity</u>, or by the individual members thereof, unless it is registered as a company under this Ordinance and any violation of this section shall be an offence punishable <u>under this section.</u></p> <p>(2) <u>A person guilty of an offence under this section shall be liable to a penalty not exceeding of level 1 on the standard scale and also be personally liable for all the liabilities incurred in such business.</u></p> <p>(3) Nothing in this section shall apply to—</p>

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		<p>the liabilities incurred in such business.</p> <p>(3) Nothing in this section shall apply to—</p> <p>(a) any society, body or association, other than a partnership, formed or incorporated under any <del>other Pakistan law</del>; or</p> <p>(b) a joint family carrying on joint family business; or</p> <p>(c) a partnership of two or more joint families where the total number of members of such families, excluding the minor members, does not exceed twenty; or</p> <p>(d) a partnership formed to carry on practice as lawyers, accountants or any other profession where practice as a limited liability company is not permitted under the relevant laws or regulations for such practice.</p>		<p>(a) any society, body or association, other than a partnership, formed or incorporated under <u>any law for the time being in force in Pakistan</u>; or</p> <p>(b) a joint family carrying on joint family business; or</p> <p>(c) a partnership of two or more joint families where the total number of members of such families, excluding the minor members, does not exceed twenty; or</p> <p>(d) a partnership formed to carry on practice as lawyers, accountants or any other profession where practice as a limited liability company is not permitted under the relevant laws or regulations for such practice.</p>
34.	37	<p><b>Prohibition of certain names.</b> - (1) No company shall be registered by a name which <del>in the opinion of the Commission is inappropriate or deceptive or is designed to exploit or offend the religious susceptibilities of the people.</del></p> <p>(2) A company shall not be registered by a name identical with that by which a company in existence is already registered, or so nearly resembling that name as to be calculated to deceive, <del>except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the registrar requires.</del></p> <p>(3) Except with the prior approval in writing of the Commission, no company shall be registered by a</p>	10	<p><b>Prohibition of certain names.—</b>(1) No company shall be registered by a name which <u>contains such word or expression, as may be notified by the Commission or in the opinion of the registrar is—</u></p> <p>(a) <u>identical with or resemble too nearly to the name of a company; or</u></p> <p>(b) <u>inappropriate; or</u></p> <p>(c) <u>undesirable; or</u></p> <p>(d) <u>deceptive; or</u></p> <p>(e) <u>designed to exploit or offend religious susceptibilities of the people; or</u></p> <p>(f) <u>any other ground as may be specified.</u></p> <p><b>Explanation.—</b>A name of the company shall be deemed <u>deceptive if it does not commensurate with its principal line of</u></p>



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		<p>name which contains any words suggesting or calculated to suggest—</p> <p>(a) the patronage of any, past or present, Pakistani or foreign, Head of State;</p> <p>(b) any connection with the Federal Government or a Provincial Government or any department or authority of any such Government;</p> <p>(c) any connection with any corporation set up by or under any Federal or Provincial law; or</p> <p>(d) the patronage of, or any connection with, any foreign Government or any international organization. (4) Whenever a question arises as to whether or not the name of a company is in violation of the foregoing provisions of this section the decision of the Commission shall be final.</p>		<p><u>business.</u></p> <p>(2) Except with prior approval in writing of the Commission, no company shall be registered by a name which contains any word suggesting or calculated to suggest—</p> <p>(a) the patronage of any past or present Pakistani or foreign head of state;</p> <p>(b) any connection with the Federal Government or a Provincial Government or any department or authority or statutory body of any such Government;</p> <p>(c) any connection with any corporation set up by or under any Federal or Provincial law;</p> <p>(d) the patronage of, or any connection with, any foreign Government or any international organisation;</p> <p>(e) <u>establishing a <i>modaraba</i> management company or to float a <i>modaraba</i>; or</u></p> <p>(f) <u>any other business requiring licence from the Commission.</u></p> <p>(3) Whenever a question arises as to whether or not the name of a company is in violation of the foregoing provisions of this section, decision of the Commission shall be final.</p> <p><u>(4) A person may make an application, in such form and manner and accompanied by such fee as may be specified, to the registrar for reservation of a name set out in the application for a period not exceeding sixty days.</u></p> <p><u>(5) Where it is found that a name was reserved under sub-section (4), by furnishing false or incorrect information, such reservation shall be cancelled and in case the company has been</u></p>

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				<p>incorporated, it shall be directed to change its name. The person making application under sub-section (4) shall be liable to a penalty not exceeding level 1 on the standard scale.</p> <p>(6) If the name applied for under sub-section (4) is refused by the registrar, the aggrieved person may within thirty days of the order of refusal prefer an appeal to the Commission.</p> <p>(7) An order of the Commission under sub-section (6) shall be final and shall not be called in question before any court or other authority.</p>
35.	38	<p><b>Rectification of name of a company.</b>- A company which, through inadvertence or otherwise, is registered by a name in contravention of the provisions of section <del>37</del>,—</p> <p>(a) may, with the approval of the registrar, change its name; and</p> <p>(b) shall, if the registrar so directs, within <del>thirty days</del> of the receipt of such direction, change its name with the approval of the registrar:</p> <p>Provided that the registrar shall, before issuing a direction for the change of name, afford the company an opportunity to make representation against the proposed direction:</p> <p>Provided further that no direction under clause (b) shall be issued after the expiration of three years from the date of registration of the company or registration by its new name, as the case may be.</p>	11	<p><b>Rectification of name of a company.</b>—(1) A company which, through inadvertence or otherwise, is registered by a name in contravention of the provisions of section 10 or the name was obtained by furnishing false or incorrect information-</p> <p>(a) may, with approval of the registrar, change its name; and</p> <p>(b) shall, if the registrar so directs, within <u>twenty-one days</u> of receipt of such direction, change its name with approval of the registrar:</p> <p>Provided that the registrar shall, before issuing a direction for change of the name, afford the company an opportunity to make representation against the proposed direction.</p> <p>(2) If the company fails to report compliance with the direction issued under sub-section (1) within the specified period, the registrar may enter on the register a new name for the company selected by him, being a name under which the company may be registered under this Ordinance and issue a certificate of incorporation on change of name for the purpose of section 13.</p> <p>(3) If a company makes default in complying with the direction issued by the registrar under sub-section (1) or continue using previous name after the name has been changed by the registrar</p>

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				<u>under sub-section (2), shall be liable to a penalty of level 1 on the standard scale.</u>
36.	39	<b>Change of name by a company.</b> - A company may, by special resolution and with the approval of the registrar signified in writing, change its name: Provided that no such approval shall be required where the only change in the name of a company is the addition thereto or, <del>as the case may be, the deletion</del> therefrom, of the <del>parenthesis and word</del> "(Private)" consequent on the conversion <del>in accordance with the provisions of this Ordinance of a public company into a private company or of a private company into a public company.</del>	12	<b>Change of name by a company.</b> —A company may, by special resolution and with approval of the registrar signified in writing, change its name: Provided that no approval <u>under this section</u> shall be required where the change in the name of a company is only the addition thereto, or the <u>omission</u> therefrom, of the <u>expression</u> "(Private)" or "(SMC-Private)" or "(Guarantee) Limited" or "Limited" or "Unlimited", as the case may be, consequent upon the conversion of the status of a company in accordance with the provisions of <u>sections 46 to 49.</u>
37.	40	<b>Registration of change of name and effect thereof.</b> - (1) Where a company changes its name, the registrar shall enter the new name on the register in place of the former name, and shall issue a certificate of incorporation altered to meet the circumstances of the case; and, on the issue of such a certificate, the change of name shall be complete. (2) Where a company changes its name it shall, for a period of <del>one year</del> from the date of issue of a certificate by the registrar under sub-section (1), continue to mention its former name along with its new name on the outside of every office or place in which its business is carried on and in every document or notice referred to in <del>clauses (a) and (c) of section 143: Provided that the addition or deletion, as the case may be, of the parenthesis and word</del>	13	<b>Registration of change of name and effect thereof.</b> —(1) Where a company changes its name the registrar shall enter the new name on the register in place of the former name, and shall issue a certificate of incorporation altered to meet the circumstances of the case and, on the issue of such a certificate, the change of name shall be complete. (2) Where a company changes its name it shall, for a period of <u>three months</u> from the date of issue of a certificate by the registrar under sub-section (1), continue to mention its former name along with its new name on the outside of every office or place in which its business is carried on and in every document or notice referred to in <u>section 22.</u> (3) The change of name shall not affect any rights or obligations of the company, or render defective any legal proceedings by or against the company and any legal proceedings that might have been continued or commenced against the company by its former

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		<p><del>"(Private)" from the name of a company consequent on the conversion in accordance with the provisions of this Ordinance of a public company into a private company or of a private company into a public company shall not be deemed to be a change of name for the purpose of this sub-section.</del></p> <p>(3) The change of name shall not affect any rights or obligations of the company, or render defective any legal proceedings by or against the company; and any legal proceedings that might have been continued or commenced against the company by its former name may be continued by or commenced against the company by its new name.</p>		<p>name may be continued by or commenced against the company by its new name.</p>
38.	15	<p><b>Mode of forming a company.</b>- (1) Any three or more persons associated for any lawful purpose may, by subscribing their names to a memorandum of association and complying with the requirements of this Ordinance in respect of registration, form a public company <del>and any one, or more persons so associated may in like manner form a private company.</del></p> <p>(2) A company formed under sub-section (1) may be a company with or without limited liability, that is to say, —</p> <p>(a) a company limited by shares; or</p> <p>(b) a company limited by guarantee; or</p> <p>(c) an unlimited company.</p>	14	<p><b>Mode of forming a company.</b>— (1) Any—</p> <p>(a) three or more persons associated for any lawful purpose may, by subscribing their names to a memorandum of association and complying with the requirements of this Ordinance in respect of registration, form a public company; or</p> <p><u>(b) two or more persons so associated may in the like manner form a private company; or</u></p> <p><u>(c) one person may form a single member company by complying with the requirements in respect of registration of a private company and such other requirement as may be specified. The subscriber to the memorandum shall nominate a person who in the event of death of the sole member shall be responsible to—</u></p> <p><u>(i) transfer the shares to the legal heirs of the deceased subject to succession to be determined under the Islamic law of inheritance and in case of a non-Muslim members, as per their respective law; and</u></p>

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				<p>(ii) <u>manage the affairs of the company as a trustee, till such time the title of shares are transferred: Provided that where transfer by virtue of this sub-section is made to more than one legal heir, the company shall cease to be a single member company and comply with the provisions of section 47.</u></p> <p>(2) A company formed under this section may be a company with or without limited liability, that is to say-</p> <p>(a) a company limited by shares; or</p> <p>(b) a company limited by guarantee; or</p> <p>(c) an unlimited company.</p>
39.	30	<p><b>Registration of memorandum and articles, etc.</b>-(1) The memorandum and the articles, if any, shall be filed with the registrar.</p> <p>(2) A declaration <del>by such person as may be prescribed in this behalf,</del> or by a person named in the articles as a director, or other officer of the company, of compliance with all or any of the requirements of this Ordinance and the rules made thereunder <del>shall be filed with the registrar; and the registrar may accept such a declaration as sufficient evidence of such compliance.</del></p> <p>(3) <del>If the registrar is satisfied that the company is being formed for lawful purposes, that none of its objects stated in the memorandum is inappropriate or deceptive or insufficiently expressive and that all the requirements of this Ordinance and the rules made thereunder have been complied with in respect of registration and matters precedent and incidental thereto, he shall retain and register the</del></p>	16	<p><b>Registration of memorandum and articles.</b>—(1) There shall be filed with the registrar an application on the specified form containing the following information and documents for incorporation of a company, namely:—</p> <p>(a) <u>a declaration on the specified form, by an advocate or a chartered accountant or cost and management accountant who is engaged in formation of the company or by a person named in the articles as a director, of compliance with all or any of the requirements of this Ordinance and the rules and regulations made thereunder in respect of registration and matters precedent or incidental thereto;</u></p> <p>(b) <u>memorandum of association of the proposed company signed by all subscribers, duly witnessed and dated;</u></p> <p>(c) <u>there may, in the case of a company limited by shares and there shall, in the case of a company limited by guarantee or an unlimited company, be the articles of association signed by the subscribers duly witnessed and dated;</u></p> <p>(d) <u>an address for correspondence till its registered office is established and notified.</u></p>

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		<p><del>memorandum and articles, if any.</del></p> <p>(4) If registration of the memorandum is refused, the subscribers of the memorandum or any one of them authorised by them in writing may <del>either supply the deficiency and remove the defect pointed out, or</del> within thirty days of the order of refusal prefer an appeal— <del>(a) where the order of refusal has been passed by an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, to the registrar; and (b) where the order of refusal has been passed, or up held in appeal, by the registrar, to the Commission.</del></p> <p>(5) An order of the Commission under <del>sub-section (4)</del> shall be final and shall not be called in question before any Court or other authority.</p>		<p><u>(2) Where the registrar is of the opinion that any document or information filed with him in connection with the incorporation of the company contains any matter contrary to law or does not otherwise comply with the requirements of law or is not complete owing to any defect, error or omission or is not properly authenticated, the registrar may either require the company to file a revised document or remove the defects or deficiencies within the specified period.</u></p> <p><u>(3) Where the applicant fails under sub-section (2) to remove the deficiencies conveyed within the specified period, the registrar may refuse registration of the company.</u></p> <p><u>(4) If the registrar is satisfied that all the requirements of this Ordinance and the rules or regulations made thereunder have been complied with, he shall register the memorandum and other documents delivered to him.</u></p> <p><u>(5) On registration of the memorandum of a company, the registrar shall issue a certificate that the company is incorporated.</u></p> <p><u>(6) The certificate of incorporation shall state— (a) the name and registration number of the company; (b) the date of its incorporation; (c) whether it is a private or a public company; (d) whether it is a limited or unlimited company; and (e) if it is limited, whether it is limited by shares or limited by guarantee.</u></p> <p><u>(7) The certificate under sub-section (5) shall be signed by the registrar or authenticated by the registrar's official seal.</u></p> <p><u>(8) The certificate under sub-section (5) shall be conclusive evidence that the requirements of this Ordinance as to registration have been complied with and that the company is duly registered under this Ordinance.</u></p>

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				<p>(9) If registration of the memorandum is refused, the subscribers of the memorandum or any one of them authorised by them in writing may, within thirty days of the order of refusal, prefer an appeal to the Commission.</p> <p>(10) An order of the Commission under <u>sub-section (9)</u> shall be final and shall not be called in question before any court or other authority.</p>
40.	31	<p><b>Effect of memorandum and articles.</b> - (1) The memorandum and articles shall, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed by each member and contained a covenant on the part of each member, his heirs, and legal representatives, to observe and be bound by all the provisions of the memorandum and of the articles, subject to the provisions of this Ordinance.</p> <p>(2) All <del>money</del> payable by <del>any member</del> to the company under the memorandum or articles shall be a debt due from him to the company.</p>	17	<p><b>Effect of memorandum and articles.</b> - (1) The memorandum and articles shall, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed by each member and contained a covenant on the part of each member, his heirs and legal representatives, to observe and be bound by all the provisions of the memorandum and of the articles, subject to the provisions of this Ordinance.</p> <p>(2) All <u>moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in cash within thirty days from the date of incorporation of the company.</u></p> <p>(3) <u>The receipt of subscription money from the subscribers shall be reported by the company to the registrar on a specified form within forty-five days from the date of incorporation of the company, accompanied by a certificate by a practicing chartered accountant or a cost and management accountant verifying receipt of the money so subscribed.</u></p> <p>(4) <u>Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>
41.	32	<p><b>Effect of registration.</b>- (1) On the registration of the memorandum of a company, the registrar shall</p>	18	<p><b>Effect of registration.</b>— The registration of the company has the following effects, as from the date of incorporation-</p>

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		<p>certify under his hand that the company is incorporated and, in the case of a limited company, that the company is limited by shares or guarantee, as the case may be.</p> <p>(2) From the date of incorporation mentioned in the certificate of incorporation, the subscribers of the memorandum, together with such other persons as may from time to time become members of the company <del>shall be</del> a body corporate by the name contained in the memorandum, capable forth-with of exercising all the functions of an incorporated company, <del>and having perpetual succession and a common seal, but with such liability on the part of the members to contribute to the assets of the company in the event of its being wound up as is mentioned in this Ordinance.</del></p>		<p>(a) the subscribers to the memorandum, together with such other persons as may from time to time become members of the company, <u>are</u> a body corporate by the name stated in the certificate of incorporation;</p> <p>(b) the body corporate is capable of exercising all the functions of an incorporated company, having perpetual succession and a common seal;</p> <p><u>(c) the status and registered office of the company are as stated in, or in connection with, the application for registration;</u></p> <p><u>(d) in case of a company having share capital, the subscribers to the memorandum become holders of the initial shares; and</u></p> <p><u>(e) the persons named in the articles of association as proposed directors, are deemed to have been appointed to that office.</u></p>
42.	146	<p><b>Restrictions on commencement of business.</b>- (1) A company shall not <del>commence any business</del> or exercise any borrowing powers unless—</p> <p>(a) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription;</p> <p>(b) every director of the company has paid to the company full amount on each of the shares taken or contracted to be taken by him and for which he is liable to pay in cash;</p>	19	<p><b>Commencement of business by a public company.</b>—(1) A public company shall not <u>start its operations</u> or exercise any borrowing powers unless—</p> <p>(a) shares held subject to payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription <u>and the money has been received by the company;</u></p> <p>(b) every director of the company has paid to the company full amount on each of the shares taken or contracted to be taken by him and for which he is liable to pay in cash;</p> <p>(c) no money is or may become liable to be repaid to applicants</p>



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		<p>(c) no money is or may become liable to be repaid to applicants for any shares <del>or debentures</del> which have been offered for public subscription <del>by reason of any failure to apply for or to obtain permission for the shares or debentures to be dealt in on any stock exchange;</del></p> <p>(d) there has been filed with the registrar a duly verified declaration by the chief executive or one of the directors and the secretary in the <del>prescribed</del> form that the aforesaid conditions have been complied with <del>and the registrar has issued a certificate referred to in subsection (2);</del> and</p> <p>(e) in the case of a company which has not issued a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement in lieu of prospectus.</p> <p>(2) The registrar shall, on the filing of a duly verified declaration in accordance with the provisions of sub-section (1) and after making such enquiries as he may deem fit to satisfy himself that all the requirements of this Ordinance have been complied with in respect of the commencement of business and matters precedent and incidental thereto, <del>certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled: Provided that, in the case of a company which has not issued a prospectus inviting the public to subscribe for its shares, the registrar shall not give such a certificate unless a statement in</del></p>		<p>for any shares which have been offered for public subscription;</p> <p>(d) there has been filed with the registrar a duly verified declaration by the chief executive or one of the directors and the secretary in the <u>specified</u> form that the aforesaid conditions have been complied with; and</p> <p>(e) in the case of a company which has not issued a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement in lieu of prospectus <u>as per the Second Schedule annexed to this Ordinance.</u></p> <p><u>Explanation.—"minimum subscription" means the amount, if any, fixed by the memorandum or articles of association as minimum subscription upon which the directors may proceed to allotment or if no amount is so fixed and specified, the whole amount of the share capital other than that issued or agreed to be issued as paid up otherwise than in cash.</u></p> <p>(2) The registrar shall, on filing of a duly verified declaration in accordance with the provisions of sub-section (1) and after making such enquiries as he may deem fit to satisfy himself that all the requirements of this Ordinance have been complied with in respect of the commencement of business and matters precedent and incidental thereto, <u>accept and register all the relevant documents.</u></p> <p>(3) <u>The acceptance and registration of documents under sub-section (2) shall be a conclusive evidence that the company is entitled to start its operations and exercise any borrowing powers.</u></p> <p>(4) Nothing in this section shall apply—</p> <p>(a) to a <u>company converted from private to a public;</u></p> <p>(b) to a company limited by guarantee and not having a share</p>

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		<p><del>lieu of prospectus has been filed with him.</del></p> <p>(3) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding.</p> <p><del>(4) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares and debentures or the receipt of any money payable on application for debentures.</del></p> <p>(5) If any company commences business or exercises borrowing powers in contravention of this section, every officer <del>and</del> other person who is responsible for the contravention shall, without prejudice to any other liability, be liable to a <del>fine not exceeding one thousand rupees for every day during which the contravention continues.</del></p> <p>(6) Nothing in this section shall apply to a <del>private company,</del> or to a company limited by guarantee and not having a share capital.</p>	20	<p>capital.</p> <p><b>Consequences of non-compliance of section 19.</b>—(1) If any company starts its business operations or exercises borrowing powers in contravention of section 19, every officer <u>or</u> other person who is responsible for contravention shall without prejudice to other liabilities be liable to <u>a penalty not exceeding level 2 on the standard scale.</u></p> <p>(2) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only and shall not be binding on the company until that date and on that date it shall become binding.</p>
43.	142	<p><b>Registered office of company.</b> - (1) A company shall <del>as from the day on which it begins to carry on business, or as from the twenty eighth day after the date of its incorporation, whichever is the earlier,</del> have a registered office to which all communications and notices may be addressed.</p> <p>(2) Notice of the situation of the registered office and of any change therein shall be given <del>within twenty-eight days after the date of the incorporation of the</del></p>	21	<p><b>Registered office of company.</b>—(1) A company shall have a <u>registered office to which all communications and notices shall be addressed and within a period of thirty days of its incorporation, notify to the registrar in the specified manner.</u></p> <p>(2) Notice of any change in situation of the registered office shall be given to the registrar in a specified form within a period of <u>fifteen days after the date of change:</u></p> <p><u>Provided that the change of registered office of a company from—</u></p>

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		<p><del>company or of the change</del>, as the case may be, to the registrar who shall record the same.</p> <p>(3) The inclusion in the annual return or any other document of a company of the statement as to the address of its registered office shall not be taken to meet the requirements of sub-section (2).</p> <p>(4) If a company fails to comply with the requirements of sub-section (1) or (2), <del>it shall be liable to a fine which may extend to two hundred rupees for every day during which such non-compliance continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.</del></p>		<p>(a) <u>one city in a Province to another; or</u></p> <p>(b) <u>a city to another in any part of Pakistan not forming part of a Province;</u></p> <p><u>shall require approval of general meeting through special resolution.</u></p> <p>(3) If a company fails to comply with the requirements of sub-section (1) or (2), <u>the company and its every officer who is responsible for such non-compliance shall be liable to a penalty not exceeding of level 1 on the standard scale.</u></p>
44.	143	<p><b>Publication of name by a <del>limited</del> company.</b>- Every <del>limited</del> company—</p> <p>(a) shall <del>paint or affix, and keep painted or affixed</del>, its name on the outside of every office or place in which its business is carried on, in a conspicuous position, in letters easily legible and in English or Urdu characters, and <del>also, if the registered office is situate in a place beyond the local limits of the ordinary original civil jurisdiction of a High Court, in the characters of one of the vernacular languages used in that place;</del></p> <p>(b) shall have its name engraven in legible English or Urdu characters on its seal;</p> <p>(c) shall have its name mentioned in legible English or Urdu characters, <del>in all bill-heads</del></p>	22	<p><b>Publication of name by a company.</b>— Every company shall—</p> <p>(a) <u>display</u> in a conspicuous position, in letters easily legible in English or Urdu characters its name and incorporation number outside the <u>registered</u> office and every office or the place in which its business is carried on;</p> <p>(b) <u>display a certified copy of certificate of incorporation at every place of business of the company;</u></p> <p>(c) get its name, <u>address of its registered office, telephone number, fax number, e-mail and website addresses, if any, printed on letter-head</u> and all its documents, notices and other official publications; and</p> <p>(d) have its name mentioned in legible English or Urdu characters, in all bills of exchange, promissory notes, endorsements, cheques</p>

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		<p><del>and letter papers and</del> in all documents, notices and other official publications of the company, and in all bills of exchange, <del>hundis</del>, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts and letters of credit of the company.</p>	23	<p>and orders for money or goods purporting to be signed by or on behalf of the company and in all bills of parcels, invoices, receipts and letters of credit of the company.</p> <p><b>Company to have common seal.</b>— (1) <u>Every company shall have a common seal.</u></p> <p>(2) A company's common seal must be a seal having the company's name engraved on it in legible form.</p> <p>(3) <u>If any of the provision of this section is contravened or an officer of a company or a person on behalf of a company uses or authorises the use of another seal that purports to be the company's common seal, shall be liable to a penalty not exceeding of level 1 on the standard scale.</u></p>
45.	144	<p><b>Penalties for non-publication of name.</b> - (1) If a <del>limited</del> company does not <del>paint or affix, and keep painted or affixed,</del> its name in manner directed by this Ordinance, it shall be liable to a <del>fine which may extend to two hundred rupees for every day during which its name is not so kept painted or affixed, and every officer of the company who knowingly and willfully authorises or permits the default shall be liable to the like penalty.</del></p> <p>(2) If any officer of a limited company, <del>or any person on its behalf, uses or authorises the use of any seal purporting to be a seal of the company wherein its name is not so engraven as aforesaid, or issues or authorises the issue of any bill-head, letter paper, document, notice or other official publication of the</del></p>	24	<p><b>Penalties for non-publication of name.</b> — (1) If a company does not <u>display</u> its name in the manner provided for by this Ordinance, it shall be liable to <u>a penalty not exceeding level 1 on the standard scale and every officer of the company who authorises or permits the default shall be liable to the like penalty.</u></p> <p>(2) If any officer of a limited company <u>issues</u> or authorises the <u>issue</u> of any bill-head, letter paper, document, notice or other official publication of the company, or signs or authorises to be signed on behalf of the company any bill of exchange, promissory note, endorsement, cheque or order for money or goods, or issues or authorises to be issued any bill of parcels, invoice, receipt or letter of credit of the company, wherein its name is not mentioned in the manner aforesaid, he shall be liable to <u>a penalty not exceeding of level 1 on the standard scale and shall further be</u></p>

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		company, or signs or authorises to be signed on behalf of the company any bill of exchange, <del>hundi</del> , promissory note, endorsement, cheque or order for money or goods, or issues or authorises to be issued any bill of parcels, invoice, receipt or letter of credit of the company, wherein its name is not mentioned in manner aforesaid, he shall be liable to a <del>fine which may extend to two thousand rupees</del> , and shall further be personally liable to the holder of any such bill of exchange, <del>hundi</del> , promissory note, <del>cheque</del> or order for money or goods, for the amount thereof unless the same is duly paid by the company.		personally liable to the holder of any such bill of exchange, promissory note or order for money or goods, for the amount thereof unless the same is duly paid by the company.
46.	145	<b>Publication of authorised as well as paid-up capital.</b> - (1) Where any notice, advertisement or other official publication of a company contains a statement of the amount of the authorised capital of the company, such notice, advertisement or other official publication shall also contain a statement in an equally prominent position and in equally conspicuous characters of the amount of the capital which has been subscribed and the amount paid up. (2) Any company which makes default in complying with the requirements of sub-section (1) and every officer of the company who is <del>knowingly</del> a party to the default shall be liable to a <del>fine which may extend to five thousand rupees</del> .	25	<b>Publication of authorised as well as paid-up capital.</b> — (1) Where any notice, advertisement or other official publication of a company contains a statement of amount of authorised capital of the company, such notice, advertisement or other official publication shall also contain a statement in an equally prominent position and in equally conspicuous characters of amount of the paid up capital. (2) Any company which makes default in complying with the requirements of sub-section (1) and every officer of the company who is party to the default shall be liable to a <u>penalty not exceeding of level 1 on the standard scale</u> .
47.	16	<b>Memorandum of company limited by shares.</b> - In the case of a company limited by shares,— (a) the memorandum shall state—	27	<b>Memorandum of company limited by shares.</b> — In the case of a company limited by shares- (A) the memorandum shall state—

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		<p>(i) the name of the company with the word "limited" as the last word of the name in the case of a public limited company, and the parenthesis and words "(Private) Limited" as the last words of the name in the case of a private limited company;</p> <p>(ii) 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 to be situate;</p> <p>(iii) <del>the objects of the company and, except in the case of a trading corporation the territories to which they extend;</del></p> <p>(iv) that the liability of the members is limited; and</p> <p>(v) the amount of share capital with which the company proposes to be registered, and the division thereof into shares of a fixed amount;</p> <p>(b) no subscriber of the memorandum shall take less than one share; and</p> <p>(c) each subscriber of the memorandum shall write opposite to his name the number of shares <del>he takes</del>.</p>		<p>(i) the name of the company with the word "Limited" as last word of the name in the case of a public limited company, the parenthesis and words "(Private) Limited" as last words of the name in the case of a private limited company, <u>and the parenthesis and words "(SMC-Private) Limited" as last words of the name in the case of a single member company;</u></p> <p>(ii) 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 to be situate;</p> <p>(iii) principal line of business: Provided that—</p> <p><u>(a) the existing companies shall continue with their existing memorandum of association and the object stated at serial number 1 of the object clause shall be treated as the principal line of business;</u></p> <p><u>(b) if the object stated at serial number 1 of the object clause is not the principal line of business of the company, it shall be required to intimate to the registrar their principal line of business within such time from commencement of this Ordinance and in the form as may be specified. A revised copy of the memorandum of association indicating therein its principal business at serial number 1 of the object clause shall also be furnished to the registrar; and</u></p> <p><u>(c) the existing companies or the companies to be formed to carry on or engage in any business which is subject to a licence or registration, permission or approval shall mention the businesses as required under the respective law and the rules and regulations made thereunder;</u></p> <p>(iv) an undertaking as may be specified;</p>

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				<p>(v) that the liability of the members is limited; and</p> <p>(vi) the amount of share capital with which the company proposes to be registered and the division thereof into shares of a fixed amount;</p> <p>(B) no subscriber of the memorandum shall take less than one share; and</p> <p>(C) each subscriber of the memorandum shall write opposite to his name the number of shares <u>he agrees to take.</u></p>
48.	17	<p><b>Memorandum of company limited by guarantee.-</b> In the case of a company limited by guarantee,—</p> <p>(a) <del>whether or not the company has a share capital,</del> the memorandum shall state—</p> <p>(i) the name of the company with the parenthesis and words "(Guarantee) Limited" as the last words of its name;</p> <p>(ii) 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 to be situate;</p> <p>(iii) <del>the objects of the company and except in the case of a trading corporation, the territories to which they extend;</del></p> <p>(iv) that the liability of the members is limited; and</p> <p>(v) that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a</p>	28	<p><b>Memorandum of company limited by guarantee.—</b> (1) In the case of a company limited by guarantee the memorandum shall state—</p> <p>(a) the name of the company with the parenthesis and words "(Guarantee) Limited" as last words of its name;</p> <p>(b) 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 to be situate;</p> <p>(c) <u>principal line of business:</u></p> <p><u>Provided that—</u></p> <p>(i) <u>the existing companies shall continue with their existing memorandum of association and the object stated at serial number 1 of the object clause shall be treated as the principal line of business;</u></p> <p>(ii) <u>if the object stated at serial number 1 of the object clause is</u></p>

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		<p>member, and of the costs, charges and expenses of winding up, and for adjustment of the rights of the contributories among themselves <del>such amount as may be required, not exceeding a specified amount;</del> and</p> <p>(b) if the company has a share capital,—</p> <p>(i) the memorandum shall also state the amount of share capital with which the company proposes to be registered and the division thereof into shares of a fixed amount;</p> <p><del>(ii) no subscriber of the memorandum shall take less than one share; and</del></p> <p>(iii) each subscriber shall write opposite to his name the number of shares he takes.</p>		<p><u>not the principal line of business of the company, it shall be required to intimate to the registrar their principal line of business within such time from the commencement of this Ordinance and in the form as may be specified. A revised copy of the memorandum of association indicating therein its principal business at serial number 1 of the object clause shall also be furnished to the registrar; and</u></p> <p><u>(iii) the existing companies or the companies to be formed to carry on or engage in any business which is subject to a licence or registration, permission or approval shall mention the businesses as required under the respective law;</u></p> <p><u>(d) an undertaking as may be specified;</u></p> <p>(e) that the liability of the members is limited; and</p> <p>(f) such amount as may be required, not exceeding a specified amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year afterwards for payment of the debts and liabilities of the company contracted before he ceases to be a member and of the costs, charges and expenses of winding up and for adjustment of rights of the contributories among themselves.</p> <p>(2) If the company has a share capital, the memorandum shall also state the amount of share capital with which the company proposes to be registered and the division thereof into shares of a fixed amount and the number of shares taken by each subscriber.</p>



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49.	18	<p><b>Memorandum of unlimited company.</b>- In the case of an unlimited company,—</p> <p><del>(a) whether or not the company has a share capital,</del> the memorandum shall state—</p> <p>(i) the name of the company;</p> <p>(ii) 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 to be situate; and</p> <p>(iii) the objects of the company, and, except in the case of a trading corporation, the territories to which they extend; and</p> <p>(b) if the company has a share capital,—</p> <p><del>(i) no subscriber of the memorandum shall take less than one share; and</del></p> <p>(ii) each subscriber shall write opposite to his name the number of shares he takes.</p>	29	<p><b>Memorandum of unlimited company.</b>— In the case of an unlimited company the memorandum shall state—</p> <p>(a) the name of the company <u>with the word “Unlimited” as last words of its name;</u></p> <p>(b) the Province or the part of Pakistan not forming part of a Province, as the case may be, in which registered office of the company is to be situate;</p> <p>(c) <u>principal line of business:</u></p> <p><u>Provided that—</u></p> <p><u>(i) the existing companies shall continue with their existing memorandum of association and the object stated at serial number 1 of the object clause shall be treated as the principal line of business;</u></p> <p><u>(ii) if the object stated at serial number 1 of the object clause is not the principal line of business of the company, it shall be required to intimate to the registrar their principal line of business within such time from the commencement of this Ordinance and in the form as may be specified. A revised copy of the memorandum of association indicating therein its principal business at serial number 1 of the object clause shall also be furnished to the registrar; and</u></p> <p><u>(iii) the existing companies or the companies to be formed to carry on or engage in any business which is subject to a licence or</u></p>

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				<p><u>registration, permission or approval shall mention the businesses as required under the respective law; and</u></p> <p><u>(d) an undertaking as may be specified;</u></p> <p><u>(e) that the liability of the members is unlimited.</u></p> <p>(2) If the company has a share capital, the memorandum shall also state the amount of share capital with which the company proposes to be registered and the number of shares taken by each subscriber.</p>
50.	19	<p><b>Printing, signature, etc. of memorandum.-</b> (1) The memorandum shall be—</p> <p>(a) Printed;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation and father’s name or, in the case of a married woman or widow, her husband’s or deceased husband’s name in full, his nationality and his usual residential address and such other particulars as may be prescribed, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(c) dated.</p> <p>(2) Notwithstanding anything contained in this Ordinance or in any other law for the time being in force or the memorandum and articles, the memorandum and articles of a company shall be</p>	31	<p><b>Memorandum to be printed, signed and dated.—</b> The memorandum shall be—</p> <p>(a) printed in the manner generally acceptable;</p> <p>(b) divided into paragraphs numbered consecutively;</p> <p>(c) signed by each subscriber, who shall add his present name in full, his occupation and father’s name or, in the case of a married woman or widow, her husband’s or deceased husband’s name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and</p> <p>(d) dated.</p>
			30	<p><b>Borrowing powers to be part of memorandum.—</b> Notwithstanding anything contained in this Ordinance or in any other law for the time being in force or the memorandum and articles, the memorandum and articles of a company shall be</p>

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		deemed to include, and always to have included, the power to enter into any arrangement for obtaining loans, advances or credit, as defined in the Banking Companies Ordinance, 1962 (LVII of 1962), and to issue other securities not based on interest for raising resources from a scheduled bank or a financial institution.		deemed to include and always to have included the power to enter into any arrangement for obtaining loans, advances, <u>finances</u> or credit, as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and to issue other securities not based on interest for raising resources from a scheduled bank, a financial institution <u>or general public</u> .
51.	21	<b>Alteration of Memorandum.</b> - (1) Subject to the provisions of this Ordinance, a company may, by special resolution alter the provisions of its memorandum so as to change the place of its registered office from one Province to another, <del>or from one city or town in a Province to another, or from a part of Pakistan not forming part of a Province to a Province or from a Province to a part of Pakistan not forming part of a Province, or with respect to the objects of the company, so far as may be required to enable it— (a) to carry on its business more economically or more efficiently; or (b) to attain its main purpose by new or improved means; or (c) to enlarge or change the local area of its operations; or (d) to carry on some business, not being a business specified in its memorandum, which may conveniently or advantageously be combined with the business of the company; or (e) to restrict or abandon any of the objects specified in the memorandum; or (f) to sell or dispose of the whole or any part of the undertaking of the company; or (g) to amalgamate with any other company or body of</del>	32	<b>Alteration of memorandum.</b> — (1) Subject to the provisions of this Ordinance, a company may by special resolution alter the provisions of its memorandum so as to— (a) change the place of its registered office from one Province to another or <u>from Islamabad Capital Territory to a part of Pakistan not forming part of a Province and vice versa</u> ;  (b) change its principal line of business; or  (c) adopt any business activity or any change therein which is subject to licence, registration, permission or approval under any law.  (2) The alteration shall not take effect until and except in so far as it is confirmed by the Commission on petition: Provided that an alteration so as to change its <u>principal line of business</u> shall not require confirmation by the Commission.  (3) <u>A copy of the order confirming the alteration duly certified by an authorised officer of the Commission shall be forwarded to the company and to the registrar within seven days from the date of the order.</u>

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	24	<p><del>persons.</del></p> <p>(2) The alteration shall not take effect until and except in so far as it is confirmed by the Commission on petition: Provided that an alteration so as to change <del>the place of registered office of a company from a place in the Province of the Punjab to the Islamabad Capital Territory or from the latter to a place in the Province of the Punjab, or from one city in a Province to another</del> shall not require confirmation by the Commission.</p> <p>(3) Before confirming the alteration, the Commission must be satisfied— (a) that, sufficient notice has been given to every holder of debentures of the company and to any person or class of persons whose interest will, in the opinion of the Commission, be affected by the alteration; and (b) that with respect to every creditor who in the opinion of the Commission is entitled to object, and who signifies his objection in manner directed by the Commission, either his consent to the alteration has been obtained or his debt or claim has been discharged or determined, or has been secured to the satisfaction of the Commission: Provided that the Commission may in the case of any person or class of persons, for special reasons, dispense with the notice required by clause (a).</p>		<p>(4) <u>A copy of the memorandum of association as altered pursuant to the order under this section shall within thirty days from the date of the order be filed by the company with the registrar, who shall register the same and issue a certificate which shall be conclusive evidence that all the requirements of this Ordinance with respect to the alteration and the confirmation thereof have been complied with and thenceforth the memorandum so filed shall be the memorandum of the company: Provided that the Commission may by order, at any time on an application by the company, on sufficient cause shown extend the time for the filing of memorandum with the registrar under this section for such period as it thinks proper.</u></p> <p>(5) <u>Where the alteration involves a transfer of registered office from the jurisdiction of one company registration office to another, physical record of the company shall be transferred to the registrar concerned of the company registration office in whose jurisdiction the registered office of the company has been shifted.</u></p> <p>(6) <u>Where the alteration involves change in principal line of business, the company shall file the amended memorandum of association with the registrar within thirty days, which shall be recorded for the purposes of this Ordinance</u></p>

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		<p><b>Procedure on confirmation of the alteration.-</b> (1) A certified copy of the order confirming the alteration, together with a printed copy of the memorandum as altered shall within <del>ninety days</del> from the date of the order, be filed by the company with the registrar, and he shall register the same, and shall certify the registration under his hand, and the certificate shall be conclusive evidence that all the requirements of this Ordinance with respect to the alteration and the confirmation thereof have been complied with, and thenceforth the memorandum so altered shall be the memorandum of the company.</p> <p>(2) <i>Omitted</i></p> <p>(3) The Commission may by order at any time extend the time for the filing of documents with the registrar under this section for such period as it thinks proper.</p>		
52.	22	<p><b>Powers of Commission when conforming alteration.-</b> The Commission may make an order confirming the alteration <del>either wholly or in part</del>, and on such terms and conditions as it thinks fit, and make such order as to costs as it thinks proper.</p>	33	<p><b>Powers of Commission when confirming alteration.—</b>The Commission may make an order confirming the alteration and on such terms and conditions as it thinks fit and make such order as to costs as it thinks proper.</p>
53.	23	<p><b>Exercise of discretion by Commission.-</b> The Commission shall in exercising its discretion under section <del>21 and 22</del> have regard to the rights and interests of the members of the company or of any class of them, as well as to the right and interests of the creditors, and may, if it thinks fit, <del>adjourn the proceedings in order that an arrangement may be</del></p>	34	<p><b>Exercise of discretion by Commission.—</b>The Commission shall in exercising its discretion under sections <u>32</u> and <u>33</u> have regard to the rights and interests of the members of the company or of any class of them, as well as to the rights and interests of the creditors and may, if it thinks fit, give such directions and make such orders as it may think expedient for facilitating or carrying into effect any such arrangement.</p>

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		<p><del>made to the satisfaction of the Commission for the purchase of the interests of dissident members; and may give such directions and make such orders as it may think expedient for facilitating or carrying into effect any such arrangement:</del>  <del>Provided that no part of the capital of the company may be expended in any such purchase.</del></p>		
54.	27	<p><b>Printing, signature, etc., of articles.</b>- The articles shall be—            (a) printed;            (b) divided into paragraphs numbered consecutively;            (c) signed by each subscriber, who shall add his present name in full, his occupation and father's name or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be prescribed, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and            (d) dated.</p>	37	<p><b>37. Articles to be printed, signed and dated.</b>—The articles shall be—            (a) printed in the manner generally acceptable;            (b) divided into paragraphs numbered consecutively;            (c) signed by each subscriber, who shall add his present name in full, his occupation and father's name or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and            (d) dated.</p>
55.	28	<p><b>Alteration of articles.</b>- Subject to the provisions of this Ordinance and to the conditions contained in its memorandum, a company may by special resolution alter <del>or add to</del> its articles, and any alteration <del>or addition</del> so made shall be as valid as if originally contained in the articles, and be subject in like manner to alteration by special resolution:            Provided that, where such alteration affects the substantive rights or liabilities of members or of a</p>	38	<p><b>Alteration of articles.—(1)</b> Subject to the provisions of this Ordinance and to the conditions contained in its memorandum, a company may, by special resolution, alter its articles and any alteration so made shall be as valid as if originally contained in the articles and be subject in like manner to alteration by special resolution:            Provided that, where such alteration affects the substantive rights or liabilities of members or of a class of members, it shall be carried out only if a majority of at least three-fourths of the</p>

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		class of members, it shall be carried out only if a majority of at least three-fourths of the members or of the class of members affected by such alteration, as the case may be, personally or through proxy vote for such alteration.		members or of the class of members affected by such alteration, as the case may be, <u>exercise the option through vote</u> personally or through proxy vote for such alteration. (2) A copy of the articles of association as altered shall, within <u>thirty days from the date of passing of the resolution, be filed by the company with the registrar and he shall register the same and thenceforth the articles so filed shall be the articles of the company.</u>
56.	35	<b>Copies of memorandum and articles to be given to members.</b> - (1) Every company shall send to every member, at his request and within fourteen days thereof, on payment of such sum, <del>not exceeding the prescribed amount,</del> as the company may fix, a copy of the memorandum and the articles, if any. (2) If a company makes default in complying with the requirements of sub-section (1), it shall be liable <del>for each offence to a fine not exceeding one hundred rupees.</del>	39	<b>Copies of memorandum and articles to be given to members.—</b> (1) Each company shall send to every member, at his request and within fourteen days thereof, on payment of such sum, as the company may fix, a copy of the memorandum and the articles, if any. (2) If a company makes default in complying with the requirements of sub-section (1), it shall be liable to <u>a penalty not exceeding of level 1 on the standard scale.</u>
57.	36	<b>Alteration of memorandum or articles to be noted in every copy.</b> - (1) Where an alteration is made in the memorandum or articles of a company, every copy of the memorandum or articles issued after the date of the alteration shall conform to the memorandum or articles as so altered. (2) If, where any such alteration has been made, the company at any time after the date of the alteration issues any copies of the memorandum or articles which do not conform to the memorandum or articles as so altered it shall be liable to <del>a fine which</del>	40	<b>Alteration of memorandum or articles to be noted in every copy.—</b> (1) Where an alteration is made in the memorandum or articles of a company, every copy of the memorandum or articles issued after the date of the alteration shall conform to the memorandum or articles as so altered. (2) If, where any such alteration has been made, the company at any time after the date of the alteration issues any copies of the memorandum or articles which do not conform to the memorandum or articles as so altered it shall be liable to <u>a penalty not exceeding of level 1 on the standard scale</u> for each copy so issued and every officer of the company who is in default

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		<del>may extend to one thousand rupees for each copy so issued and every officer of the company who is knowingly and willfully in default shall be liable to the like penalty.</del>		shall be liable to the like penalty.
58.	42	<p><b>Power to dispense with "Limited" in the name of charitable and other companies.</b>- (1) Where it is proved to the satisfaction of the Commission that an association capable of being formed as a limited company has been or is about to be formed for promoting commerce, art, science, religion, sports, social services, charity or any other useful object, and applies or intends to apply its profits, if any, or other income in promoting its objects, and to prohibit the payment of any dividend to its members, the Commission may grant a licence and direct that the association be registered as <del>a company with limited liability</del>, without the addition of the words "Limited", "(Private) Limited" or "(Guarantee) Limited", as the case may be, to its name, and the association may be registered accordingly.</p> <p>(2) A licence under sub-section (1) may be granted on such conditions and subject to such regulations as the Commission thinks fit and those conditions <del>and regulations shall be binding on the association and shall, if the Commission so directs, be inserted in the memorandum and articles, or in one of those documents.</del></p> <p>(3) The association shall on registration enjoy all the privileges of a limited company and be subject to all</p>	42	<p><b>Licencing of associations with charitable and not for profit objects.</b>—(1) Where it is proved to the satisfaction of the Commission that an association is to be formed as a limited company—</p> <p>(a) for promoting commerce, art, science, religion, health, education, research, sports, protection of environment, social welfare, charity or. any other useful object;</p> <p>(b) such company—</p> <p>(i) intends to apply the company's profits and other income in promoting its objects; and</p> <p>(ii) prohibits the payment of dividends to the company's members, and</p> <p><u>(c) such company's objects and activities are not and shall not, at any time, be against the laws, public order, security, sovereignty and national interests of Pakistan,</u></p> <p>the Commission may, by licence for a period to be specified, permit the association to be registered as <u>a public limited company</u>, without addition of the word "Limited" or the expression"(Guarantee) Limited", to' its name.</p> <p>(2) A licence under sub-section (1) may be granted on such conditions and subject to such regulations as the Commission thinks fit and those conditions shall be inserted in <u>and deemed part of the memorandum and articles, or in one of those documents.</u></p> <p>(3) Memorandum and articles of association of a company,</p>



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		<p>its obligations, except those of using the word or words "Limited", "(Private) Limited" or "(Guarantee) Limited", as the case may be, as part of its name.</p> <p>(4) A licence under this section may at any time be revoked by the Commission and upon its revocation the registrar shall enter the word or words "Limited", "(Private) Limited", or "(Guarantee) Limited", as the case may be, at the end of the name of the association upon the register, and the association shall cease to enjoy the exemptions and privileges granted by preceding sub-sections:</p> <p>Provided that, before a licence is so revoked, the Commission shall give to the association notice in writing of its intention, and shall afford the association an opportunity of submitting a representation in opposition to the revocation.</p>		<p><u>licenced under this section, shall be in accordance with the form set out in Table F in the First Schedule or as near thereto as circumstances admit and approved by the Commission.</u></p> <p>(4) The association on registration under this section shall enjoy all the privileges and be subject to all the obligations of a limited company.</p> <p>(5) The Commission may at any time by order in writing, revoke a licence granted under sub-section (1), with such directions as it may deem fit, on being satisfied that—</p> <p><u>(a) the company or its management has failed to comply with any of the terms or conditions subject to which a licence is granted; or</u></p> <p><u>(b) any of the requirements specified in sub-section (1) or any regulations made under this section are not met or complied with; or</u></p> <p><u>(c) affairs of the company are conducted in a manner prejudicial to public interest or public morality; or</u></p> <p><u>(d) the company is engaged in any activity notified by the Commission to be against public policy or a moral hazard; or</u></p> <p><u>(e) the company has made a default in filing with the registrar its financial statements or annual returns for immediately preceding two consecutive financial years; or</u></p> <p><u>(f) the company has acted against the interest, sovereignty and integrity of Pakistan, the security of the State and friendly relations with foreign States; or</u></p> <p><u>(g) the number of members is reduced, below three; or</u></p> <p><u>(h) the company is—</u></p> <p style="padding-left: 40px;"><u>(i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or</u></p> <p style="padding-left: 40px;"><u>(ii) run and managed by persons who fail to maintain</u></p>

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				<p><u>proper and true accounts or they commit fraud, misfeasance or malfeasance in relation to the company;</u>  <u>or</u>  <u>(iii) run and managed by persons who are involved in terrorist financing or money laundering; or</u>  <u>(iv) managed by persons who refuse to act according to the requirements of the memorandum or articles or the provisions of this Ordinance or failed to carry out the directions or decisions of the Commission or the registrar given in exercise of the powers conferred by this Ordinance; or</u>  <u>(v) not carrying on its business or is not in operation for one year; or</u>  <u>(i) it is just and equitable that the licence should be revoked:</u>            Provided that before a licence is so revoked, the Commission shall give to the company a notice, in writing of its intention to do so, and shall afford the company an opportunity <u>to be heard.</u>  <u>(7) Notwithstanding anything contained in this Ordinance or any other law, no association shall be registered as a company with the objects as mentioned in clause (a) and the conditions provided in clause (b) of sub-section (1) without a licence granted in pursuance of this section.</u></p>
59.	43	<p><b>Provision as to companies limited by guarantee.-</b> (1) In the case of a company limited by guarantee and not having a share capital, every provision in the memorandum or articles or in any resolution of the company purporting to give any person a right to participate in the divisible profits of the company otherwise than as a member shall be void.</p>	45	<p><b>Provision as to companies limited by guarantee.—</b>(1) <u>A company limited by guarantee may have share capital.</u>            (2) In the case of a company limited by guarantee and not having a share capital, every provision in the memorandum or articles or in any resolution of the company purporting to give any person a right to participate in the divisible profits of the company otherwise than as a member shall be void.</p>

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		(2) For the purpose of the provisions of this Ordinance relating to the memorandum of a company limited by guarantee and of sub-section (1) every provision in the memorandum or articles, or in any resolution, of a company limited by guarantee purporting to divide the undertaking of the company into shares or interests shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not specified thereby.		(3) For the purpose of the provisions of this Ordinance relating to the memorandum of a company limited by guarantee and of sub-section (2), every provision in the memorandum or articles, or in any resolution, of a company limited by guarantee purporting to divide the undertaking of the company into shares or interests shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not mentioned thereby.
60.	44	<b>Conversion of public company into private company.</b> - No public company shall, except with the prior approval of the Commission in writing, and subject to such conditions as may be imposed by the Commission in this behalf, convert itself into a private company.	46	<b>Conversion of public company into private company and vice versa.</b> — ( 1) A public company may be converted into a private company with the prior approval of the Commission <u>in writing by passing a special resolution in this behalf by the public company amending its memorandum and articles of association in such a manner that they include the provisions relating to a private company in the articles and complying with all the requirements as may be specified: Provided that in case of conversion of a listed company into a private company, the Commission shall give notice of every application made to it, to the securities exchange and shall take into consideration the representation if any, made to it by the securities exchange.</u> (2) <u>On an application for change in status of a company under sub-section (1), if the Commission is satisfied that the company is entitled to be so converted, such conversion shall be allowed by an order in writing.</u> (3) <u>A copy of the order, confirming the conversion under sub-section (2), duly certified by an authorised officer of the Commission shall be forwarded to the company and to the</u>

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	45	<p><b>Prospectus or statement in lieu of prospectus to be filed by private company on ceasing to be private company.</b>- (1) If a company, being a private company, alters its articles in such a manner that they no longer include the provisions which, <del>under clause (28) of sub-section (1) of section 2,</del> are required to be included in the articles of a company in order to constitute it a private company, the company—</p> <p>(a) shall, as on the date of the alteration, cease to be a private company; and</p> <p>(b) <del>shall, within a period of fourteen days after the said date, file with the registrar either a prospectus or a statement in lieu of prospectus as specified in sub-section (2) or sub-section (3).</del></p> <p>(2) Every prospectus filed under <del>sub-section (1)</del> shall state the matters specified in section 1 of Part I of the Second Schedule and set out the reports specified in section 2 of that Part, and the said sections 1 and 2 shall have effect subject to the provisions contained in section 3 of that Part.</p> <p>(3) Every statement in lieu of prospectus filed under</p>		<p>registrar within seven days from the date of the order.</p> <p><u>(4) A copy of the memorandum and articles of association as altered pursuant to the order under sub- section (2) shall, within fifteen days from the date of the order, be filed by the company with the registrar and he shall register the same and thenceforth the memorandum and articles so filed shall be the memorandum and articles of the newly converted company.</u></p> <p><u>(5) If a company, being a private company, alters its articles in such a manner that they no longer include the provisions which, under sub-section(1) of section 2, are required to be included in the articles of a company in order to constitute it a private company, the company shall—</u></p> <p>(a) as on the date of the alteration, cease to be a private company; and</p> <p><u>(b) file with the registrar a copy of the memorandum and articles of association as altered along with the special resolution.</u></p> <p><u>(6) If default is made in complying with the provisions of any of the preceding sub-sections, the company and every officer of the company who is in default shall be liable to a penalty not exceeding of level 2 on the standard scale.</u></p>

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		<p>sub-section (1) shall be in the form and contain the particulars set out in section 1 of Part III of the Second Schedule and, in the cases mentioned in section 2 of that Part, set out the reports specified therein, and the said sections 1 and 2 shall have effect subject to the provisions contained in section 3 of that Part.</p> <p>(4) Where the persons making any such report as is referred to in sub-section (2) or sub-section (3) have made therein, or have, without giving the reasons indicated therein, made any such adjustments as are mentioned in clause 36 of Part I of the Second Schedule or clause 5 of section 3 of Part III of the Second Schedule, as the case may be, the prospectus or statement in lieu of prospectus filed as aforesaid shall have endorsed thereon or attached thereto a written statement, signed by those persons, setting out the adjustments and giving the reasons therefor.</p> <p>(5) If default is made in complying with the provisions of any of preceding sub-sections, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees and to a further fine not exceeding one hundred rupees for every day after the first during which the default continues.</p> <p>(6) Where any prospectus or statement in lieu of prospectus filed under sub-section (1) includes any untrue statement, any person who authorised the filing of such prospectus or statement shall be</p>		

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		<p>punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both, unless he proves either that the statement was immaterial or that he had reasonable ground to believe and did, upto the time of the filing of the prospectus or statement, believe, that the statement was true.</p> <p><del>(7) For the purposes of sub-section (6),—</del></p> <p><del>(a) a statement included in a prospectus or a statement in lieu of prospectus shall be deemed to be untrue if it is misleading in the form and context in which it is included; and</del></p> <p><del>(b) where the omission from a prospectus or a statement in lieu of prospectus of any matter is calculated to mislead, the prospectus or statement in lieu of prospectus shall be deemed, in respect of such omission, to be a prospectus or a statement in lieu of prospectus in which an untrue statement is included.</del></p> <p><del>(8) For the purposes of sub-section (6) and clause (a) of sub-section (7), the expression "included" when used with reference to a prospectus or statement in lieu of prospectus, means included in the prospectus or statement in lieu of prospectus itself or contained in any report or memorandum appearing on the face thereof, or by reference incorporated therein.</del></p>		
61.	109	<p><b>Registration of unlimited company as limited.-</b> (1) Subject to the provisions of this section, any company registered as unlimited may register under this Ordinance as limited <del>or any company already</del></p>	48	<p><b>Conversion of status of unlimited company as limited company and vice-versa.</b>---(1) An unlimited company may be converted into a limited company with prior approval of the Commission in writing by passing a special resolution in this behalf by the</p>

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		<p><del>registered as a limited company may re-register under this Ordinance, but the registration of an unlimited company as a limited company shall not affect the rights, debts, liabilities, obligations or contracts acquired, incurred or entered into by, to, with or on behalf of, the company before the registration.</del></p> <p><del>(2) On registration in pursuance of sub-section (1), the registrar shall close the former registration of the company, and may dispense with the delivery to him of copies of any documents with copies of which he was furnished on the occasion of the original registration of the Company; but, save as aforesaid, the registration shall take place in the same manner and shall have effect as if it were the first registration of the company under this Ordinance.</del></p>		<p><u>unlimited company amending its memorandum and articles of association in such a manner that they include the provisions relating to a company limited by shares in the articles and complying with all the requirements as may be specified.</u></p> <p><u>(2) On an application for change in status of a company under sub-section (1), if the Commission is satisfied that the company is entitled to be so converted, such conversion shall be allowed by an order in writing.</u></p> <p><u>(3) A copy of the order, confirming the conversion under sub-section (2) duly certified by an authorised officer of the Commission shall be forwarded to the company and to the registrar within seven days from the date of the order.</u></p> <p><u>(4) If a company, being a limited company, alters its memorandum and articles in such a manner that they include the provisions which constitute it as a company having unlimited liability of its members, the company shall— (a) as on the date of the alteration, cease to be a limited company; and (b) file with the registrar a copy of the memorandum and articles of association as altered along with the special resolution.</u></p> <p><u>(5) If default is made in complying with the provisions of any of the preceding sub-sections, the company and every officer of the company who is in default shall be liable to a penalty not exceeding of level 2 on the standard scale.</u></p>
62.	48	<p><del><b>Service of documents on a company.</b> - A document may be served on a company or an officer thereof by sending it to the company or officer at the registered office of the company by post under a certificate of posting or by registered post, or by leaving it at the registered office of the company.</del></p>	53	<p><u><b>Service of documents on a company.</b>—A document or information may be served on the company or any of its officers at the registered office of the company against an acknowledgement or by post or courier service or through electronic means or in any other manner as may be specified.</u></p>

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63.	49	<b>Service documents on registrar.</b> - A document may be served on the registrar <del>by sending it to him at his office by registered post, or by delivering it to him, or leaving it for him at his office,</del> against an acknowledgment of receipt.	54	<b>Service of documents on <u>Commission or the registrar.</u></b> —A document or information may be served on the Commission or the registrar against an acknowledgement or by post or courier service or through electronic means or in any other manner as <u>may be specified</u>
64.	50	<b>Service of notice on members, etc.</b> - (1) A notice may be given by a company to any member <del>either personally or by sending it by post to him</del> to his registered address or, if he has no registered address in Pakistan to the address, if any, within Pakistan supplied by him to the company for the giving of notices to him. (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 letter would be delivered in the ordinary course of post. (3) <del>If a member has no registered address in Pakistan, and has not supplied to the company an address within Pakistan for the giving of notices to him, a notice addressed to him or to the shareholder generally and advertised in a newspaper circulating in the Province or the part of Pakistan not forming part of a province in which the registered office of the company is situate shall be deemed to be duly given to him on the day on which the advertisement appears:</del> <del>Provided that in the case of a listed company such</del>	55	<b>Service of notice on a member.</b> —(1) A document or information may be served on a member at his registered address or, if he has no registered address in Pakistan, at the address supplied by him to the company for the giving of notices to him <u>against an acknowledgement or by post or courier service or through electronic means or in any other manner as may be specified.</u> (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 letter will be delivered in the ordinary course of post. (3) A notice may be given by the company to the joint-holders of a share by giving the notice to the joint-holder named first in the register in respect of the share. (4) A notice may, in the manner provided under sub-section (1), be given by the company to the person entitled to a share in consequence of death or insolvency of a member addressed to him by name or by the title or representatives of the deceased or assignees of the insolvent or by any like description, at the address supplied for the purpose by the person claiming to be so entitled.



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		<p><del>notice shall in addition to its being published as aforesaid be also published at least in one issue each of a daily newspaper in English language and a daily newspaper in a Urdu language having circulation in the Province in which the stock exchange on which the company is listed is situate.</del></p> <p>(4) A notice may be given by the company to the joint-holders of a share by giving the notice to the joint-holder named first in the register in respect of the share.</p> <p>(5) A notice may be given by the company to the person entitled to a share in consequence of the death or insolvency of a member by sending it <del>through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in Pakistan supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.</del></p> <p>(6) In addition to any other mode provided by this Ordinance for notice of any general meeting, notice of every general meeting shall be given in some manner hereinbefore authorised to—</p> <p>(a) every member of the company except those members who, having no registered address within Pakistan, have not supplied to the company an</p>		

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		<p><del>address within Pakistan for the giving of notices to them;</del></p> <p><del>(b) every person entitled to a share in consequence of the death or insolvency of a member who, but for his death or insolvency, would be entitled to receive, notice of the meeting; and</del></p> <p><del>(c) the auditors of the company.</del></p>		
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65.	52	<p><b>Prospectus to be dated.</b> - A prospectus issued by or on behalf of a company shall be dated, and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.</p>	57	<p><b>Prospectus.</b>—(1) <u>No prospectus shall be issued by or on behalf of a company unless on or before the date of its publication, a copy thereof signed by every person who is named therein as a director or proposed director of the company has been filed with the registrar.</u></p> <p>(2) <u>In case of any contravention of this section, the company and every person who is a party to the issue, publication or circulation of the prospectus shall be liable to a penalty not exceeding of level 2 on the standard scale.</u></p>
66.	90  91	<p><del><b>Classes and kinds of share capital.</b>- A company limited by shares may have different kinds of share capital and classes therein as provided by its memorandum and articles: Provided that different rights and privileges in relation to the different classes of shares may only be conferred in such manner as may be prescribed.</del></p> <p><b>Only fully paid shares to be issued.</b>- No company shall issue partly paid shares:</p>	58	<p><b>Classes and kinds of share capital.</b>—A company <u>having share capital shall issue only fully paid shares which may be of different kinds and classes as provided by its memorandum and articles:</u> Provided that different rights and privileges in relation to the different <u>kinds and classes of shares may only be conferred in such manner as may be specified.</u></p>

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		<del>Provided that where a company has partly paid shares on the commencement of this Ordinance, it— (i) shall not issue any further share capital until all the shares previously issued has become fully paid up; and (ii) shall pay dividend only in proportion to the amount paid up on each share.</del>		
67.	108	<b>Variation of shareholder's rights.</b> -- (1) The variation of the right of shareholders of any class shall be effected only in the manner laid down in <del>section 28.</del> (2) Not less than ten per cent of the class of shareholders who are aggrieved by the variation of their rights under sub-section (1) may, within thirty days of the date of the resolution varying their rights, apply to the Court for an order cancelling the resolution: Provided that the Court shall not pass such an order unless it is shown to its satisfaction that some facts which would have had a bearing on the decision of the shareholders where withheld by the company in getting the aforesaid resolution passed or, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant. (3) An application under sub-section (2) may be made on behalf of the shareholders entitled to make it by such one or more of their number as they may authorise in writing in this behalf. (4) <del>The decision of the Court on any such application</del>	59	<b>Variation of shareholders' rights.</b> —(1) The variation of the right of shareholders of any class shall be effected only in the manner laid down in <u>section 38.</u> (2) Not less than ten percent of the class of shareholders who are aggrieved by the variation of their rights under sub-section (1) may, within thirty days of the date of the resolution varying their rights, apply to the Court for an order cancelling the resolution: Provided that the Court shall not pass such an order unless it is shown to its satisfaction that some facts which would have had a bearing on the decision of the shareholders were withheld by the company in getting the aforesaid resolution passed or, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant. (3) An application under sub-section (2) may be made on behalf of the shareholders entitled to make it by such one or more of their number as they may authorise in writing in this behalf. (4) The company shall, within fifteen days <u>of</u> the service on the company of any order made on any such application, forward a copy of the order to the registrar and, if default is made in complying with this provision, <u>the person making the default shall be guilty of an offence under this section and be liable to a</u>

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		<p><del>shall be final.</del></p> <p>(5) The company shall, within fifteen days <del>after</del> the service on the company of any order made on any such application, forward a copy of the order to the registrar and, if default is made in complying with this provision, <del>the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine which may extend to two hundred rupees for each day during which the default continues.</del></p> <p>(6) The expression “variation” includes abrogation, revocation or enhancement.</p> <p><del>(7) Section 5 of the Limitation Act 1908 (IX of 1908), shall apply to an application made under sub-section (2).</del></p>		<p><u>penalty not exceeding of level 1 on the standard scale.</u></p> <p>(5) The expression "variation" under this section includes abrogation, revocation or enhancement.</p>
68.	89	<p><b>Nature of shares and certificate of shares.</b> - (1) The shares or other <del>interest</del> of any member in a company shall be moveable property, transferable in the manner provided by the articles of the company.</p> <p>(2) Each share in a company shall have a distinctive number.</p> <p>(3) A certificate under the common seal of the company specifying any shares held by any <del>member</del> shall be <i>prima facie</i> evidence of the title of the</p>	61	<p><b>Nature of shares or other securities.</b>—The shares or other <u>securities</u> of any member in a company shall be movable property transferable in the manner provided by the articles of the company.</p>
			60	<p><b>Numbering of shares.</b>—Every share in a company having a share capital shall be distinguished by its distinctive number: <u>Provided that nothing in this section shall apply to a share held by a person whose name is entered as holder of beneficial interest in such share in the records of a central depository system.</u></p>
			62	<p><b>Shares certificate to be evidence.</b>—(1) A certificate, <u>if issued in physical form</u> under common seal of the company <u>or under official seal</u>, which must be facsimile of the company's common</p>

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		member to the shares therein specified.		<u>seal, or issued in book-entry form, specifying the shares held by any person or shares held in central depository system shall be prima facie evidence of the title of the person to such shares.</u> <u>(2) Notwithstanding anything contained in the articles of a company, the manner of issue of a certificate of shares, the form of such certificate and other matters shall be such as may be specified.</u>
69.	113	<b>Right of debenture-holder and shareholder to have copies of trust-deed.</b> - (1) A copy of any trust-deed for securing any issue of debentures <del>shall be forwarded to every holder of any such debentures or holder of shares in the company, at his request on payment of such fee as the company may fix not exceeding the amount prescribed.</del>  (2) If a copy is refused or not forwarded as required under sub-section (1), the company shall be liable to a fine not exceeding five hundred rupees, and to a further fine not exceeding fifty rupees for every day after the first during which the refusal continues, and every officer of the company who knowingly authorises or permits the refusal shall be liable to the like penalty, and the registrar may by order compel immediate supply of a copy.	63	<b>Issue of debentures.</b> —(1) A company may <u>issue different kinds of debentures having different classes, rights and privileges as may be specified.</u>  (2) <u>The rights, privileges and the procedure, for securing the issue of debentures, the form of debenture trust deed, the procedure for the debenture holders to inspect the trust deed and to obtain a copy thereof shall be such as may be specified</u> .
70.	119 (5), (6)	<b>Powers and liabilities of trustee:</b> (5) Sub-section (4) shall not invalidate-- (a) any release otherwise validly given in respect of <del>anything done or omitted to be done</del> by a trustee	65 (5), (6)	<b>Powers and liabilities of trustee:</b> (5) Sub-section (4) shall not invalidate— (a) any release otherwise validly given in respect of <u>any act or omission</u> by a trustee before the giving of the release; or

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		<p>before the giving of the release; or</p> <p>(b) any provision enabling such a release to be given--</p> <p>(i) on the agreement thereto of a majority of not less than three-fourths in value of the debenture-holders present and voting in person or, where proxies are permitted, by proxy, at a meeting summoned for the purpose; and</p> <p>(ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.</p> <p>(6) Sub-section (4) shall not operate--</p> <p>(a) to invalidate any provision in force immediately before the commencement of this Ordinance, so long as any person then entitled to the benefit of that provision or afterwards given the benefit thereof under sub-section (7) remains as trustee of the deed in question ; or</p> <p>(b) to deprive any person of any exemption or right to be indemnified in respect of <del>anything done or omitted to be done</del> by him while any such provision was in force.</p>		<p>(b) any provision enabling such a release to be given—</p> <p>(i) on the agreement thereto of a majority of not less than three-fourths in value of the debenture-holders present and voting in person or, where proxies are permitted, by proxy, at a meeting summoned for the purpose; and</p> <p>(ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.</p> <p>(6) Sub-section (4) shall not operate—</p> <p>(a) to invalidate any provision in force immediately before the commencement of this Ordinance, so long as any person then entitled to the benefit of that provision or afterwards given the benefit thereof under sub-section (7) remains as trustee of the deed in question; or</p> <p>(b) to deprive any person of any exemption or right to be indemnified in respect of <u>any act or omission</u> by him while any such provision was in force.</p>
71.	67 (5)	<p><b>Application for, and allotment of, shares and debentures:</b> (5) Whoever contravenes the provisions of sub-section (1) or sub-section (2), or makes an incorrect statement, declaration or verification in the application for allotment of shares, shall be liable to a <del>fine which may extend to ten thousand rupees.</del></p>	67 (5)	<p><b>Application for, and allotment of, shares and debentures:</b> (5) Whoever contravenes the provisions of sub-section (1) or sub-section (2), or makes an incorrect statement, declaration or verification in the application for allotment of shares, shall be liable to <u>a penalty of level 2 on the standard scale.</u></p>
72.	71	<p><b>Repayment of money received for shares not allotted.</b> - (1) Where a company issues any invitation to the public to subscribe for its shares or other</p>	68	<p><b>Repayment of money received for shares not allotted.—</b>(1) Where a company issues any invitation to the public to subscribe for its shares or other securities, the company shall refund the</p>

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		<p>securities, the company shall <del>take a decision within ten days of the closure of the subscription lists as to what applications have been accepted or are successful and</del> refund the money in the case of the unaccepted or unsuccessful applications within <del>ten days of the date of such decision.</del></p> <p>(2) If the refund required by sub-section (1) is not made within the time specified <del>therein</del>, the directors of the company shall be jointly and severally liable to repay that money with surcharge at the rate of <del>one and a half per cent</del> for every month or part thereof from the expiration of the fifteenth day and, in addition, to a fine not exceeding five thousand rupees and in the case of a continuing offence to a further fine not exceeding one hundred rupees for every day after the said fifteenth day on which the default continues:</p> <p><del>Provided that a director shall not be liable if he proves that the default in the repayment of money was not due to any misconduct or negligence on his part.</del></p> <p><del>(3) Any condition purporting to require or bind any applicant for shares or other securities to waive any requirement of this section shall be void.</del></p>		<p>money in the case of the unaccepted or unsuccessful applications within <u>the time as may be specified.</u></p> <p>(2) If the refund required by sub-section (1) is not made within the time specified, the directors of the company shall be jointly and severally liable to repay that money with surcharge at the rate of <u>two percent</u> for every month or part thereof from the expiration of the fifteenth day and, in addition, <u>shall be liable to a penalty of level 3 on the standard scale.</u></p>
73.	72	<p><b>Allotment of shares and debentures to be dealt in on stock exchange.</b>-- (1) Where a prospectus, whether issued generally or not, states that application has been or will be made for permission for the shares or <del>debentures</del> offered thereby to be</p>	69	<p><b>Allotment of shares and other securities to be dealt in on securities exchange.</b>—(1) Where a prospectus, whether issued generally or not, states that application has been or will be made for permission for the shares or <u>other securities offered</u> thereby to be dealt in on <u>the securities exchange</u>, any allotment made on</p>

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		<p>dealt in on <del>any stock exchange</del>, any allotment made on an application in pursuance of the prospectus shall, whenever made, be void if the permission has not been applied for before the seventh day after the first issue of the prospectus or if the permission has not been granted before the expiration of twenty-one days from the date of the closing of the subscription lists or such longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicant for permission by or on behalf of the <del>stock exchange</del>.</p> <p>(2) Where the permission has not been applied for as aforesaid, or has not been granted as aforesaid the company shall forthwith repay without surcharge all money received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the directors of the company shall be jointly and severally liable to repay that money from the expiration of the eight day together with surcharge at the rate of <del>one and a half per cent</del>. For every month or part thereof from the expiration of the eighth day and in addition, <del>to a fine not exceeding five thousand rupees and in the case of a continuing offence to a further fine of one hundred rupees for every day after the said eight day on which the default continues:</del></p> <p><del>Provided that a director shall not be liable if he proves that the default in the repayment of the</del></p>		<p>an application in pursuance of the prospectus shall, whenever made, be void if the permission has not been applied for before the seventh day after the first issue of the prospectus or if the permission has not been granted before the expiration of twenty-one days from the date of the closing of the subscription lists or such longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicants for permission by the <u>securities exchange</u>.</p> <p>(2) Where the permission has not been applied for <u>or has not been granted</u> as aforesaid, the company shall forthwith repay without surcharge all money received from applicants in pursuance of the prospectus, and, if any such money is not repaid within eight days after the company becomes liable to repay it, the directors of the company shall be jointly and severally liable to repay that money from the expiration of the eighth day together with surcharge at the rate of <u>two per cent</u>. For every month or part thereof from the expiration of the eighth day and in addition, <u>shall be liable to a penalty of level 3 on the standard scale</u>.</p> <p>(3) All moneys received as aforesaid shall be deposited and kept in a separate bank account in a scheduled bank so long as the company may become liable to repay it under sub-section (2); and, if default is made in complying with this sub-section, the company and every officer of the company who authorises or permits the default shall be liable to <u>a penalty of level 2 on the standard scale</u>.</p> <p>(4) For the purposes of this section, permission shall not be deemed to be refused if it is intimated that the application for it, though not at present granted, will be given further</p>



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		<p><del>money was not due to any misconduct or negligence on his part.</del></p> <p>(3) All moneys received as aforesaid shall be deposited and kept in a separate bank account in a scheduled bank so long as the company may become liable to repay it under sub-section (2); and, if default is made in complying with this sub-section, the company and every officer of the company who <del>knowingly and willfully</del> authorises or permits the default shall be liable to a <del>fine not exceeding five thousand rupees.</del></p> <p><del>(4) Any condition purporting to require or bind any applicant for shares or debentures to waive compliance with any requirement of this section shall be void.</del></p> <p>(5) For the purposes of this section, permission shall not be deemed to be refused if it is intimated that the application for it, though not at present granted, will be given further consideration.</p> <p>(6) This section shall have effect--</p> <p>(a) in relation to any shares or debentures agreed to be taken by a person underwriting an offer thereof by a prospectus as if he had applied therefor in pursuance of the prospectus; and</p> <p>(b) in relation to a prospectus offering shares for sale with the following modifications, that is to say,--</p> <p>(i) reference to sale shall be substituted for reference to allotment;</p> <p>(ii) the person by whom the offer is made and not the</p>		<p>consideration.</p> <p>(5) This section shall have effect—</p> <p>(a) in relation to any shares or securities agreed to be taken by a person underwriting an offer thereof by a prospectus as if he had applied therefor in pursuance of the prospectus; and</p> <p>(b) in relation to a prospectus offering shares for sale with the following modifications, that is to say—</p> <p>(i) reference to sale shall be substituted for reference to allotment;</p> <p>(ii) the person by whom the offer is made and not the company, shall be liable under sub-section (2) to repay the money received from applicant, and reference to the company's liability under that sub-section shall be construed accordingly; and</p> <p>(iii) for the reference in sub-section (3) to the company and every officer of the company there shall be substituted a reference to any person by or through whom the offer is made and who authorises or permits the default.</p>

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		company, shall be liable under sub-section (2) to repay the money received from applicant, and reference to the company's liability under that sub-section shall be construed accordingly; and (iii) for the reference in sub-section (3) to the company and every officer of the company there shall be substituted a reference to any person by or through whom the offer is made and who <del>knowingly and willfully</del> authorises or permits the default.		
74.	73	<b>Return as to allotments.--</b> (1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within <del>thirty days</del> thereafter,-- (a) file with the registrar a return of the allotment, stating the number and nominal amount of the shares comprised in the allotment and such particulars as may be <del>prescribed</del> of each allottee, and the amount paid on each share; and (b) in the case of shares allotted as paid up otherwise than in cash, <del>produce for the inspection and examination of the registrar a contract in writing constituting the title of the allottee to the allotment together with any contract of sale, or for services or other consideration in respect of which that allotment was made, such contracts being duly stamped, and file with the registrar copies verified in the prescribed manner of all such contracts and a return stating the number and nominal amount of shares so allotted, the amount to be treated as paid-</del>	70	<b>Return as to allotments.—</b> (1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within <u>forty-five days</u> thereafter— (a) file with the registrar a return of the allotment, stating the number and nominal amount of the shares comprised in the allotment and such particulars as may be <u>specified</u> , of each allottee, and the amount paid on each share; and (b) <u>in the case of shares allotted as paid up in cash, submit along with the return of allotment, a report from its auditor to the effect that the amount of consideration has been received in full by the company and shares have been issued to each allottee: Provided that in case, the appointment of auditor is not mandatory by a company, the report for the purpose shall be obtained from a practicing chartered accountant or a cost and management accountant;</u> (c) <u>in the case of shares allotted as paid up otherwise than in cash, submit along with the return of allotment, a copy of the document evidencing the transfer of non-cash asset to the company, or a copy of the contract for technical and other services, intellectual property or other consideration, along with</u>

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		<p>up, and the consideration for which they have been allotted; and</p> <p>(c) file with the registrar--</p> <p>(i) in the case of bonus shares, a return stating the number and nominal amount of such shares comprised in the allotment and such particulars which may be prescribed of each allottee together with a copy of the resolution authorising the issue of such shares;</p> <p>(ii) in the case of issue of shares at a discount, a copy of the resolution passed by the company authorising such issue together with a copy of the order of the Commission sanctioning the issue, and where the maximum rate of discount exceeds ten per cent, a copy of the order of the Commission permitting the issue at the higher percentage.</p> <p><b>Explanation:</b>-- Shares shall not be deemed to have been paid for in cash except to the extent that the company shall actually have received cash therefor at the time of, or subsequent to, the agreement to issue the shares, and where shares are issued to a person who has sold or agreed to sell property or rendered or agreed to render services to the company, or to persons nominated by him, the amount of any payment made for the property or services shall be deducted from the amount of any cash payment made for the shares and only the balance, if any, shall be treated as having been paid in cash for such shares, notwithstanding any bill of exchange or</p>		<p>copy of the valuation report (verified in the specified manner) for registration in respect of which that allotment was made;</p> <p>(d) file with the registrar--</p> <p>(i) in the case of bonus shares, a return stating the number and nominal amount of such shares comprised in the allotment and the particulars of allottees together with a copy of the resolution authorising the issue of such shares;</p> <p>(ii) in the case of issue of shares at a discount, a copy of the resolution passed by the company authorising such issue and where the maximum rate of discount exceeds ten per cent, a copy of the order of the Commission permitting the issue at the higher percentage.</p> <p><b>Explanation.</b>— Shares shall not be deemed to have been paid for in cash except to the extent that the company shall actually have received cash therefor at the time of, or subsequent to, the agreement to issue the shares, and where shares are issued to a person who has sold or agreed to sell property or rendered or agreed to render services to the company, or to persons nominated by him, the amount of any payment made for the property or services shall be deducted from the amount of any cash payment made for the shares and only the balance, if any, shall be treated as having been paid in cash for such shares, notwithstanding an bill of exchange or cheques or other securities for money.</p> <p>(2) If the registrar is satisfied that in the circumstances of any particular case the period of thirty days specified in sub-sections (1) for compliance with the requirements of this section is inadequate, he may extend that period as he thinks fit, and, if he does so, the provisions of sub-sections (1) shall have effect in that</p>

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		<p>cheques or other securities for money.</p> <p><del>(2) Where such a contract as is mentioned in clause (b) of sub-section (1) is not reduced to writing, the company shall, within thirty days after the allotment, file with the registrar the prescribed particulars of the contract stamped with the same stamp duly as would have been payable if the contract had been reduced to writing, and these particulars shall be deemed to be an instrument within the meaning of the Stamp Act, 1899 (II of 1899), and the registrar may, as a condition of filing the particulars, require that the duty payable thereon be adjudicated under section 31 of that Act.</del></p> <p>(3) If the registrar is satisfied that in the circumstances of any particular case the period of thirty days specified in sub-sections (1) <del>and (2)</del> for compliance with the requirements of this section is inadequate, he may extend that period as he thinks fit, and, if he does so, the provisions of sub-sections (1) <del>and (2)</del> shall have effect in that particular case as if for the said period of thirty days the extended period allowed by the registrar were substituted.</p> <p><del>(4) If default is made in complying with any requirement of this section, the company and every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues.</del></p> <p>(5) This section shall apply <i>mutatis mutandis</i> to</p>		<p>particular case as if for the said period of thirty days the extended period allowed by the registrar were substituted.</p> <p><u>(3) No return of allotment shall be required to be filed for the shares taken by the subscribers to the memorandum on the formation of the company.</u></p> <p><u>(4) Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p> <p>(5) This section shall apply <i>mutatis mutandis</i> to shares which are allotted or issued or deemed to have been issued to a scheduled bank or a financial institution in pursuance of any obligation of a company to issue shares to such scheduled bank or financial institution: Provided that where default is made by a company in filing a return of allotment in respect of the shares referred to in this sub-section, the scheduled bank or the financial institution to whom shares have been allotted or issued or deemed to have been issued may file a return of allotment in respect of such shares with the registrar together with such documents as may be specified by the Commission in this behalf, and such return of allotment shall be deemed to have been filed by the company itself and the scheduled bank the financial institution shall be entitled to recover from the company the amount of any fee properly paid by it to the registrar in respect of the return.</p>

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		<p>shares which are allotted or issued or deemed to have been issued to a scheduled bank or a financial institution in pursuance of any obligation of a company to issue shares to such scheduled Bank or financial institution:</p> <p>Provided that where default is made by a company in filing a return of allotment in respect of the shares referred to in this sub-section, the scheduled bank or the financial institution to whom shares have been allotted or issued or deemed to have been issued may file a return of allotment in respect of such shares with the registrar together with such documents as may be specified by the Commission in this behalf, and such return of allotment shall be deemed to have been filed by the company itself and the scheduled bank the financial institution shall be entitled to recover from the company the amount of any fee properly paid by it to the registrar in respect of the return.</p>		
75.	74	<p><b>Limitation of time for issue of certificates.--</b> (1) Every company shall, within <del>ninety days</del> after the allotment of any of its shares, <del>debentures or debenture stock,</del> and within <del>forty five days</del> after the application for the registration of the transfer of any such shares, <del>debentures or debenture stock,</del> complete and have ready for delivery the certificates of all shares, <del>the debentures,</del> and the certificates of all debenture stock allotted or transferred, and unless sent by post or delivered to the person entitled thereto, within</p>	71	<p><b>Limitation of time for issue of certificates.—</b>(1) Every company shall issue certificates of shares or <u>other securities</u> within <u>thirty days</u> after the allotment of any of its shares or <u>other securities</u> and ensure delivery of the certificates to the person entitled thereto at his registered address.</p> <p>(2) <u>Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>

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		<p>that period, shall give notice of this fact to the shareholders or debenture holders, as the case may be, immediately thereafter in the manner prescribed, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide: Provided that the company shall, within five days after an application is made for the registration of the transfer of any shares, debentures or debenture stock to a central depository, register such transfer in the name of the central depository.</p> <p><b>Explanation</b>—The expression "transfer", for the purposes of this sub-section, means a transfer duly stamped and otherwise valid, and does not include such a transfer as the company is for any reason entitled to refuse to register and does not register.</p> <p>(2) If default is made in complying with the requirements of sub-section (1) the company, and every officer of the company who is knowingly a party to the default, shall be liable to a fine not exceeding one hundred rupees for every day during which the default continues.</p>		
76.	75	<p><b>Issue of duplicate certificates.</b>— (1) A duplicate of a certificate of shares, <del>debentures or debenture stock issued under section 74</del> shall be issued by the company within <del>forty five days</del> from the date of application if the original--</p> <p>(a) is proved to have been lost or destroyed, or</p> <p>(b) having been defaced or mutilated or torn is</p>	73	<p><b>Issue of duplicate certificates.</b>— (1) A duplicate of a certificate of shares, <u>or other securities</u>, shall be issued by the company within <u>thirty days</u> from the date of application if the original-</p> <p>(a) is proved to have been lost or destroyed, or</p> <p>(b) having been defaced or mutilated or torn is surrendered to the company.</p> <p>(2) The company, after making such inquiry as to the loss,</p>

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		<p>surrendered to the company.</p> <p>(2) The company, after making such inquiry as to the loss, destruction, defacement or mutilation of the original, as it may deem fit to make, shall, subject to such terms and conditions, if any, as it may consider necessary, issue the duplicate: Provided that the company <del>shall not</del> charge fee <del>exceeding the sum prescribed</del> and the actual expenses incurred on such inquiry.</p> <p>(3) If the company for any reasonable cause is unable to issue duplicate certificate, it shall notify this fact, along with the reasons within <del>thirty days</del> from the date of the application, to the applicant.</p> <p>(4) <del>If default is made in complying with the requirements of this section, the company and every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding five hundred rupees.</del></p> <p>(5) If a company with intent to defraud, <del>renews a certificate or</del> issues a duplicate thereof, the company shall be punishable with fine which may extend to <del>twenty thousand rupees</del> and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to <del>ten thousand rupees</del>, or with both.</p>		<p>destruction, defacement or mutilation of the original, as it may deem fit to make, shall, subject to such terms and conditions, if any, as it may consider necessary, issue the duplicate: Provided that the company <u>may</u> charge fee and the actual expenses incurred on such inquiry.</p> <p>(3) If the company for any reasonable cause is unable to issue duplicate certificate, it shall notify this fact, along with the reasons within <u>twenty days</u> from the date of the application, to the applicant.</p> <p>(4) <u>Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p> <p>(5) If a company with intent to defraud, issues a duplicate certificate thereof, the company shall be punishable with fine which may extend to <u>one hundred thousand rupees</u> and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to <u>fifty thousand rupees</u>, or with both.</p>
77.	76	<b>Transfer of shares and debentures.</b> -(1) An application for registration of the transfer of shares and <del>debentures in a company</del> may be made either by	74	<b>Transfer of shares and other securities.</b> -(1) An application for registration of transfer of shares and <u>other transferable securities</u> along with proper instrument of transfer duly stamped and

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		<p>the transferor or the transferee, and subject to the provisions of this section, the company shall enter in its register of members the name of the transferee <del>in the same manner and subject to the same conditions as if the application was made by the transferee:</del>            Provided that the company shall not register a transfer of shares <del>or debentures</del> unless proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the company along with the scrip.            (2) Where a transfer deed is lost, destroyed or mutilated before its lodgment, the company may on an application made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer of shares <del>or debentures</del> if the transferee proves to the satisfaction of the <del>directors of the company</del> that the transfer deed duly executed has been lost, destroyed or mutilated:            Provided that before registering the transfer of shares <del>or debentures</del> the company may demand such indemnity as it may think fit.            (3) All references to the shares <del>or debentures</del> in this section, shall in case of a company not having share capital, be deemed to be references to interest of the members in the company.            (4) Every company shall maintain at its registered office a register of transfers of shares and <del>debentures</del> made from time to time and such register shall be open to inspection by the members and supply of</p>		<p>executed by the transferor and the transferee may be made <u>to the company</u> either by the transferor or the transferee, and subject to the provisions of this section, the company shall <u>within fifteen days after the application for the registration of the transfer of any such securities, complete the process and-</u>            (a) ensure delivery of the certificates to the transferee at his registered address; and            (b) enter in its register of members the name of the transferee:  <u>Provided that in case of conversion of physical shares and other transferable securities into book-entry form, the company shall, within ten days after an application is made for the registration of the transfer of any shares or other securities to a central depository, register such transfer in the name of the central depository:</u>  <u>Provided further that nothing in this section shall apply to any transfer of shares or other securities pursuant to a transaction executed on the securities exchange.</u>            (2) Where a transfer deed is lost, destroyed or mutilated before its lodgment, the company may on an application made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer of shares <u>or other securities</u> if the transferee proves to the satisfaction of the <u>board</u> that the transfer deed duly executed has been lost, destroyed or mutilated:            Provided that before registering the transfer of shares <u>or other securities</u>, the company may demand such indemnity as it may think fit.            (3) All references to the shares <u>or other securities</u> in this section, shall in case of a company not having share capital, be deemed to</p>



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		<p>copy thereof in the manner stated in <del>section 150</del>.</p> <p>(5) Nothing in sub-section (1) shall prevent a company from registering as shareholder or <del>debenture holder</del> a person to whom the right to any share or <del>debenture</del> of the company has been transmitted by operation of law. <del>(6) In the case of a public company, a financial institution duly approved by the Commission may be appointed as the transfer agent on behalf of the company.</del></p> <p><del>(7) If a company makes default in complying with any of the provisions of sub-sections (1) to (4), it shall be liable to a fine not exceeding five thousand rupees and every officer of the company who is knowingly or wilfully a party to such default shall be liable to a like penalty.</del></p>		<p>be references to interest of the members in the company.</p> <p>(4) Every company shall maintain at its registered office a register of transfers of shares and <u>other securities</u> and such register shall be open to inspection by the members and supply of copy thereof in the manner stated in <u>section 124</u>.</p> <p>(5) Nothing in sub-section (1) shall prevent a company from registering as shareholder or <u>other securities holder</u> a person to whom the right to any share or <u>security</u> of the company has been transmitted by operation of law.</p> <p>(6) Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</p>
78.	77	<p><b>Directors not to refuse transfer of shares.-</b> The <del>directors of a company</del> shall not refuse to transfer any <del>fully paid shares or debentures</del> unless the transfer deed is, for any reason, defective or invalid: Provided that the company shall within <del>thirty days</del> or, where the transferee is a central depository, within five days from the date on which the instrument of transfer was lodged with it notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity, be entitled to re-lodge the transfer deed with the company: Provided further that the provisions of this section shall, in relation to a private company, be subject to such limitations and restrictions as may have been</p>	75	<p><b>Board not to refuse transfer of shares.—</b>The <u>board</u> shall not refuse to transfer any shares or <u>securities</u> unless the transfer deed is, for any reason, defective or invalid: Provided that the company shall within <u>fifteen days</u> or, where the transferee is a central depository, within five days from the date on which the instrument of transfer was lodged with it notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity, be entitled to re-lodge the transfer deed with the company: Provided further that the provisions of this section shall, in relation to a private company, be subject to such limitations and restrictions as may have been imposed by the articles of such company.</p>

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		imposed by the articles of such company.		
79.	78	<p><b>Notice of refusal to transfer.</b> - (1) If a company refuses to register a transfer of any shares or <del>debentures</del>, the company shall, within <del>thirty days</del> after the date on which the instrument of transfer was lodged with the company, send to the transferee notice of the refusal indicating reasons for such refusal.</p> <p>(2) <del>If default is made in complying with section 77 or this section, the company and every officer of the company who is a party to the default shall be liable to a fine not exceeding twenty thousand rupees and to a further fine not exceeding one thousand rupees for every day after the first during which the default continues.</del></p>	77	<p><b>Notice of refusal to transfer.</b>—(1) If a company refuses to register a transfer of any shares or <u>other securities</u>, the company shall, within <u>fifteen days</u> after the date on which the instrument of transfer was lodged with the company, send to the transferee notice of the refusal indicating reasons for such refusal: <u>Provided that failure of the company to give notice of refusal after the expiry of the period mentioned in this section or section 75, shall be deemed refusal of transfer.</u></p> <p>(2) <u>Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</u></p>
80.	79	<p><b>Transfer to successor-in-interest.</b>- The transfer of shares or <del>debentures</del> from a deceased member or holder <del>to his lawful nominee successor in interest</del> shall be made on application <del>by such nominee successor</del> duly supported by a <del>document evidencing nomination or lawful award of the relevant property to such nominee or successor</del> and thereupon the <del>nominee or successor</del> shall be entered as a member: <del>Provided that the company may, on furnishing of a suitable indemnity by such nominee or successor, proceed to transfer the security in his name and enter him in the register of members.</del></p>	78	<p><b>Transfer to successor-in-interest</b>--The shares or <u>other securities</u> of a deceased member shall be transferred on application duly supported by <u>succession certificate or by lawful award</u>, as the case may be, in favour of the <u>successors to the extent of their interests and their names shall be entered to the register of members.</u></p>
81.	80	<p><b>Transfer to nominee of a deceased member.</b>- (1) Notwithstanding anything contained in any other law</p>	79	<p><b>Transfer to nominee of a deceased member.</b>—(1) Notwithstanding anything contained in any other law for the time</p>

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		<p>for the time being in force or in any disposition by a member of a company of his interest represented by the shares held by him as a member of the company, a person may on acquiring interest in a company as member, represented by shares, at any time after acquisition of such interest deposit with the company a nomination conferring on <del>one or more persons</del> the right to <del>acquire</del> the interest in the shares therein specified in the event of his death:  <del>Provided that, where a member nominates more than one person, he shall specify in the nomination the extent of right conferred upon each of the nominees, so however that the number of shares therein specified are possible of ascertainment in whole numbers.</del></p> <p><del>(2) Where any nomination, duly made and deposited with the company as aforesaid, purports to confer upon any person the right to receive the whole or any divisible part of the interest therein mentioned, the said person shall, on the death of the member, become entitled to the exclusion of all other persons, to become the holder of the shares or the part thereof, as the case may be, and on receipt of proof of the death of the member along with the relative scrips, the transmission of the said shares shall be registered in favour of the nominee to the extent of his interests unless—</del></p> <p><del>(a) such nomination is at any time varied by another nomination made and deposited before the death of</del></p>		<p>being in force or in any disposition by a member of a company of his interest represented by the shares held by him as a member of the company, a person may on acquiring interest in a company as member, represented by shares, at any time after acquisition of such interest deposit with the company a nomination conferring on <u>a person</u> the right to <u>protect</u> the interest <u>of the legal heirs</u> in the shares of the deceased in the event of his death, <u>as a trustee and to facilitate the transfer of shares to the legal heirs of the deceased subject to succession to be determined under the Islamic law of inheritance and in case of a non-Muslim members, as per their respective law.</u></p> <p>(2) The person nominated under this section shall, after the death of the member, be deemed as a member of company till the shares are transferred to the legal heirs and if the deceased was a director of the company, not being a listed company, the nominee shall also act as director of the company to protect the interest of the legal heirs.</p> <p>(3) The person to be nominated under this section shall not be a person other than the relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter.</p> <p>(4) The nomination as aforesaid, shall in no way prejudice the right of the member making the nomination to transfer, dispose of or otherwise deal in the shares owned by him during his lifetime and, shall have effect in respect of the shares owned by the said member on the day of his death.</p>

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		<p><del>the member in like manner or expressly cancelled by notice in writing to the company; or</del>  <del>(b) such nomination at any time becomes invalid by reason of the happening of some contingency specified therein;</del>  <del>and if the said person predeceases the member, the nomination shall, so far as it relates to the right conferred upon the said person, become void and of no effect:</del>  <del>Provided that where provision has been duly made in the nomination conferring upon some other person such right instead of the person deceased, such right shall, upon the deceased as aforesaid of the said person, pass to such other person.</del>            (3) The person to be nominated as aforesaid shall not be a person other than the following relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter, <del>including a step or adopted child.</del>            (4) The nomination as aforesaid shall in no way prejudice the right of the member making the nomination to transfer, dispose of or otherwise deal in the shares owned by him during his lifetime and shall have effect in respect of the shares owned by the said member on the day of his death.</p>		
82.	78-A	<p><b>Appeal against refusal for registration of transfer. -</b>            (1) The transferor or transferee, or the person who gave intimation of the transmission by operation of law, as the case may be, may appeal to the</p>	80	<p><b>Appeal against refusal for registration of transfer.—</b>(1) The transferor or transferee, or the person who gives intimation of the transmission by operation of law, as the case may be, aggrieved by the refusal of transfer under section 75 to 79 may</p>

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		<p>Commission against any refusal of the company to register the transfer or transmission, or against any failure on its part, within <del>the period referred to in sub-section (1) of section 78 [thirty days]</del> either to register the transfer or transmission or to send notice of its refusal to register the same.</p> <p><del>(2) An appeal to the Commission under sub-section (1) may be preferred-</del></p> <p><del>(a) in case the appeal is against the refusal to register a transfer or transmission, within two months of the receipt by him of the notice of refusal; and</del></p> <p><del>(b) in case the appeal is against the failure referred to in sub-section (1) within two months from the expiry of the period referred to in sub-section (1) of section 78.</del></p> <p>(3) The Commission shall, after causing reasonable notice to be given to the company and also to the transferor and the transferee or, as the case may require, to the person giving intimation of the transmission by operation of law and the previous owner, if any, and giving them a reasonable opportunity to make their representation, may, by an order in writing, direct either that the transfer or transmission shall be registered by the company <del>or that it need not be registered by it and in the former case,</del> the company shall give effect to the decision within fifteen days of the receipt of the order.</p> <p><del>(4) Before making an order under sub-section (3) on an appeal against any refusal of the company to</del></p>		<p>appeal to the Commission within a period of <u>sixty days</u> of the date of refusal.</p> <p>(2) The Commission shall provide opportunity of hearing to the parties concerned and may, by an order in writing, direct that the transfer or transmission should be registered by the company and the company shall give effect to the decision within fifteen days of the receipt of the order.</p> <p>(3) The Commission may, in its aforesaid order, give such incidental and consequential directions as to the payment of costs or otherwise as it deems fit.</p> <p>(4) If default is made in giving effect to the order of the Commission within the period specified in sub-section (2), every director and officer of the company shall be liable to <u>a penalty of level 3 on the standard scale.</u></p>

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		<p><del>register any transfer or transmission the Commission may require the company to disclose to it the reasons for such refusal.</del></p> <p>(5) The Commission may, in its aforesaid order, give such incidental and consequential directions as to the payment of costs or otherwise as it deems fit.</p> <p>(6) If default is made in giving effect to the order of the Commission within the period specified in sub-section (3), every director and officer of the company who is in default, shall be <del>punishable with fine which may extend to five hundred rupees, for every day after the first during which the default continues</del></p>		
83.	83	<p><b>Application of premium received on issue of shares.-</b></p> <p>(1) <del>Where a company issues shares at a premium, whether in cash or otherwise, a sum equal to the aggregate amount or the value of the premiums on those shares shall be transferred to an account, to be called "the share premium account"; and the provisions of this Ordinance relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the share premium account were paid-up capital of the company.</del></p> <p>(2) The share premium account may, notwithstanding anything contained in sub-section (1), be applied by the company--</p> <p>(a) in writing off the preliminary expenses of the company;</p> <p>(b) in writing off the expenses of, or the commission</p>	81	<p><b>Application of premium received on issue of shares.—</b>(1) <u>If a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or the value of the premiums on those shares must be transferred to an account, called "the share premium account".</u></p> <p>(2) Where, on issuing shares, a company has transferred a sum to the share premium account, it may use that sum to write off-</p> <p>(a) the preliminary expenses of the company;</p> <p>(b) the expenses of, or the commission paid or discount allowed on, any issue of shares of the company; and</p> <p>(c) in providing for the premium payable on the redemption of any redeemable preference shares of the company.</p> <p>(3) <u>The company may also use the share premium account to issue bonus shares to its members.</u></p>

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		<p>paid or discount allowed on, any issue of shares or debentures of the company;</p> <p>(c) in providing for the premium payable on the redemption of any redeemable preference shares or debentures of the company; or</p> <p>(d) in paying up un-issued shares of the company to be issued to members of the company as fully paid bonus shares.</p> <p><del>(3) Where a company has before the commencement of this Ordinance, issued any shares at a premium, this section shall apply as if the shares had been issued after such commencement:</del></p> <p><del>Provided that any part of the premium which has been so applied that it does not at the commencement of this Ordinance form an identifiable part of the company's reserves within the meaning of the Fourth Schedule or the Fifth Schedule shall be disregarded in determining the sum to be included in the share premium account.</del></p>		
84.	84	<p><b>Power to issue shares at a discount.-</b> (I) Subject to the provisions of this section, it shall be lawful for a company to issue shares in the company at a discount:</p> <p>Provided that--</p> <p>(a) the issue of the shares at a discount must be authorised by resolution passed in general meeting of the company <del>and must be sanctioned by the Commission;</del></p> <p>(b) the resolution must specify the <del>maximum</del> rate of</p>	82	<p><b>Power to issue shares at a discount—</b>(I) Subject to the provisions of this section, it shall be lawful for a company to issue shares in the company at a discount:</p> <p>Provided that—</p> <p>(a) the issue of shares at a discount must be authorised by special resolution passed in the general meeting of the company;</p> <p>(b) the resolution must specify <u>the number of shares to be issued, rate of discount, not exceeding the limits permissible under this section and price per share proposed to be issued;</u></p> <p>(c) in case of listed companies discount shall only be allowed if</p>

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		<p>discount, at which shares are to be issued;</p> <p>(c) not less than <del>one year</del> must at the date of issue have elapsed since the date on which the company was entitled to commence business; and</p> <p>(d) the share <del>to be issued</del> at a discount must be issued within sixty days after the date on which the issue is sanctioned by the Commission or within such extended time as the Commission may allow.</p> <p>(2) Where a company has passed a resolution authorising the issue of shares at a discount, it <del>may</del> apply to the Commission for an order sanctioning the issue; and on such application the Commission may, if, having regard to all the circumstances of the case, it thinks proper so to do, make an order sanctioning the issue on such terms and conditions as it thinks fit.</p> <p>(3) Issue of shares at a discount shall not be deemed to be reduction of capital.</p> <p>(4) Every prospectus relating to the issue of shares, and every <del>balance sheet</del> issued by the company subsequent to the issue of shares, shall contain particulars of the discount allowed on the issue of the shares <del>or of so much of that discount as has not been written off at the date of the issue of the prospectus or balance sheet.</del></p> <p>(5) <del>If default is made in complying with sub-section (4), the company and every officer of the company who is in default shall be liable to a fine not exceeding two thousand rupees.</del></p>		<p><u>the market price is lower than the par value of the shares for a continuous period of past ninety trading days immediately preceding the date of announcement by the board; and</u></p> <p><u>(d) the issue of shares at discount must be sanctioned by the Commission:</u></p> <p><u>Provided further that approval of the Commission shall not be required by a listed company for issuing shares at a discount if the discounted price is not less than ninety percent of the par value;</u></p> <p><u>(e) no such resolution for issuance of shares at discount shall be sanctioned by the Commission if the offer price per share, specified in the resolution, is less than-</u></p> <p><u>(i) in case of listed companies, ninety percent of volume weighted average daily closing price of shares for ninety days prior to the announcement of discount issue; or</u></p> <p><u>(ii) in case of other than listed companies, the breakup value per share based on assets (revalued not later than 3 years) or per share value based on discounted cash flow: Provided that the calculation arrived at, for the purpose of sub-clause (i) or (ii) of clause (e) above, shall be certified by the statutory auditor;</u></p> <p><u>(f) directors and sponsors of listed companies shall be required to subscribe their portion of proposed issue at volume weighted average daily closing price of shares for ninety days prior to the announcement of discount issue;</u></p> <p><u>(g) not less than three years have elapsed since the date on which the company was entitled to commence business;</u></p> <p><u>(h) the share at a discount must be issued within sixty days after the date on which the issue is sanctioned by the Commission or within such extended time as the Commission may allow.</u></p> <p>(2) Where a company has passed a special resolution authorising</p>



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				<p>the issue of shares at a discount, it <u>shall</u> apply to the Commission where applicable, for an order sanctioning the issue. The Commission on such application may, if, having regard to all the circumstances of the case, thinks proper so to do, make an order sanctioning the issue of shares at discount subject to such terms and conditions as it deems fit.</p> <p>(3) Issue of shares at a discount shall not be deemed to be reduction of capital.</p> <p>(4) Every prospectus relating to the issue of shares, and every <u>statement of financial position</u> issued by the company subsequent to the issue of shares, shall contain particulars of the discount allowed on the issue of the shares.</p> <p>(5) <u>Any violation of this section shall be an offence liable to a penalty of level 3 on the standard scale.</u></p>
85.	86	<p><b>Further issue of capital.-</b> (1) Where the directors <del>decide</del> to increase the capital of the company by the issue of further shares, such shares shall be offered to the members in proportion to the existing shares held by each member, irrespective of class, and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time, within which the offer, if not accepted, will be deemed to be declined:</p>	83	<p><b>Further issue of capital.—</b>(1) Where the directors <u>propose</u> to increase <u>share</u> capital of the company by issue of further share <u>capital</u>, such shares shall be offered:</p> <p>(a) to <u>persons who, at the date of the offer, are members of the company in proportion to the existing shares held by sending a letter of offer subject to the following conditions, namely—</u></p> <p>(i) the shares so offered shall be strictly in proportion to the shares already held in respective kinds and classes;</p> <p>(ii) the letter of offer shall state the number of shares offered and limiting a time <u>not being less than fifteen days and not exceeding thirty days from the date of the offer</u> within which the offer, if not accepted, shall be deemed to have been declined;</p> <p>(iii) <u>in the case of a listed company any member, not interested to subscribe, may exercise the right to renounce the shares offered to him in favour of any other person, before the date of expiry</u></p>

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		<p>Provided that <del>the Federal Government may, on an application made by any public company on the basis of special resolution passed by it, allow such company to raise its further capital without issue of right shares:</del></p> <p>Provided further that a public company may reserve a certain percentage of further issue of its employees under "Employees Stock Option Scheme" to be approved by the Commission in accordance <del>with the rules made under this Ordinance</del></p> <p>(2) The offer of new shares shall be strictly in proportion to the number of existing shares held: <del>Provided that fractional shares shall not be offered and all fractions less than a share shall be consolidated and disposed of by the company and the proceeds from such disposition shall be paid to such of the entitled shareholders as may have accepted such offer.</del></p> <p>(3) <del>The offer of new shares shall be accompanied by a circular duly signed by the directors or an officer of the company authorised by them in this behalf in the form prescribed by the Commission containing material information about the affairs of the</del></p>		<p>stated in the letter of offer; and</p> <p>(iv) if the whole or any part of the shares offered under this section is declined or is not subscribed, the directors may allot such shares in such manner as they may deem fit <u>within a period of thirty days from the close of the offer as provided under sub-clause (ii) above or within such extended time not exceeding thirty day with the approval of the Commission:</u></p> <p>Provided that a public company may reserve a certain percentage of further issue for its employees under "Employees Stock Option Scheme" to be approved by the Commission in accordance with <u>the procedure and on such conditions as may be specified.</u></p> <p>(b) subject to approval of the Commission, to any person, in the case of public company on the basis of a special resolution either for cash or for a consideration other than cash:</p> <p><u>Provided that the value of non-cash asset, service, intellectual property shall be determined by a valuer registered by the Commission.</u></p> <p>(2) <u>The letter of offer referred to in sub-clause (ii) of clause (a) of subsection (1) duly signed by at least two directors shall be dispatched through registered post or courier or through electronic mode to all the existing members, ensuring that it reaches the members before the commencement of period for the acceptance of offer.</u></p> <p>(3) <u>A copy of the letter of offer, referred to in sub-section (2) shall, simultaneously with the dispatch to the members, be sent to the registrar.</u></p>

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		<p>company, latest statement of the accounts and <del>setting forth the necessity for issue of further capital.</del></p> <p>(4) <del>A copy of the circular referred to in sub-section (3) duly signed by the directors or an officer authorised as aforesaid shall be filed with the registrar before the circular is sent to the shareholders.</del></p> <p>(5) <del>The circular referred to in sub-section (3) shall specify a date by which the offer, if not accepted, will be deemed to be declined.</del></p> <p>(6) [Omitted].</p> <p>(7) If the whole or any part of the shares offered under sub-section (1) is declined or is not subscribed, the directors may allot and issue such shares in such manner as they may deem fit.</p>		<p>(4) <u>Notwithstanding anything contained in this section, where loan has been obtained from any Government by a public sector company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such loan or any part thereof shall be converted into shares in that company, on such terms and conditions as appear to the Government to be just and reasonable in the circumstances of the case even if the terms of such loan does do not include the option for such conversion.</u></p> <p>(5) <u>In determining the terms and conditions of conversion under subsection (4), the Government shall have due regard to the financial position of the public sector company, the terms of the rate of interest payable thereon and such other matters as it may consider necessary.</u></p> <p>(6) <u>Notwithstanding anything contained in this Ordinance or any other law for the time being in force or the memorandum and articles, where the authorised capital of a company is fully subscribed, or the un-subscribed capital is insufficient, the same shall be deemed to have been increased to the extent necessary for issue of shares to the Government, a scheduled bank or financial institution in pursuance of any obligation of the company to issue shares to such scheduled bank or financial institution. (See Section 92 (3A) of the 1984 Ordinance before)</u></p> <p>(7) <u>In case shares are allotted in terms of sub-section (6), the company shall be required to file the notice of increase in share capital along with the fee prescribed for such increase with the registrar within the period prescribed under this Ordinance: Provided that where default is made by a company in complying with the requirement of filing a notice of increase in the</u></p>

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				<p><u>authorised capital under this Ordinance as well as the fee to be deposited on the authorised capital as deemed to have been increased, the Government, scheduled bank or the financial institution to whom shares have been issued may file notice of such increase with the registrar and such notice shall be deemed to have been filed by the company itself and the Government, scheduled bank or financial institution shall be entitled to recover from the company the amount of any fee paid by it to the registrar in respect of such increase.</u></p> <p><u>(8) Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</u></p>
86.	88	<p><b>Deposits not to be invited without issuing an advertisement.-</b> (1) <del>The Federal Government may prescribe the limits up to which, the manner in which and the conditions subject to which deposits may be invited, accepted or retained by a company.</del></p> <p>(2) No company shall invite, or allow any other person to invite or cause to be invited on its behalf, any deposit unless--</p> <p>(a) such deposit is invited or is caused to be invited in accordance with the rules made under sub-section (1); and</p> <p>(b) an advertisement, including therein a statement showing the financial position of the company, has been issued by the company in such form and in such manner as may be prescribed.</p> <p>(3) The provisions of this Ordinance relating to a prospectus shall, so far as may be, apply to an advertisement referred to in sub-section (2).</p>	84	<p><b>Prohibition on acceptance of deposits from public.</b>—(1) <u>On and after the commencement of this Ordinance, no company shall invite, accept or renew deposits from the public:</u></p> <p>Provided that nothing in this sub-section shall apply to a banking company and such other company or class of companies or such deposits as the Commission may, notify in this behalf.</p> <p>Explanation.—For the purposes of this section, "deposit" means any deposit of money with, and includes any amount borrowed by, a company, but shall not include a loan raised by issue of debentures or a loan obtained from a banking company or financial institution.</p> <p>(2) Where a company accepts or invites, or allows or causes any other person to accept or invite on its behalf, <u>any deposit, the company shall be punishable-</u> (a) where such contravention relates to the acceptance of any deposit, with penalty which shall not be less than the amount of the deposit so accepted; and (b) <u>where such contravention relates to the invitation for any deposit, shall be liable to a penalty of level 3 on the standard</u></p>

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		<p>(4) Where a company accepts or invites, or allows or causes any other person to accept or invite on its behalf, any deposit <del>in excess of the limits prescribed under sub-section (1) or in contravention of the manner or conditions prescribed under that sub-section or in contravention of the provisions of sub-section (2), as the case may be,--</del></p> <p>(a) the company shall be punishable,--</p> <p>(i) where such contravention relates to the acceptance of any deposit, with fine which shall not be less than the amount of the deposits so accepted; and</p> <p>(ii) where such contravention relates to the invitation for any deposit, <del>with fine which may extend to twenty thousand rupees; and</del></p> <p>(b) every officer of the company which is in default shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine.</p> <p>Explanation:-- For the purposes of this section, "deposit" means any deposit of money with, and includes any amount borrowed by, a company, but shall not include a loan raised by issue of debentures or a loan obtained from a banking company or financial institution.</p> <p>(5) Nothing contained in this section shall apply to--</p> <p>(i) a banking company, or</p> <p>(ii) such other class of companies as the Commission may specify in this behalf.</p>		<p><u>scale.</u></p> <p>(3) In addition to the fine on the company under sub-section (2), every officer of the company which is in default shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine <u>which may extend to five million rupees.</u></p>

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87.	92	<p><b>Power of company limited by shares to alter its share capital.</b>- (1) A <del>company limited by shares</del>, if so authorised by its articles, may alter the conditions of its memorandum so as to-</p> <p>(a) increase its share capital by such amount as it thinks expedient;</p> <p>(b) consolidate and divide the whole or any part of its share capital into shares of larger amount than its existing shares;</p> <p>(c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum;</p> <p>or</p> <p>(d) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the share so cancelled:</p> <p>Provided that, in the event of consolidation or sub-division of shares, the rights attaching to the new shares shall be strictly proportional to the rights attaching to the previous shares so consolidated or sub-divided:</p> <p>Provided further that, where any shares issued are of a class which is the same as that of shares previously issued, the rights attaching to the new shares shall be the same as those attaching to the shares previously held.</p> <p>(2) The new shares issued by a company shall rank <i>pari passu</i> with the existing shares of the class to</p>	85	<p><b>Power of company to alter its share capital.</b>—(1) A <u>company having share capital</u> may, if so authorised by its articles, alter the conditions of its memorandum <u>through a special resolution</u>, so as to—</p> <p>(a) increase its <u>authorised</u> capital by such amount as it thinks expedient;</p> <p>(b) consolidate and divide the whole or any part of its share capital into shares of larger amount than its existing shares;</p> <p>(c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum:</p> <p>(d) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the share so cancelled:</p> <p>Provided that, in the event of consolidation or sub-division of shares, the rights attaching to the new shares shall be strictly proportional to the rights attached to the previous shares so consolidated or sub-divided:</p> <p>Provided further that, where any shares issued are of a class which is the same as that of shares previously issued, the rights attaching to the new shares shall be the same as those attached to the shares previously held.</p> <p>(2) The new shares issued by a company shall rank <i>pari passu</i> with the existing shares of the class to which the new shares belong in all matters, including the right to such bonus or right issue and</p>

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		<p>which the new shares belong in all matters, including the right to such bonus or right issue and dividend as may be declared by the company subsequent to the date of issue of such new shares.</p> <p>(3) <del>The powers conferred by sub-section (1) shall be exercisable by the company only in a general meeting.</del></p> <p>(3A) Notwithstanding anything contained in this Ordinance or any other law for the time being in force or the memorandum and articles, where the authorised capital of a company is fully subscribed, or the un-subscribed capital is insufficient, the same shall be deemed to have been increased to the extent necessary for issue of shares to a scheduled bank or financial institution in pursuance of any obligation of the company to issue shares to such scheduled bank or financial institution.</p> <p>(4) A cancellation of shares in pursuance of sub-section (1) shall not be deemed to be a reduction of share capital within the meaning of this Ordinance.</p> <p>(5) The company shall file with the registrar notice of the exercise of any power referred to in sub-section (1) within fifteen days from the exercise thereof.</p>		<p>dividend as may be declared by the company subsequent to the date of issue of such new shares.</p> <p>(3) A cancellation of shares in pursuance of sub-section (1) shall not be deemed to be a reduction of share capital within the meaning of this Ordinance.</p> <p>(4) The company shall file with the registrar notice of the exercise of any power referred to in sub-section (1) within fifteen days from the exercise thereof.</p> <p>(5) <u>Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>
88.	95	<b>Prohibition of purchase or grant of financial assistance by a company for purchase of its own or its holding company's shares.</b> - (1) No company shall	86	<b>Prohibition of purchase by company or giving of loans by it for purchase of its shares.</b> —(1) No company <u>having a share capital,</u> other than a listed company shall have power to buy its own

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		<p>have power to buy its own shares <del>or the shares of its holding company: Provided that a subsidiary shall not be barred-</del></p> <p><del>(a) from acting as a trustee unless its holding company is beneficially interested under the trust; and</del></p> <p><del>(b) from dealing in shares of its holding company in the ordinary course of its business, where such subsidiary carries on a bona fide business of brokerage;</del></p> <p><del>Provided further that a subsidiary dealing in shares of its holding company in the ordinary course of its brokerage business, shall not exercise the voting rights attached to such shares.</del></p> <p>(2) No company limited by shares, other than a private company, not being a subsidiary of a public company, shall give, whether directly or indirectly <del>and whether by means of a loan, guarantee, the provision of security or otherwise,</del> any financial assistance for the purpose of or in connection with purchase made or to be made by any person of any shares in the company or, where the company is a subsidiary, in its holding company:</p> <p><del>Provided that nothing in this sub-section shall prevent the company from advancing or securing an advance to any of its salaried employees, including a chief executive who, before his appointment as such, was not a director of the company, but excluding all</del></p>		<p>shares.</p> <p>(2) No public company or a private company being subsidiary of a public company shall give financial assistance whether directly or indirectly for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of any shares in the company or in its holding company.</p> <p><u>(3) Nothing in sub-section (2) shall apply to—</u></p> <p><u>(a) the lending of money by a banking company in the ordinary course of its business;</u></p> <p><u>(b) the provision by a company of money in accordance with any scheme approved by company through special resolution and in accordance with such requirements as may be specified, for the purchase of, or subscription for shares in the company or its holding company, if the purchase of, or the subscription for, the shares held by a trust for the benefit of the employees or such shares held by the employee of the company;</u></p> <p><u>(c) the provision or securing an advance to any of its employees, including a chief executive who, before his appointment as such, was not a director of the company, but excluding all directors of the company, for purchase of shares of the company or of its subsidiary or holding company.</u></p> <p><u>(4) Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>



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		<p>directors of the company, for purchase of shares of the company or of its subsidiary or holding company, if making or securing of such advance is a part of the contract of service of such employee.</p> <p>(3) If a company acts in contravention of sub-section (1) or sub-section (2), the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine which may extend to ten thousand rupees if the default relates to a listed company and to two thousand rupees if the default relates to any other company.</p> <p>(4) Nothing in this section shall prevent --</p> <p>(a) a company from redeeming any shares or any other redeemable security issued in accordance with the provisions of this Ordinance; and</p> <p>(b) a listed company from purchasing its own shares in accordance with the provisions of this Ordinance.</p>		
89.	95	<p><b>Prohibition of purchase or grant of financial assistance by a company for purchase of its own or its holding company's shares.</b>- (1) No company shall <del>have power to buy its own shares or the shares of its</del> holding company:</p> <p>Provided that a subsidiary shall not be barred-</p> <p>(a) from acting as a trustee unless its holding company is beneficially interested under the trust; and</p>	87	<p><b>Subsidiary company not to hold shares in its holding company.—</b></p> <p>(1) No company shall, either by itself or through its nominees, hold any shares <u>in</u> its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of a company to its subsidiary company shall be Void:</p> <p>Provided that a subsidiary shall not be barred— (a) from acting as a trustee unless its holding company is beneficially interested under the trust; and</p> <p>(b) from dealing in shares of its holding company in the ordinary course of its business, <u>on behalf of its clients only subject to non-</u></p>

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		<p>(b) from dealing in shares of its holding company in the ordinary course of its business, where such subsidiary carries on a bona fide business of brokerage:</p> <p>Provided further that a subsidiary dealing in shares of its holding company in the ordinary course of its brokerage business, shall not exercise the voting rights attached to such shares.</p> <p><del>(2) No company limited by shares, other than a private company, not being a subsidiary of a public company, shall give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with purchase made or to be made by any person of any shares in the company or, where the company is a subsidiary, in its holding company:</del></p> <p><del>Provided that nothing in this sub-section shall prevent the company from advancing or securing an advance to any of its salaried employees, including a chief executive who, before his appointment as such, was not a director of the company, but excluding all directors of the company, for purchase of shares of the company or of its subsidiary or holding company, if making or securing of such advance is a part of the</del></p>		<p><u>provision of any financial assistance</u> where such subsidiary carries on a bona fide business of brokerage:</p> <p>Provided further that a subsidiary dealing in shares of its holding company in the ordinary course of its brokerage business, shall not exercise the voting rights attached to such shares:</p> <p><u>Provided also that the provisions of this section shall not be applicable where such shares are held by a company by operation of law.</u></p> <p><u>(2) Any violation of this section shall be an offence liable to a penalty of level 2 on the standard scale.</u></p>

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		<p>contract of service of such employee.</p> <p><del>(3) If a company acts in contravention of sub-section (1) or sub-section (2), the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine which may extend to ten thousand rupees if the default relates to a listed company and to two thousand rupees if the default relates to any other company.</del></p> <p><del>(4) Nothing in this section shall prevent—</del></p> <p><del>(a) a company from redeeming any shares or any other redeemable security issued in accordance with the provisions of this Ordinance; and</del></p> <p><del>(b) a listed company from purchasing its own shares in accordance with the provisions of this Ordinance.</del></p>		
90.	95-A	<p><b>Power of company to purchase its own shares. (1)</b> Notwithstanding anything contained in this Ordinance or any other law for the time being in force or the memorandum and articles, a listed company may, subject to the provisions of this section and the rules framed by the Commission in this behalf, purchase its own shares (hereinafter in this section referred to as “purchase”).</p> <p>(2) The purchase shall be authorised by a special resolution <del>which shall indicate maximum number of shares to be purchased, the maximum price at which the shares may be purchased; and the period within which the purchase is to be made.</del></p>	88	<p><b>Power of a company to purchase its own shares.— (1)</b> Notwithstanding anything contained in this Ordinance or any other law, for the time being in force, or the memorandum and articles, a listed company may, subject to the provisions of this section and the regulations specified in this behalf, purchase its own shares.</p> <p><u>(2) The shares purchased by the company may, in accordance with the provisions of this section and the regulations, either be cancelled or held as treasury shares.</u></p> <p><u>(3) The shares held by the company as treasury shares shall, as long as they are so held, in addition to any other conditions as may be specified, be subject to the following conditions, namely-</u></p> <p><u>(a) the voting rights of these shares shall remain suspended; and</u></p>

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		<p><del>(3) The notice of the meeting in which the special resolution authorising the purchase of shares is proposed to be moved, shall be accompanied by an explanatory statement containing all material facts including the following:-</del></p> <p><del>(a) justification for the purchase;</del></p> <p><del>(b) source of funding;</del></p> <p><del>(c) effect on the financial position of the company; and</del></p> <p><del>(d) nature and extent of the interest, if any, of every director, whether directly or indirectly.</del></p> <p>(4) The purchase shall always be in cash and shall be out of the distributable profits.</p> <p>(5) <del>Where shares are purchased by a company on premium, the account of premium shall be charged to Share Premium Account of the company or in the absence of any balance therein, to the distributable profits of the company.</del></p> <p>(6) <del>Where purchase is made at a price lower than the nominal value of shares, the difference shall be credited to the reserve created under sub-section (10).</del></p> <p>(7) <del>The company shall have such debt equity and current ratios as may be prescribed.</del></p>		<p><u>(b) no cash dividend shall be paid and no other distribution, whether in cash or otherwise of the company's assets, including any distribution of assets to members on a winding up shall be made to the company in respect of these shares: Provided that nothing in this sub-section shall prevent—</u></p> <p><u>(a) an allotment of shares as fully paid bonus shares in respect of the treasury shares; and</u></p> <p><u>(b) the payment of any amount payable on the redemption of the treasury shares, if they are redeemable.</u></p> <p><u>(4) The board shall recommend to the members purchase of the shares. The decision of the board shall clearly specify the number of shares proposed to be purchased, purpose of the purchase i.e. cancellation or holding the shares as treasury shares, the purchase price, period within which the purchase shall be made, source of funds, justification for the purchase and effect on the financial position of the company.</u></p> <p>(5) The purchase of shares shall be made only under authority of a special resolution.</p> <p><u>(6) The purchase of shares shall be made within a period as specified in the regulations.</u></p> <p><u>(7) The proposal of the board to purchase shares shall, on conclusion of the board's meeting, be communicated to the Commission and to the securities exchange on which shares of the company are listed.</u></p>

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		<p>(8) <del>The majority of the directors including the chief executive, shall at a meeting make a declaration of solvency verified by an affidavit to the effect that they have made a full inquiry into the affairs of the company, and that after having done so, they have formed the opinion that the company shall continue to operate as a going concern and that it is capable of meeting its liabilities on time during the period upto the end of the immediately succeeding financial year.</del></p> <p>(9) <del>The purchase shall be made through a tender system and the mode of tender shall be decided by the company in general meeting through a special resolution.</del></p> <p>(10) <del>The shares purchased under this section shall not be resold and shall be cancelled forthwith. The amount of the company's paid up share capital shall be diminished by the nominal value of such shares accordingly. The amount by which the company's paid up share capital is thereby diminished on cancellation of the shares purchased shall, after accounting for the credit, if any, pursuant to sub-section (6) of this section, be transferred from the distributable profits to an account to be called "Capital Re-purchase Reserve Account".</del></p> <p>(11) <del>The provisions of this Ordinance relating to the</del></p>		<p>(8) <u>The purchase of shares shall always be made in cash and shall be out of the distributable profits or reserves specifically maintained for the purpose.</u></p> <p>(9) <u>The purchase of shares shall be made either through a tender offer or through the securities exchange as may be specified.</u></p> <p>(10) <u>The company may dispose of the treasury shares in a manner as may be specified.</u></p> <p>(11) <u>Where a purchase of shares has been made under this section, the company shall maintain a register of shares so purchased and enter therein the following particulars, namely-</u>            (a) number of shares purchased;            (b) consideration paid for the shares purchased;            (c) mode of the purchase;            (d) the date of cancellation or re-issuance of such shares;            (e) <u>number of bonus shares issued in respect of treasury shares;</u>  <u>and</u>            (f) <u>number and amount of treasury shares redeemed, if redeemable.</u></p> <p>(12) <u>Any violation of this section shall be an offence liable to a penalty of level 3 on the standard scale and shall also be individually and severally liable for any or all losses or damages arising out of such contravention.</u></p>

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		<p>reduction of a company's share capital apply as if the <del>Capital Re-purchase Reserve Account were paid up</del> share capital of the company, except that the reserve account may be applied by the company is paying up its un-issued shares to be allotted to members of the company as fully paid bonus shares.</p> <p>(12) Where a company has purchased its own shares under this section, it shall maintain a register of shares so purchased and enter therein the following particulars, namely:-                      (i) number of shares purchased;                      (ii) consideration paid for the shares purchased;                      (iii) mode of purchase; and                      (iv) the date of cancellation of such shares.</p> <p>(13) A return about the purchase of shares under this section containing such particulars relating to purchase as may be prescribed, along with the declaration of solvency made under sub-section (8) shall be filed with the Commission and the registrar within thirty days of the purchase.</p> <p>(14) <del>If a company makes default in compliance with the provisions of this section, the company shall be liable to a fine which may extend to one million rupees and any officer of the company who is knowingly and wilfully in default shall also be punishable with imprisonment for a term which may extend to six months, or with fine which may extend</del></p>		

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		to one million rupees, or with both.		
91.	96	<p><b>Reduction of share capital.</b>- (1) Subject to confirmation by the Court, a company limited by shares, if so authorised by its articles, may by special resolution reduce its share capital in any way, <del>and in particular and without prejudice to the generality of the foregoing powers may—</del></p> <p>(i) <del>extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or</del></p> <p>(ii) <del>either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or un-represented by available assets; or</del></p> <p>(iii) <del>either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the needs of the company; and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.</del></p> <p>(2) A special resolution under sub-section (1) is in this Ordinance referred to as a resolution for reducing share capital.</p>	89	<p><b>Reduction of share capital.</b>—Subject to confirmation by the Court a company limited by shares, if so authorised by its articles, may by special resolution reduce its share capital in any way, namely—</p> <p>(a) cancel any paid-up share capital which is lost or un-represented by available assets;</p> <p>(b) pay off any paid-up share capital which is in excess of the needs of the company.</p>
92.	99	<p><b>Objection by creditors and settlement of list of objecting creditors.</b>- (1) Where the proposed</p>	90	<p><b>Objection by creditors and settlement of list of objecting creditors.</b>—(1) Where the proposed reduction of share capital</p>

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		<p>reduction of share capital involves either diminution of liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, and in any other case if the Court so directs, every creditor of the company who, on the date fixed by the Court, is entitled to any debt or claim which, if that date were the date of commencement of the winding up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction.</p> <p>(2) The Court shall settle a list of creditors so entitled to object, and for that purpose shall ascertain, as far as possible without requiring an application from any creditor, the names of those creditors and the nature and amount of their debts or claims, and may publish notices fixing a day or days within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction.</p>		<p>involves the payment to any shareholder of any paid-up share capital, and in any other case if the Court so directs, every creditor of the company who is entitled to any debt or claim, shall be entitled to object to the reduction.</p> <p>(2) The Court shall settle a list of creditors so entitled to object, and for that purpose shall ascertain, as far as possible without requiring an application from any creditor, the names of those creditors and the nature and amount of their debts or claims, and may publish notices fixing a period within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction.</p>
93.	102	<p><b>Registration of order and minute of reduction.-</b> (1) The registrar on production to him of an order of the Court confirming the reduction of the share capital of a company, and on the filing with him of a certified copy of the order and of a minute approved by the Court and showing with respect to the share capital of the company as altered by the order, the amount of the share capital, the number of shares into which it is to be divided and the amount of each share, and the amount, if any, at the date of the registration</p>	93	<p><b>Registration of order of reduction.—</b>(1) The registrar on the filing with him of a certified copy of order of the Court confirming the reduction of the share capital of the company, shall register the same.</p> <p>(2) A resolution for reducing share capital as confirmed by an order of the Court registered under sub-section (1) shall take effect on such registration and not before.</p> <p>(3) The registrar shall certify under his hand the registration of the order and his certificate shall be conclusive evidence that all the requirements of this Ordinance with respect to reduction of</p>



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		<p><del>deemed to be paid up on each share, shall register the order and minute.</del></p> <p>(2) A resolution for reducing share capital as confirmed by an order of the Court registered under sub-section (1) shall take effect on such registration and not before.</p> <p>(3) <del>Notice of the registration shall be published in such manner as the Court may direct.</del></p> <p>(4) The registrar shall certify under his hand the registration of the order and minute, and his certificate shall be conclusive evidence that all the requirements of this Ordinance with respect to reduction of share capital have been complied with, and that the share capital of the company is such as is stated in the minute.</p>		<p>share capital have been complied with, and that the share capital of the company is such as is stated in the <u>order</u>.</p>
94.	104	<p><b>Liability of members in respect of reduced shares.--</b></p> <p>(1) A member of the company, past or present, shall not be liable in respect of any share to any call or contribution exceeding in amount the difference, if any, between the amount paid, or, as the case may be, the received amount, if any, which is to be deemed to have been paid, on the share and the amount of the share as fixed by the <del>minute</del>:</p> <p>Provided that, if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is, by reason of his ignorance of the proceedings for reduction, or of their nature and effect with respect to his claim not entered on the list of creditors, and, after the reduction, the company is</p>	94	<p><b>Liability of members in respect of reduced shares.—</b>(1) A member of the company, past or present, shall not be liable in respect of any share to any call or contribution exceeding in amount the difference, if any, between the amount paid, or, as the case may be, the received amount, if any, which is to be deemed to have been paid, on the share and the amount of the share as fixed by the <u>order</u>:</p> <p>Provided that, if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is, by reason of his ignorance of the proceedings for reduction, or of their nature and effect with respect to his claim not entered on the list of creditors, and, after the reduction, the company is unable, within the meaning of the provisions of this Ordinance with respect to winding up by the Court, to pay the amount of his debt or claim,</p>

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		<p>unable, within the meaning of the provisions of this Ordinance with respect to winding up by the Court, to pay the amount of his debt or claim, then--</p> <p>(i) every person who was a member of the company at the date of the registration of the order for reduction and minute shall be liable to contribute for the payment of that debt, or claim an amount not exceeding the amount which he would have been liable to contribute if the company had commenced to be wound up on the day before that registration; and</p> <p>(ii) if the company is wound up, the Court, on the application of any such creditor and proof of his ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list as if they were ordinary contributories in a winding up.</p> <p>(2) Nothing in this section shall effect the rights of the contributories among themselves.</p>		<p>then-</p> <p>(a) every person who was a member of the company at the date of the registration of the order for reduction shall be liable to contribute for the payment of that debt, or claim an amount not exceeding the amount which he would have been liable to contribute if the company had commenced to be wound up on the day before that registration; and</p> <p>(b) if the company is wound up, the Court on the application of any such creditor and proof of his ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list as if they were ordinary contributories in a winding up.</p> <p>(2) Nothing in this section shall effect the rights of the contributories among themselves.</p>
95.	105	<p><b>Penalty on concealment of name of creditor.</b> - If any officer of the company willfully conceals the name of any creditor entitled to object to the reduction, or willfully misrepresents the nature or amount of the debt or claim of any creditor, or if any officer of the company abets any such concealment or misrepresentation as aforesaid, every such officer shall be punishable with imprisonment for a term which may extend to one year, or with fine, or with</p>	95	<p><b>Penalty on concealment of name of creditor.</b>—If any officer of the company conceals the name of any creditor entitled to object to the reduction, or willfully misrepresents the nature or amount of the debt or claim of any creditor, or if any officer of the company abets any such concealment or misrepresentation as aforesaid, every such officer shall be punishable with imprisonment for a term which may extend to one year, or with fine <u>which may extend to five million rupees</u>, or with both.</p>

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		both.		
96.	111 (3)	<b>Limited company may have directors with unlimited liability.</b> — (3) If any director or proposer makes default in adding such a statement, or if any promoter or officer of the company makes default in giving such a notice,-he shall be liable to a fine which may extend to two thousand rupees and shall also be liable for any damage which the person so elected or appointed may sustain from the default, but the liability of the person elected or appointed shall not be affected by the default.	98 (3)	<b>Limited company may have directors with unlimited liability.</b> — (3) Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale and shall also be liable for any damage which the person so elected or appointed may sustain from the default, but the liability of the person elected or appointed shall not be affected by the default.
97.	112	<b>Special resolution of limited company making liability of directors unlimited.</b> - (1) A limited company, if so authorised by its articles, may, by special resolution, alter its memorandum so as to render unlimited the liability of its directors or of any director. (2) Upon the passing of any such special resolution, the provisions thereof shall be as valid as if they had been originally contained in the memorandum: Provided that an alteration of the memorandum making the liability of any of the directors unlimited shall not apply, without his consent, to a director who was holding the office from before the date of the alteration, until the expiry of the term for which he was holding office on that date.	99	<b>Special resolution of limited company making liability of directors unlimited.</b> — A limited company, if so authorised by its articles, may, by special resolution, alter its memorandum so as to render unlimited the liability of its directors or of any director:  Provided that an alteration of the memorandum making the liability of any of the directors unlimited shall not apply, without his consent, to a director who was holding the office from before the date of the alteration, until the expiry of the term for which he was holding office on that date.
<b>PART VI</b>				
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98.	121	<p><b>Certain mortgages and charges to be void if not registered.</b>-- (1) Every mortgage, charge or other interest created after the commencement of this Ordinance by a company and being either--</p> <p>(a) a mortgage or charge for the purpose of securing any issue of debentures; or</p> <p>(b) <del>a mortgage or charge on uncalled share capital of the company;</del> or</p> <p>(c) a mortgage or charge on any immovable property wherever situate, or any interest therein; or</p> <p>(d) a mortgage or charge on any book debts of the company; or</p> <p>(e) a mortgage or charge, <del>not being a pledge</del>, on any movable property of the company; or</p> <p>(f) a floating charge on the undertaking or property of the company, including stock-in-trade; or</p> <p>(g) <del>a mortgage or charge on a ship or any share in a ship;</del> or</p> <p>(h) <del>a mortgage or charge on goodwill, on a patent or licence under patent on, a trade mark, or on a</del></p>	100	<p><b>Requirement to register a mortgage or charge.</b>— (1) A company that creates a mortgage or charge to which this section applies must file the <u>specified</u> particulars of the mortgage or charge, together with a copy of the instrument, if any, verified in the specified manner, by which the mortgage or charge is created or evidenced, with the registrar for registration within a period of <u>thirty days</u> beginning with the day after the date of its creation: Provided that-</p> <p>(a) in the case of a mortgage or charge created out of Pakistan comprising solely property situated outside Pakistan, <u>thirty days</u> after the date on which the instrument or copy could, in due course of post, and if dispatched with due diligence, have been received in Pakistan shall be substituted for <u>thirty days</u> after the date of the creation of the mortgage or charge as the time within which the particulars and instrument or copy are to be filed with the registrar; and</p> <p>(b) in case the mortgage or charge is created in Pakistan but comprises property outside Pakistan, a copy of the instrument creating or purporting to create the mortgage or charge verified in the <u>specified</u> manner may be filed for registration notwithstanding that further proceedings may be necessary to make the mortgage or charge valid or effectual according to the law of the country in which the property is situate:</p> <p>Provided further that any subsequent registration of a mortgage or charge shall not prejudice any right acquired in respect of any property before the mortgage or charge is actually registered.</p>

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		<p><del>copyright or a licence under a copyright; or</del></p> <p>(i) a mortgage or charge or other interest based on agreement for the issue of any instrument in the nature of redeemable capital; or</p> <p>(j) <del>a mortgage or charge or other interest based on a mushrika agreement; or</del></p> <p>(k) a mortgage or charge or other interest based on hire-purchase or leasing agreement for acquisition of <del>fixed assets;</del></p> <p>shall, so far as any security on the company's property or undertaking is thereby conferred, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the mortgage or charge, together with a copy of the instrument, if any, verified in the <del>prescribed</del> manner, by which the mortgage or charge is created or evidenced are filed with the registrar for registration in the manner required by this Ordinance within <del>twenty one days</del> after the date of its creation, <del>but without prejudice to any contract or obligation for repayment of the money thereby secured, and when a mortgage or charge becomes void under this section the money secured thereby shall immediately become payable:</del></p>		<p>(2) This section applies to the following charges-</p> <p>(a) a mortgage or charge on any immovable property wherever situate, or any interest therein; or</p> <p>(b) a mortgage or charge for the purposes of securing any issue of debentures;</p> <p>(c) a mortgage or charge on book debts of the company;</p> <p>(d) a floating charge on the undertaking or property of the company, including stock-in-trade; or</p> <p>(e) a charge on a ship <u>or aircraft</u>, or any share in a ship <u>or aircraft</u>;</p> <p>(f) a charge on goodwill or <u>on any intellectual property</u>;</p> <p>(g) a mortgage or charge <u>or pledge</u>, on any movable property of the company;</p> <p>(h) a mortgage or charge or other interest, based on agreement for the issue of any instrument in the nature of redeemable capital; or</p> <p>(i) a mortgage or charge or other interest, based on <u>conditional sale agreement, namely, lease financing, hire-purchase, sale and lease back, and retention of title, for acquisition of machinery, equipment or other goods:</u></p>

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		<p>Provided that:</p> <p>(i) in the case of a mortgage or charge created out of Pakistan comprising solely property situate outside Pakistan, <del>twenty-one</del> days after the date on which the instrument or copy could, in due course of post, and if dispatched with due diligence, have been received in Pakistan shall be substituted for <del>twenty-one</del> days after the date of the creation of the mortgage or charge as the time within which the particulars and instrument or copy are to be filed with the registrar; and</p> <p>(ii) where mortgage or charge is created in Pakistan but comprises property outside Pakistan, the instrument creating or purporting to create the mortgage or charge and a copy thereof verified in the <del>prescribed</del> manner may be filed for registration notwithstanding that further proceedings may be necessary to make the mortgage or charge valid or effectual according to the law of the country in which the property is situate ; and</p> <p>(iii) where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing an advance to the company shall not for the purpose of this sub-section be treated as a mortgage or charge on those book debts; and</p>		<p>Provided that where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing an advance to the company shall not for the purpose of this sub-section be treated as a mortgage or charge on those book debts.</p> <p><b>Explanation.-</b> For the purposes of this Ordinance “charge” includes mortgage or pledge.</p> <p>(3) <u>The registrar shall, on registration of a mortgage or charge under sub-section (1) issue a certificate of registration under his signatures or authenticated by his official seal in such form and in such manner as may be specified.</u></p> <p>(4) <u>The provisions of this section relating to registration shall apply to a company acquiring any property subject to a mortgage or charge.</u></p> <p>(5) <u>Notwithstanding anything contained in any other law for the time being in force, no mortgage or charge created by a company shall be taken into account by the liquidator or any other creditor unless it is duly registered under sub-section (1) and a certificate of registration of such charge is given by the registrar under sub-section (3).</u></p> <p>(6) <u>Nothing in sub-section (5) shall prejudice any contract or obligation for repayment of the money thereby secured.</u></p> <p>(7) Where any mortgage or charge on any property or assets of a</p>

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		<p>(iv) <del>the holding of debentures entitling the holder to a charge on immovable property shall not be deemed to be an interest in immovable property.</del></p> <p>(2) Where any mortgage or charge on any property of a company <del>required to be registered under sub-section (1) has been so registered</del>, any person acquiring such property or any part thereof, or any share or interest therein, shall be deemed to have notice of the <del>said</del> mortgage or charge as from the date of such registration.</p>		<p>company <u>or any of its undertakings</u> is registered under this section, any person acquiring such property, assets, undertakings or part thereof or any share or interest therein shall be deemed to have notice of the mortgage or charge from the date of such registration.</p>
99.	123	<p><b>Particulars in case of series of debentures entitling holders <i>pari passu</i>.</b>- Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit of which the debenture-holders of that series are entitled <i>pari passu</i> is created by a company, it shall be sufficient for the purposes of <del>section 121</del> if there are filed with the registrar within <del>twenty-one days</del> after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debentures of the series, the following particulars, namely:--</p> <p>(a) the total amount secured by the whole series;</p> <p>(b) the dates of the resolutions authorizing the issue of the series and the date of the covering deed, if any, by which the security is created or defined;</p> <p>(c) a general description of the property charged; and</p> <p>(d) the names of the trustees, if any, for the debenture-holders;</p>	101	<p><b>Particulars in case of series of debentures entitling holders <i>pari passu</i>.</b>—Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit of which the debenture-holders of that series are entitled <i>pari passu</i> is created by a company, it shall be sufficient for the purposes of <u>section 100</u> if there are filed with the registrar within <u>thirty days</u> after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debentures of the series, the following particulars, namely—</p> <p>(a) the total amount secured by the whole series;</p> <p>(b) the dates of the resolutions authorising the issue of the series and the date of the covering deed, if any, by which the security is created or defined;</p> <p>(c) a general description of the property charged; and</p> <p>(d) the names of the trustees, if any, for the debenture-holders; together with a copy of the deed verified in the specified manner containing the charge:</p> <p>Provided that, where more than one issue is made of debentures</p>

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		together with a copy of the deed verified in the prescribed manner containing the charge, <del>or if there is no such deed, one of the debentures of the series, and the registrar shall, on payment of the prescribed fee, enter those particulars in the register:</del> Provided that, where more than one issue is made of debentures in the series, there shall be filed with the registrar for entry in the register particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.		in the series, there shall be filed with the registrar for entry in the register particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.
100.	125	<b>Register of mortgages and charges.</b> - (1) The registrar shall keep, with respect to each company, a register in the <del>prescribed form</del> of all mortgages and charges <del>created by the company and requiring registration under section 121 or section 122 and shall, on payment of the prescribed fee, enter in the register, with respect to every such mortgage, or charge, the date of creation, the amount secured by it, short particulars of the property mortgaged or charged, and the names of the mortgagees or persons entitled to the charge.</del> (2) A register kept in pursuance of sub-section (1) shall be open to inspection by <del>any</del> person on payment of the prescribed fee.	102	<b>Register of charges to be kept by registrar.</b> —(1) The registrar shall, in respect of every company, keep a register containing particulars of the charges registered under this Part in such form and in such manner <u>as may be specified</u> .  (2) A register kept in pursuance of this section shall be open to inspection by <u>a</u> person on payment of such fees as may be prescribed.
101.	126	<b>Index to register of mortgages and charges.</b> - The registrar shall keep a chronological index, in the <del>prescribed form and with the prescribed particulars,</del>	103	<b>Index to register of mortgages and charges.</b> —The registrar shall keep a chronological index, in the form, containing such particulars, as may be <u>specified</u> , of the mortgages or charges



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		of the mortgages or charges registered with him under this Ordinance		registered with him under this Ordinance.
102.	128	<p><b>Endorsement of certificate of registration on debenture or certificate of debenture stock.</b>- The company shall cause a copy of every certificate of registration given under <del>section 127</del> to be endorsed on every debenture or certificate of debenture stock which is issued by the company and the payment of which is secured by the mortgage or charge so registered:</p> <p>Provided that nothing in this section shall be construed as requiring a company to cause a certificate of registration of any mortgage or charge so given to be endorsed on any debenture or certificate of debenture stock which has been issued by the company before the mortgage or charge was created.</p>	104	<p><b>Endorsement of certificate of registration on debenture or certificate of debenture stock.</b>—The company shall cause a copy of every certificate of registration given under <u>section 100</u> to be endorsed on every debenture or certificate of debenture stock which is issued by the company and the payment of which is secured by the mortgage or charge so registered:</p> <p><u>Provided that in case the certificate of debenture or debenture stock is issued in the book-entry form, appropriate disclosure in pursuance of this section shall be made in the manner as may be specified:</u></p> <p>Provided further that nothing in this section shall be construed as requiring a company to cause a certificate of registration of any mortgage or charge so given, to be endorsed on any debenture or certificate of debenture stock which has been issued by the company before the mortgage or charge was created.</p>
103.	129	<p><b>Duty of company and right of interested party as regards registration.</b> - (1) It shall be the duty of a company to file with the registrar for registration the <del>prescribed</del> particulars of every mortgage or charge created by the company and of the issue of debentures of a series, requiring registration under <del>section 121</del>, but registration of any such mortgage or charge may be effected on the application of any person interested therein.</p> <p>(2) Where the registration is effected on the application of some person other than the company,</p>	105	<p><b>Duty of company and right of interested party as regards registration.</b>—(1) It shall be the duty of a company to file with the registrar for registration the <u>specified</u> particulars of every mortgage or charge created by the company and of the issue of debentures of a series, requiring registration under <u>section 100</u>, but registration of any such mortgage or charge may be effected on the application of any person interested therein.</p> <p>(2) Where the registration is affected on the application of some person other than the company, that person shall be entitled to recover from the company the amount of any fees properly paid</p>

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		that person shall be entitled to recover from the company the amount of any fees properly paid by him to the registrar on the registration. (3) Whenever the terms or conditions or extent or operation of any mortgage or charge registered under <del>sub-section (1)</del> are modified, it shall be the duty of the company to send to the registrar the particulars of such modification together with a copy of the instrument evidencing such modification verified in the <del>prescribed</del> manner, and the <del>provisions of sub-section (1)</del> as to registration of mortgage or charge shall apply to such modification of the mortgage or charge as aforesaid.	106	by him to the registrar on the registration.  <b>Modification in the particulars of mortgage or charge.—</b> Whenever the terms or conditions or extent or operation of any mortgage or charge registered under <u>this Part</u> are modified, it shall be the duty of the company to send to the registrar the particulars of such modification together with a copy of the instrument evidencing such modification verified in the <u>specified</u> manner, and the <u>provisions of this Part</u> as to registration of mortgage or charge shall apply to such modification of the mortgage or charge as aforesaid.
104.	130	<b>Copy of instrument creating mortgage or charge to be kept at registered office.--</b> Every company shall cause a copy of every instrument creating any mortgage or charge requiring registration <del>under section 121</del> and of every instrument evidencing modification of the terms or conditions thereof, to be kept at the registered office of the company: <del>Provided that, in the case of a series of uniform debentures, a copy of one such debenture shall be sufficient.</del>	107	<b>Copy of instrument creating mortgage or charge to be kept at registered office.—</b> Every company shall cause a copy of every instrument creating any mortgage or charge requiring registration under <u>this Part</u> and of every instrument evidencing modification of the terms or conditions thereof, to be kept at the registered office of the company.
105.	131	<b>Rectification of register of mortgages.-</b> (1) The Commission on being satisfied that the omission to register a mortgage or charge within the time required by section 121, or that the omission or misstatement of any particular with respect to any such mortgage or charge, <del>or the omission to give</del>	108	<b>Rectification of register of mortgages.—</b> (1) The Commission on being satisfied that- (a) the omission to file with the registrar the particulars of any mortgage or charge or any modification therein within the time required by section 100 or 101, as the case may be; or

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		<p><del>intimation to the registrar of the payment or satisfaction of a debt for which a charge or mortgage was created, was accidental or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or shareholders of the company, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any person interested and, on such terms and conditions as seem to the Commission just and expedient, order that the time for registration be extended, or, as the case may be, that the omission or mis-statement be rectified, and may make such order as to the costs of the application as it thinks fit.</del></p> <p>(2) A certified copy of the order of the Commission passed under sub-section (1) shall be filed with the registrar <del>within twenty one days of the date of such order by the company or the person on whose application it is passed.</del></p> <p>(3) Where the Commission extends the time for the registration of a mortgage or charge, the order shall not prejudice any rights acquired in respect of the property concerned prior to the time when the mortgage or charge is actually registered.</p>		<p>(b) the omission or misstatement of any particular with respect to any such mortgage or charge;</p> <p>was accidental or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or shareholders of the company, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any person interested and, on such terms and conditions as seem to the Commission just and expedient, order that the time for filing the required particulars be extended, or, as the case may be, that the omission or misstatement be rectified, and may make such order as to the costs of the application as it thinks fit.</p> <p>(2) A copy of the order passed under this section duly certified by the Commission or its authorised officer shall be forwarded to the concerned registrar <u>within seven days from the date of the order.</u></p> <p>(3) Where the Commission extends the time for the registration of a mortgage or charge, the order shall not prejudice any rights acquired in respect of the property concerned prior to the time when the mortgage or charge is actually registered.</p>
106.	132	<p><b>Registration of payment or satisfaction of mortgages and charges.-</b> (1) It shall be the duty of a company to give intimation to the registrar of the payment or satisfaction, in full, of any charge or mortgage created by the company and requiring registration</p>	109	<p><b>Company to report satisfaction of charge.—</b> (1) A company shall give intimation to the registrar in the manner specified, of the payment or satisfaction, in full, of any mortgage or charge created by it and registered under <u>this Part, within a period of thirty days from the date of such payment or satisfaction.</u></p>

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		<p><del>under section 121 and 122 within twenty one days from the date of the payment or satisfaction, in full, thereof.</del></p> <p>(2) The registrar shall on receipt of such intimation cause a notice to be sent to the holder of the charge or mortgage calling upon him to show cause, within a time, not exceeding fourteen days, to be fixed by such notice, why the payment or satisfaction of the charge or mortgage should not be recorded.</p> <p>(3) The registrar shall, if no cause is shown, order that a memorandum of satisfaction be entered in the register and shall if required furnish the company with a copy thereof.</p> <p>(4) Where cause is shown, the registrar shall record a note to that effect in the register, and shall inform the company that he has done so.</p> <p>(5) Nothing in this section shall be deemed to affect the powers of the registrar to make an entry in the register of charges <del>under section 133</del> otherwise than on receipt of an intimation from the company.</p>		<p>(2) The registrar shall, on receipt of intimation under sub-section (1), cause a notice to be sent to the holder of the mortgage or charge calling upon him to show cause within such time not exceeding fourteen days, as may be specified in such notice, as to why payment or satisfaction in full shall not be recorded <u>as intimated to the registrar, and if no cause is shown, by such holder of the mortgage or charge, the registrar shall accept the memorandum of satisfaction and make an entry in the register of charges kept by him under section 102:</u></p> <p><u>Provided that the notice referred to in this sub-section shall not be required if a no objection certificate on behalf of the holder of the mortgage or charge is furnished, along with the intimation to be submitted under sub-section (1).</u></p> <p>(3) If any cause is shown, the registrar shall record a note to that effect in the register of charges and shall inform the company.</p> <p>(4) Nothing in this section shall be deemed to affect the powers of the registrar to make an entry in the register of charges under <u>section 102</u> or otherwise than on receipt of an intimation from the company.</p> <p>(5) <u>If a company fails to file the particulars of satisfaction of mortgage or charge within the period specified under this section, the required particulars may be submitted with the additional fee, as may be specified and imposing the penalty as specified in this Part.</u></p>
107.	135	<b>Company's register of mortgages.</b> - (1) Every company shall keep a register of mortgages and enter therein all mortgages and charges <del>specifically affecting property of the company and all floating</del>	112	<b>Company's register of mortgages and charges.</b> — (1) Every company shall maintain a register of mortgages <u>and charges requiring registration under this Part, in such form and in such manner as may be specified and any violation under this section</u>

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	136	<p><del>charges on the undertaking or on any property of the company, giving in each case a short description of the property mortgaged or charged, the amount of the mortgage or charge and, except in the case of securities to bearer, the names of the mortgagees or persons entitled thereto.</del></p> <p>(2) If any officer of the company knowingly and willfully authorises or permits the omission of any entry required to be made in pursuance of sub-section (1), he shall be liable to a fine not exceeding two thousand rupees.</p> <p><b>Right to inspect copies of instruments creating mortgages and charges and company's register of mortgages.-</b> (1) The copies kept at the registered office of the company in pursuance of section 130 of instruments creating any mortgage or charge or modification of the terms and conditions thereof requiring registration under this Ordinance with the registrar, and the register of mortgages and charges kept in pursuance of section 135 shall be open at all reasonable times to the inspection of any creditor or member of the company without fee, and the register of mortgages shall also be open to the inspection of any other person on payment of such fee, not exceeding the amount prescribed for each inspection, as the company may fix.</p> <p>(2) If inspection of the said copies or register is refused, the company shall be liable to a fine not</p>		<p>shall be an offence punishable under this Ordinance.</p> <p>(2) The register of charges maintained under this section and the copies of instrument creating any mortgage and charge or modification thereof, kept in pursuance of this part shall be open to inspection of-</p> <p>(a) any member or creditor of the company without fee; and</p> <p>(b) any other person on payment of such fee <u>as may be fixed</u> by the company for each inspection.</p> <p>(3) The refusal of inspection of the said copies or the register shall be an offence under this section and any person guilty of an offence under this section shall be liable to a <u>penalty of level 1 on the standard scale</u>, and every officer of the company who knowingly authorises or permits the refusal shall incur the like penalty, and in addition to the above penalty, the registrar may by order compel an immediate inspection of the copies or register.</p>

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		exceeding five hundred rupees and a further fine <del>not exceeding fifty rupees</del> for every day after the first during which the refusal continues, and every officer of the company who knowingly authorises or permits the refusal shall incur the like penalty, and in addition to the above penalty, the registrar may by order compel an immediate inspection of the copies or register.		(4) If any officer of the company authorises or permits the omission of any entry required to be made in pursuance of sub-section (1), shall be liable to <u>a penalty of level 1 on the standard scale.</u>
108.	137	<b>Registration of appointment of receiver or manager.-</b> (1) If any person obtains an order for the appointment of a receiver of, or a person to manage, the property of a company, or appoints such a receiver or person under any powers contained in any instrument, he shall, within <del>fifteen days</del> from the date of the order or of the appointment under the powers contained in the instrument, file notice of the fact with the registrar, <del>and the registrar shall, on payment of the prescribed fee, enter the fact in the register of mortgages and charges.</del> (2) If any person makes default in complying with the requirements of sub-section (1), he shall be liable to a <del>fine not exceeding two hundred rupees for every day during which the default continues.</del>	113	<b>Registration of appointment of receiver or manager.—</b> (1) <u>Where in order to ensure enforcement of security of a company's property, a person obtains an order for the appointment of a receiver or manager, or appoints such a receiver or manager under any powers contained in any instrument, he shall within seven days of the order or of the appointment under the powers contained in the instrument, file a notice of the fact with the registrar.</u> (2) <u>Where a person appointed as a receiver or manager under this section ceases to act as such, the person who had obtained the order or appointed such, a receiver or manager pursuant to the powers contained in any instrument shall on ceasing of the receiver or manager, give the registrar a notice to that effect within seven days.</u> (3) <u>The registrar shall enter a fact of which he is given notice under this section in the register of mortgages and charges.</u> (4) Any violation of sub-sections (1) <u>and (2)</u> shall be an offence liable to <u>a penalty of level 1 on the standard scale.</u>
109.	138	<b>Filing of accounts of receiver or manager. -</b> (1) Every receiver of the property of a company who has been appointed under the powers contained in any	114	Filing of accounts of receiver or manager.—(1) Every receiver of the property of a company who has been appointed under the powers contained in any instrument, and who has taken

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		<p>instrument, and who has taken possession, shall within thirty days of expiry of every six months while he remains in possession, and also within thirty days on ceasing to act as receiver, file with the registrar an abstract in the <del>prescribed form</del> of his receipts and payments during the period to which the abstract relates, and shall also, within fifteen days of ceasing to act as receiver, file with the registrar notice to that effect, and the registrar shall enter the notice in the register of mortgages and charges.</p> <p>(2) Where a receiver of the property of a company has been appointed, every invoice, order for goods, or business letter issued by or on behalf of the company, or the receiver of the company, being a document on or in which the name of the company appears, shall contain a statement that a receiver has been appointed.</p> <p>(3) <del>If default is made in complying with the requirements of sub-section (1) or sub-section (2), the company and every director or other officer of the company and every receiver who knowingly and willfully authorises or permits the default, shall be liable to a fine not exceeding two thousand rupees and, in the case of a continuing default, to a further fine not exceeding one hundred rupees for every day after the first during which the default continues.</del></p> <p>(4) The provisions of sub-sections (1), (2) and (3) shall apply to any person appointed to manage the property of a company under any powers contained</p>		<p>possession, shall within thirty days of expiry of every six months while he remains in possession, and also within thirty days on ceasing to act as receiver, file with the registrar an abstract <u>in the form specified</u> of his receipts and payments during the period to which the abstract relates, and shall also, within fifteen days of ceasing to act as receiver, file with the registrar notice to that effect, and the registrar shall enter the notice in the register of mortgages and charges.</p> <p>(2) Where a receiver of the property of a company has been appointed, every invoice, order for goods, or business letter issued by or on behalf of the company or the receiver of the company, being a document on or in which the name of the company appears, shall contain a statement that a receiver has been appointed.</p> <p>(3) The provisions of sub-sections (1) and (2) shall apply to any person appointed to manage the property of a company under any powers contained in an instrument in the same manner as they apply to a receiver so appointed.</p> <p>(4) <u>Any contravention or default of this section by the receiver, or person appointed to manage the property of the company referred to sub-section (3), shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>

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		in an instrument in the same manner as they apply to a receiver so appointed.		
110.	141	<p><b>Power of Court to fix remuneration, etc., of receiver or manager.-</b> (1) The Court may, on an application made to it by the receiver or manager of the property, by order fix the amount to be paid by way of remuneration to any person who, under the power contained in an instrument, has been appointed as receiver or manager of the property of the company: Provided that the amount of remuneration shall not exceed such limits as may be <del>prescribed</del>.</p> <p>(2) The power of the Court under sub-section (1) shall, where no previous order has been made with respect thereto,--</p> <p>(a) extend to fixing the remuneration for any period before the making of the order or the application therefor;</p> <p>(b) be exercisable notwithstanding that the receiver or manager had died or ceased to act before the making of the order or the application therefor ; and</p> <p>(c) where the receiver or manager has been paid or has retained for his remuneration for any period before the making of the order any amount in excess of that so fixed for that period, extend to requiring him or his representative to account for the excess or such part thereof as may be specified in the order: Provided that the power conferred by clause (c) shall not be exercised as respects any period before the making of the application or the order unless in the</p>	117	<p><b>Power of Court to fix remuneration of receiver or manager.—</b> (1) The Court may, on an application made to it by the receiver or manager of the property, by order fix the amount to be paid by way of remuneration to any person who, under the power contained in an instrument, has been appointed as receiver or manager of the company's property: Provided that the amount of remuneration shall not exceed such limits as may be <u>specified</u>.</p> <p>(2) The power of the Court under sub-section (1) shall, where no previous order has been made with respect thereto-</p> <p>(a) extend to fixing the remuneration for any period before the making of the order or the application therefore;</p> <p>(b) be exercisable notwithstanding that the receiver or manager had died or ceased to act before the making of the order or the application therefore; and</p> <p>(c) where the receiver or manager has been paid or has retained for his remuneration for any period before the making of the order any amount in excess of that so fixed for that period, extend to requiring him or his representative to account for the excess or such part thereof as may be specified in the order:</p> <p>Provided that the power conferred by clause (c) shall not be exercised as respects any period before the making of the application or the order unless in the opinion of the Court there are special circumstances making it proper for the power to be so</p>



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		opinion of the Court there are special circumstances making it proper for the power to be so exercised. (3) The Court may from time to time, on an application made either by the liquidator or by the receiver or manager, or by the registrar, vary or amend an order made under sub-section (1) and issue directions to the receiver respecting his duties and functions or any other matter as it may deem expedient: Provided that an order made under sub-section (1) shall not be varied so as to increase the amount of remuneration payable to any person.		exercised.  (3) The Court may from time to time, on an application made either by the liquidator or by the receiver or manager, or by the registrar, vary or amend an order made under sub-section (1) and issue directions to the receiver respecting his duties and functions or any other matter as it may deem expedient: Provided that an order made under sub-section (1) shall not be varied so as to increase the amount of remuneration payable to any person.
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111.	147 (Register of members and index)	(1) Every company shall keep <del>in one or more books a</del> register of its members and enter therein the following particulars, namely:- (i) <del>the name in full, father's name (in the case of a married woman or widow, the name of her husband or deceased husband), nationality, address, and the occupation, if any, of each member, and, in the case of a company having a share capital, a statement of the shares held by each member, distinguishing each share by its number, and of the amount paid or agreed to be considered as paid on the shares of each member;</del> (ii) <del>the date at which each person was entered in the register as a member;</del>	119 (Index of members) and 120 (Register of members)	(1) Every company shall keep a register of its members <u>and any contravention or default in complying with requirement of this section shall be an offence punishable under this Ordinance.</u> (2) There must be entered in the register such particulars of each member as may be specified. (3) <u>In the case of joint holders of shares or stock in a company, the company's register of members shall state the names of each joint holder. In other respects joint holders shall be regarded for the purposes of this Part as a single member and the address of the person named first shall be entered in the register.</u> (4) <u>A person guilty of an offence under this section shall be liable to a penalty of level 1 on the standard scale.</u>  Section 120: (1) Every company having more than fifty members

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		<p><del>(iii) the date at which any person ceased to be a member and the reason for ceasing to be a member.</del></p> <p>(2) Every company having more than fifty members shall, unless the register of members is in such a form as to constitute in itself an index, keep an index of the names of the members of the company and shall, within fourteen days after the date at which any alteration is made in the register of members, make the necessary alteration in the index.</p> <p>(3) The index shall, in respect of each member, contain a sufficient indication to enable the entries relating to that member in the register to be readily found.</p> <p>(4) If default is made in complying with the requirements of sub-section (1) or unnecessary delay takes place in entering in the register of members the name and particulars of any person who has become or ceased to be a member of a company, as the case may be, the company shall be liable to a fine not exceeding two hundred rupees for every day during which the default continues; and every officer of the company who knowingly and willfully authorises or permits the default or causes unnecessary delay in entering in the register the name and particulars of any person who has become or ceased to be a member of a company, as the case may be, shall be liable to the like penalty.</p> <p>(5) If default is made in complying with the</p>		<p>shall keep an index of the names of the members of the company, unless the register of members is in such a form as to constitute in itself an index.</p> <p>(2) The company shall make any necessary alteration in the index within fourteen days after the date on which any alteration is made in the register of members.</p> <p>(3) The index shall contain, in respect of each member, a sufficient indication to enable the account of that member in the register to be readily found,</p> <p><u>(4) A person guilty of an offence under this section shall be liable to a penalty of level 1 on the standard scale.</u></p>

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		requirements of sub-section (2) or sub-section (3), the company and every officer of the company who knowingly and willfully authorises or permits the default shall be liable to a fine not exceeding two thousand rupees.		
112.	149 (Register and index of debenture holders)	<p>(1) Every company shall keep in one or more books a register of the holders of its debentures and enter therein the following particulars, namely:-  <del>(a) the name in full, father's name (in the case of a married woman or widow, the name of her husband or deceased husband), nationality, address, and the occupation, if any, of each debenture holder;</del>  <del>(b) the debentures held by each holder, distinguishing each debenture by its number and the amount paid or agreed to be considered as paid on the debentures held by each holder;</del>  <del>(c) the date at which each person was entered in the register as a debentureholder;</del>  <del>and</del>  <del>(d) the date at which any person ceased to be a debenture holder.</del></p> <p>(2) Every company having more than fifty debenture-holders shall unless the register of debenture-holders is in such a form as to constitute in itself an index, keep an index of the names of the debenture-holders of the company and shall, within fourteen days after</p>	122 (Register of debenture-holders) and 123 (Index of debenture-holders)	<p>(1) Every company shall keep a register of its debenture-holders and any contravention or default in complying with requirement of this section shall be an offence punishable under this Ordinance.</p> <p>(2) There must be entered in the register such particulars of each debenture-holder as may be specified.</p> <p>(3) This section shall not apply with respect to debentures which ex-facie, are payable to the bearer thereof.</p> <p><u>(4) A person guilty of an offence under this section shall be liable to a penalty of level 1 on the standard scale.</u></p> <p>Section 123: (1) Every company having more than fifty debenture-holders shall keep an index of the names of the debentureholders of the company, unless the register of debenture-holders is in such a form as to constitute in itself an index and any contravention or default in complying with requirement of this section shall be an offence punishable under this Ordinance.</p> <p>(2) The company shall make any necessary alteration in the index within fourteen days after the date on which any alteration is made in the register of debenture-holders.</p> <p>(3) The index shall contain, in respect of each debenture-holder, a sufficient indication to enable the account of that debenture-holder in the register to be readily found.</p> <p><u>(4) A person guilty of an offence under this section shall be liable</u></p>

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		<p>the date at which any alteration is made in the register of debenture-holders make the necessary alteration in the index.</p> <p>(3) The index shall, in respect of each debenture-holder, contain a sufficient indication to enable the entries relating to that holder in the register to be readily found.</p> <p>(4) If default is made in complying with sub-sections (1), (2) or (3), the company and every officer of the company shall be liable to a fine as provided in subsection (4) or sub-section (5), as the case may be, of section 147.</p> <p>(5) This section shall not apply with respect to debentures which, ex-facie, are payable the bearer thereof.</p>		<p><u>to a penalty of level 1 on the standard scale.</u></p>
113.	150 (Inspection of registers)	<p>(1) The register of members <del>commencing from the date of the registration of the company</del> and the index referred to in section 147, the register of debenture-holders and the index referred to in section 149 and the registers referred to in sub-section (4) of section 156 <del>shall be kept at the registered office of the company and, except when closed under the provisions of this Ordinance,</del> shall, during business hours, subject to such reasonable restrictions, as the company <del>in general meeting</del> may impose, so that not less than two hours in each day be allowed for inspection, be open to the inspection of members or debenture-holders gratis and to the inspection of any other person on payment of such amount <del>not</del></p>	124 (Right to inspect and require copies)	<p>(1) The registers and the index referred to in sections 119, 120, 122 and 123 shall, be open to the inspection of members or debentures-holders during business hours, subject to such reasonable restrictions, as the company may impose, so that not less than two hours in each day be allowed.</p> <p>(2) Inspection by any member or debentureholder of the company shall be without charge, and in the case of any other person on payment of such fee as may be fixed by the company for each inspection.</p> <p>(3) Any person may require a certified copy of register and index or any part thereof, on payment of such fee as may be fixed by the company.</p> <p><u>(4) The certified copies requested under this section shall be issued within a period of five working days, exclusive of the days</u></p>

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		<p><del>exceeding the prescribed amount as the company may fix; and any such member, debenture holder or other person may make extracts therefrom.</del></p> <p>(2) Any member or debenture-holder or other person may require a certified copy of the registers and index thereof mentioned in sub-section (1), or of any part thereof, on payment of such amount <del>not exceeding the prescribed amount as the company may fix,</del> and the company shall cause any copy so required by any person to be sent to that person within a period of ten days, exclusive of non-working days and days on which the transfer books of the company are closed, <del>commencing on the day next after the day on which the requirement is received by the company.</del></p> <p>(3) If any inspection required under sub-section (1) is refused, or if any copy required under sub-section (2) is not sent within the specified period, the company and every officer of the company who is in default shall be liable, in respect of each offence, to a fine not exceeding five hundred rupees and to a further fine not exceeding fifty rupees for every day after the first during which the refusal or default continues; and the registrar may by an order compel an immediate inspection of the register and index or direct that copies required shall be sent to the persons requiring them</p>		<p><del>on which the transfer book of the company is closed.</del></p> <p><u>(5) A person seeking to exercise either of the rights conferred by this section must make a request to the company to that effect.</u></p> <p><u>(6) The request must contain the following information-</u></p> <p><u>(a) in the case of an individual, his name and address;</u></p> <p><u>(b) in the case of an organisation, its name and address and also of the authorised person; and</u></p> <p><u>(c) the purpose for which the information is to be used.</u></p> <p>(7) Any refusal of inspection required under sub-section (1), or if any copy required under sub-section (3) is not issued within the specified period shall be an offence and any person guilty of an offence under this section shall be liable to a penalty of level 1 on the standard scale; and the registrar may by an order compel an immediate inspection of the register and index or direct that copies required shall be sent to the persons requiring them.</p>
114.	151 (Power	A company may, on giving not less than seven days' previous notice <del>by advertisement in some newspaper</del>	125 (Power	(1) A company may, on giving not less than seven days' previous notice close its register of members, <u>or the part of it relating to</u>

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	to close register)	<del>having circulation in the Province, or part of Pakistan not forming part of a Province, in which the registered office of the company is situate and,</del> in the case of a listed company, also in a newspaper having circulation in the Province, or other part as aforesaid, in which the stock exchange on which the company is listed is situate, close the register of members or debentureholders, as the case may be, for any time or times not exceeding in the whole forty-five days in a year and not exceeding thirty days at a time.	to close register)	<u>members holding shares of any class, for any period or periods not exceeding in the whole thirty days in each year:</u> <u>Provided that the Commission may, on the application of the company extend the period mentioned in sub-section (1), for a further period of fifteen days.</u> (2) In the case of listed company, notice for the purposes of sub-section (1), must be given by advertisement <u>in English and Urdu languages at least in one issue each of a daily newspaper of respective language having wide circulation.</u> (3) The provision of this section shall also apply for the purpose of closure of register of debenture-holders of a company. (4) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 2 on the standard scale.
115.	152 (Power or court to rectify register)	(1) If- (a) the name of any person is fraudulently or without sufficient cause entered in or omitted from the register of members or register of debenture-holders of a company; or (b) default is made or unnecessary delay takes place in entering on the register of members or register of debenture-holders the fact of the person having become or ceased to be a member or debentureholder; the person aggrieved, or any member or debenture-holder of the company, or the company, may apply to the Court for rectification of the register. (2) The Court may either refuse the application or may order rectification of the register on payment by the company of any damages sustained by any party	126 (Power or court to rectify register)	(1) If— (a) the name of any person is fraudulently or without sufficient cause entered in or omitted from the register of members or register of debenture-holders of a company; or (b) default is made or unnecessary delay takes place in entering on the register of members or register of debenture-holders the fact of the person having become or ceased to be a member or debenture-holder, the person aggrieved, or any member or debenture-holder of the company, or the company, may apply to the Court for rectification of the register. (2) The Court may either refuse the application or may order rectification of the register on payment by the company of any damages sustained by any party aggrieved, and may make such order as to costs as it in its discretion thinks fit. (3) On any application under sub-section (1) the Court may decide

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		<p>aggrieved, and may make such order as to costs as it in its discretion thinks fit.</p> <p>(3) On any application under sub-section (1) the Court may decide any question relating to the title of any person who is a party to the application to have his name entered in or omitted from the register, whether the question arises between members or debenture-holders or alleged members or debenture-holders, or between members or alleged members, or debenture-holders or alleged debenture-holders, on the one hand and the company on the other hand; and generally may decide any question which it is necessary or expedient to decide for rectification of the register.</p> <p>(4) An appeal from a decision on an application under sub-section (1), or on an issue raised in any such application and tried separately, shall lie on the grounds mentioned in section 100 of the Code of Civil Procedure, 1908 (Act V of 1908),- (a) if the decision is that of a civil court subordinate to a High Court, to the High Court; and (b) if the decision is that of a Company Bench consisting of a single Judge, to a Bench consisting of two or more Judges of the High Court.</p>		<p>any question relating to the title of any person who is a party to the application to have his name entered in or omitted from the register, whether the question arises between members or debenture-holders or alleged members or debenture-holders, or between members or alleged members, or debenture-holders or alleged debenture-holders, on the one hand and the company on the other hand; and generally may decide any question which it is necessary or expedient to decide for rectification of the register.</p> <p><u>(4) Where the Court has passed an order under sub-section (3) that prima facie entry in or omission from, the register of members or the register of debentureholders the name or other particulars of any person, was made fraudulently or without sufficient cause, the Court may send a reference for adjudication of offence under section 127 to the court as provided under section 482.</u></p>
116.	153 (Punish ment for fraudul	Anyone who fraudulently or without sufficient cause enters in, or omits from the register of members or the register of debenture-holders the name or other particulars of any person shall be punishable with imprisonment for a term which may extend to one	127 (Punish ment for fraudul	Anyone who fraudulently or without sufficient cause enters in, or omits from the register of members or the register of debenture-holders the name or other particulars of any person, shall be punishable with imprisonment for a term which may extend to three years or with fine which may extend to one million rupees,

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	ent entries in and omission from the register)	year, or with fine which may extend to ten thousand rupees, or with both.	ent entries in and omission from the register)	<u>or with both.</u>
117.	156 (Annual list of members etc)	<p>(1) Every company having a share capital shall, once in each year, prepare and file with the registrar a return containing the particulars specified in Form A of the Third Schedule as on the date of the annual general meeting or, where no such meeting is held or if held is not concluded, on the last day of the calendar year.</p> <p>(2) A company not having a share capital shall in each year prepare and file with the registrar a return containing the particulars specified in Form B of the Third Schedule as on the date of the annual general meeting or, where no such meeting is held or if held is not concluded, on the last day of the calendar year.</p> <p>(3) The return referred to in sub-section (1) or sub-section (2) shall be filed with the registrar-- (a) in the case of a listed company, within forty-five days; and (b) in the case of any other company, within thirty days; from the date of the annual general meeting held in the year or, when no such meeting is held or if held is not concluded, from the last day of the calendar year to which it relates: Provided that, in the</p>	130 (Annual return)	<p>(1) Every company having a share capital shall, once in each year, prepare and file with the registrar an <u>annual return containing the particulars in a specified form</u> as on the date of the annual general meeting or, where no such meeting is held or if held is not concluded, on the last day of the calendar year.</p> <p>(2) A company not having a share capital shall in each year prepare and file with the registrar a <u>return containing the particulars in a specified form</u> as on the date of the annual general meeting or, where no such meeting is held or if held is not concluded, on the last day of the calendar year.</p> <p>(3) <u>The return referred to in sub-section (1) or sub-section (2) shall be filed with the registrar within thirty days from the date of the annual general meeting held in the year or, when no such meeting is held or if held is not concluded, from the last day of the calendar year to which it relates:</u> Provided that, in the case of a listed company, the registrar may for special reasons extend the period of filing of such return by a period not exceeding fifteen days.</p> <p>(4) All the particulars required to be submitted under sub-section (1) and sub-section (2) shall have been previously entered in one or more registers kept by the company for the purpose.</p>



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		<p>case of a listed company, the registrar may for special reasons extend the period of filing of such return by a period not exceeding fifteen days.</p> <p>(4) All the particulars required to be submitted under sub-section (1) and sub-section (2) shall have been previously entered in one or more registers kept by the company for the purpose.</p> <p>(5) If a company makes default in complying with any requirement of this section, the company and every officer of the company who knowingly and willfully authorises or permits the default shall be liable- (a) in the case of a listed company, to a fine not exceeding ten thousand rupees and to a further fine not exceeding two hundred rupees for every day after the first during which the default continues; and (b) in the case of any other company, to a fine not exceeding two thousand rupees and to a further fine not exceeding fifty rupees for every day after the first during which the default continues.</p>		<p><u>(5) Noting in this section shall apply to a single member company or a private company having paid up capital of not more than one million rupees unless there is a change in the membership or directorship.</u></p> <p><u>(6) Any contravention or default in complying with requirement of this section shall be an offence liable—</u></p> <p><u>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</u></p> <p><u>(b) in case of of any other company, to a penalty of level 1 on the standard scale.</u></p>
118.	157 (Statutory Meeting)	<p><del>(1) Every company limited by shares and every company limited by guarantee and having a share capital shall, within a period of not less than three months, nor more than six months, from the date at which the company is entitled to commence business, hold a general meeting of the members of the company, which shall be called "the statutory meeting".</del></p> <p><del>(2) The directors shall, at least twenty-one days before the date on which the meeting is held,</del></p>	131 (Statutory Meeting of a Company)	<p><u>(1) Every public company having a share capital shall, within a period of six months from the date at which the company is entitled to commence business or within nine months from the date of its incorporation whichever is earlier, hold a general meeting of the members of the company, to be called the "statutory meeting":</u></p> <p><u>Provided that in case first annual general meeting of a company is decided to be held earlier, no statutory meeting shall be required.</u></p> <p><u>(2) The notice of a statutory meeting shall be sent to the members at least twenty-one days before the date fixed for the</u></p>

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		<p>forward a report, in this Ordinance referred as "the statutory report", to every member.</p> <p><del>(3) The statutory report shall be certified by not less than three directors, one of whom shall be the chief executive of the company, and shall state-</del></p> <p>(a) the total number of shares allotted, distinguishing shares allotted otherwise than in cash, and stating the consideration for which they have been allotted;</p> <p>(b) the total amount of cash received by the company in respect of all the shares allotted;</p> <p>(c) an abstract of the receipts of the company and of the payments made thereout up to a date within seven days of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and debentures and other sources, the payments made thereout, and particulars concerning the balance remaining in hand, and an account or estimate of the preliminary expenses of the company showing separately any commission or discount paid or to be paid on the issue or sale of shares or debentures; (d) the names, addresses and occupations of the directors, chief executive, secretary, auditors and legal advisers of the company and the changes, if any, which have occurred since the date of the incorporation; (e) the particulars of any contract the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification; (f) the extent to which underwriting</p>		<p>meeting along with a copy of statutory report.</p> <p>(3) The statutory report shall state—</p> <p>(a) the total number of shares allotted, distinguishing shares allotted other than in cash, and stating the consideration for which they have been allotted;</p> <p>(b) the total amount of cash received by the company in respect of all the shares allotted;</p> <p>(c) an abstract of the receipts of the company and of the payments made thereout up to a date <u>within fifteen days</u> of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and debentures and other sources, the payments made thereont, and particulars concerning the balance remaining in hand, and an account or estimate of the preliminary expenses of the company showing separately any commission or discount paid or to be paid on the issue or sale of shares or debentures;</p> <p>(d) the names, addresses and occupations of the directors, chief executive, secretary, auditors and legal advisers of the company and the changes, if any, which have occurred since the date of the incorporation;</p> <p>(e) the particulars of any contract the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification;</p> <p>(f) the extent to which underwriting contracts, if any, have been carried out and the extent to which such contracts have not been carried out, together with the reasons for their not having been carried out; and</p> <p>(g) the particulars of any commission or brokerage paid or to be paid in connection with the issue or sale of shares to any director,</p>

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		<p>contracts, if any, have been carried out and the extent to which such contracts have not been carried out, together with the reasons for their not having been carried out; and (g) the particulars of any commission or brokerage paid or to be paid in connection with the issue or sale of shares to any director, chief executive, secretary or officer or to a private company of which he is a director.</p> <p>(4) The statutory report shall also contain a brief account of the state of the company's affairs since its incorporation and the business plan, including any change or proposed change affecting the interest of shareholders and business prospects of the company.</p> <p>(5) The statutory report shall, so far as it relates to the shares allotted by the company, the cash received in respect of such shares and to the receipts and payments of the company, be accompanied by a certificate of the auditors of the company as to the correctness of such allotment, receipt of cash, receipts and payments.</p> <p>(6) The directors shall cause at least five copies of the statutory report, certified as aforesaid, to be delivered to the registrar for registration forthwith after sending the report to the members of the company.</p> <p>(7) The directors shall cause a list showing the names, occupations, nationality and addresses of the members of the company, and the number of shares held by them respectively, to be produced at the</p>		<p>chief executive, secretary or officer or to a private company of which he is a director.</p> <p><u>and certified by the chief executive and at least one director of the company and in case of a listed company also by a chief financial officer.</u></p> <p>(4) The statutory report shall also contain a brief account of the state of the company's affairs since its incorporation and the business plan, including any change or proposed change affecting the interest of shareholders and business prospects of the company.</p> <p>(5) The statutory report shall, so far as it relates to the shares allotted by the company, the cash received in respect of such shares and to the receipts and payments of the company, be accompanied <u>by a report</u> of the auditors of the company as to the correctness of such allotment, receipt of cash, receipts and payments.</p> <p>(6)The directors shall <u>cause a copy</u> of the statutory report, <u>along with report of the auditors as aforesaid,</u> to be delivered to the registrar for registration forthwith after sending the report to the members of the company.</p> <p>(7) The directors shall cause a list showing the names, occupations, nationality and addresses of the members of the company, and the number of shares held by them respectively, to be produced at the commencement of the meeting and to remain open and accessible to any member of the company during the continuance of the meeting.</p> <p>(8) The members of the company present at the meeting shall be at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report, whether previous</p>

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		<p>commencement of the meeting and to remain open and accessible to any member of the company during the continuance of the meeting.</p> <p>(8) The members of the company present at the meeting shall be at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report, whether previous notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.</p> <p>(9) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or after the original meeting, may be passed, and an adjourned meeting shall have the same powers as an original meeting.</p> <p><del>(10) If a petition is presented to the Court in manner provided by Part XI for winding up the company on the ground of default in filing the statutory report or in holding the statutory meeting, the Court may, instead of directing that the company be wound up, give directions for the statutory report to be filed or a meeting to be held, or make such other order as may be just.</del></p> <p>(11) In the event of any default in complying with the provisions of any of the preceding sub-sections, the company and every officer of the company who knowingly and willfully authorises or permits such default shall be liable,-</p>		<p>notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.</p> <p>(9) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or after the original meeting, may be passed, and an adjourned meeting shall have the same powers as an original meeting.</p> <p>(10) The provisions of this section shall not apply to a public company which converts itself from a private company after one year of incorporation.</p> <p><u>(11) Any contravention or default in complying with requirement of this section shall be an offence liable-</u></p> <p><u>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</u></p> <p><u>(b) in case of any other company, to a penalty of level 1 on the standard scale.</u></p>

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		<p>(a) if the default relates to a listed company, to a fine not less than ten thousand rupees and not exceeding twenty thousand rupees and in the case of a continuing default to a further fine not exceeding two thousand rupees for every day after the first during which the default continues; and</p> <p>(b) if the default relates to any other company, to a fine not exceeding five thousand rupees and in the case of a continuing default to a further fine not exceeding two hundred rupees for every day after the first during which the default continues.</p> <p><del>(12) This section shall not apply to a private company but if any such private company is converted into a company of either of the classes mentioned in sub-section (1), this section shall become applicable thereto and a reference in that sub-section to the date of commencement of business shall be construed as a reference to the date of such conversion.</del></p> <p>(13) The provisions of this section shall not apply to a public company which converts itself from a private company after one year of incorporation.</p>		
119.	158 (Annual General Meeting)	<p>(1) Every company shall hold, <del>in addition to any other meeting,</del> a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year <del>and not more than fifteen months after the holding of its last</del></p>	132 (Annual General Meeting)	<p>(1) Every company, shall hold, an annual general meeting within <u>sixteen months</u> from the date of its incorporation and thereafter once in every calendar year within a period of four months following the close of its financial year: Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, shall</p>

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		<p><del>preceding annual general meeting:</del>            Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, not being the first such meeting, shall be held by a period not exceeding thirty days.</p> <p>(2) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situate:  <del>Provided that the Commission, for any special reason, may, on the application of such company, allow the company to hold a particular meeting at any other place.</del></p> <p>(3) The notice of an annual general meeting shall be sent to the shareholders at least twenty-one days before the date fixed for the meeting and, in the case of a listed company, such notice, in addition to its being dispatched in the normal course, shall also be published at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province in which the stock exchange on which the company is listed is situate.</p> <p>(4) If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and wilfully a party to the default shall be liable,-</p> <p>(a) if the default relates to a listed company, to a fine</p>		<p>be held by a period not exceeding thirty days.</p> <p>(2) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situate <u>or in a nearest city:</u>  <u>Provided that at least seven days prior to the date of meeting, on the demand of members residing in a city who hold ten percent of the total paid up capital or such other percentage as may be specified, a listed company must provide the facility of video- link to such members enabling them to participate in its annual general meeting.</u></p> <p>(3) The notice of an annual general meeting shall be sent to the members <u>and every person who is entitled to receive notice of general meetings</u> at least twenty-one days before the date fixed for the meeting:            Provided that in the case of a listed company, such notice, in addition to its being dispatched in the normal course, shall also be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language <u>having nationwide circulation.</u></p> <p>(4) <u>Nothing in this section shall apply to a single member company.</u></p> <p>(5) <u>Any contravention or default in complying with requirement of this section shall be an offence liable—</u></p> <p>(a) <u>in case of a listed company, to a penalty of level 2 on the standard scale; and</u></p> <p>(b) <u>in case of any any other company, to a penalty of level 1 on the standard scale.</u></p>

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		not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues; and (b) if the default relates to any other company, to a fine not exceeding one hundred thousand rupees and to a further fine not exceeding five hundred rupees for every day after the first during which the default continues.		
120.	159 (Calling of extraordinary general meeting)	(1) All general meetings of a company, other than the annual general meeting referred to in section 158 and the statutory meeting mentioned in section 157, shall be called extraordinary general meetings. (2) The directors may at any time call an extraordinary general meeting of the company to consider any matter which requires the approval of the company in a general meeting, and shall, on the requisition of members representing not less than one tenth of the voting power on the date of the deposit of the requisition, forthwith proceed to call an extraordinary general meeting. (3) The requisition shall state the objects of the meeting, be signed by the requisitionists and deposited at the registered office of the company, <del>and may consist of several documents in like form, each signed by one or more requisitionists.</del> (4) If the directors do not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to be called, the	133 (Calling of extraordinary general meeting)	(1) All general meetings of a company, other than the annual general meeting referred to in section 132 and the statutory meeting mentioned in section 131, shall be called extraordinary general meetings. (2) The board may at any time call an extraordinary general meeting of the company to consider any matter which requires the approval of the company in a general meeting. (3) The board shall, at the requisition made by the members— (a) <u>in case of a company having share capital</u> , representing not less than one-tenth of the total voting power as on the date of deposit of requisition; and (b) <u>in case of a company not having share capital</u> , not less than <u>one-tenth of the total members</u> ; forthwith proceed to call an extraordinary general meeting. (4) The requisition shall state the objects of the meeting, be signed by the requisitionists and deposited at the registered office of the company. (5) If the board does not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to be called, the requisitionists, may themselves call the meeting,

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		<p>requisitionists, <del>or a majority of them in value</del>, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition.</p> <p>(5) Any meeting called under sub-section (4) by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by directors.</p> <p>(6) Any reasonable expense incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sum due or to become due from the company by way of fees or other remuneration for their services to such of the directors as were in default. (7) Notice of an extraordinary general meeting shall be sent to the members at least twenty-one days before the date of the meeting, and in the case of a listed company shall also be published in the manner provided for in sub-section (3) of section 158: Provided that, in the case of an emergency affecting the business of the company, the registrar may, on the application of the directors, authorise such meeting to be held at such shorter notice as he may specify.</p> <p>(8) Every officer of the company who knowingly or willfully fails to comply with any of the provisions of this section shall be liable,- (a) if the default relates to a listed company, to a fine not less than ten thousand</p>		<p>but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition.</p> <p>(6) Any meeting called under sub-section (5) by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by board.</p> <p>(7) Any reasonable expenses incurred by the requisitionists <u>in calling a meeting under sub-section (5)</u> shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration payable to such of the directors who were in default in calling the meeting.</p> <p>(8) <u>Notice of an extraordinary general meeting shall be served to the members in the manner provided for in section 55:</u> <u>Provided that in case of a company other than listed, if all the members entitled to attend and vote at any extraordinary general meeting so agree, a meeting may be held at a shorter notice.</u></p> <p>(9) Any contravention or default in complying with requirement of this section shall be an offence liable—</p> <p>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</p> <p>(b) in case of any other company, to a penalty of level 1 on the standard scale.</p>



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		rupees and not exceeding twenty thousand rupees and in the case of a continuing default to a further fine which may extend to two thousand rupees for every day after the first during which the default continues; and (b) if the default relates to any other company, to a fine which may extend to two thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.		
121.	160 (Provisions as to meetings and votes)	(1) The following provisions shall apply to the general meetings of a company or meetings of a class of members of the company, namely:- (a) notice of the meeting specifying the place and the day and hour of the meeting alongwith a statement of the business to be transacted at the meeting shall be given- (i) to every member of the company; (ii) to any person entitled to a share in consequence of death of a member if the interest of such person is known to the company; and (iii) to the <del>auditor</del> or auditors of the company; in the manner in which notices are required to be served by section 50, but the accidental omission to give notice to, or the non-receipt of notice by, any member shall not invalidate the proceedings at any meeting; (b) where any special business, that is to say business other than consideration of the accounts, balance-sheets and the reports of the directors and auditors,	134 (Provisions as to meetings and votes) and 135 (Quorum of General Meeting)	1) The following provisions shall apply to the general meetings of a company or meetings of a class of members of the company, namely: (a) notice of the meeting specifying the place and the day and hour of the meeting alongwith a statement of the business to be transacted at the meeting shall be given— (i) to every member <u>or class of the members of the company as the case may be;</u> (ii) <u>to every director;</u> (iii) to any person who is entitled to a share in consequence of the death <u>or bankruptcy of a member,</u> if the company has been notified of his entitlement; (iv) to the auditors of the company; in the manner in which notices are required to be served by section 55, but the accidental omission to give notice to, or the non-receipt of notice by, any member shall not invalidate the proceedings at any meeting; (b) <u>in case of a listed company, if certain members who hold ten percent of the total paid up capital or such other percentage as</u>

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		<p>the declaration of a dividend, the appointment and fixation of remuneration of auditors, and the election or appointment of directors, is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected shall be specified in the statement;</p> <p><del>(c) subject to the provisions of this Ordinance so far as they relate to the election and appointment of directors, the provisions of clause (b) shall apply mutatis mutandis to a meeting where ordinary business, being business other than special business, is to be transacted;</del></p> <p>(d) all the members may participate in the meeting either personally or through proxy.</p> <p>(2) The quorum of a general meeting shall be-</p> <p>(a) in the case of a public listed company, unless the articles provide for a larger number, not less than ten members present personally who represent not less than twenty-five per cent of the total voting power, either of their own account or as proxies;</p> <p>(b) in the case of any other company, unless the articles provide for a larger number, two members</p>		<p><u>may be specified, reside in a city, it shall be mentioned in the notice that such members, may demand the company to provide them the facility of video-link to for attending the meeting.</u></p> <p>(2) For the purposes of sub-section (1), in the case of an annual general meeting, all the businesses to be transacted shall be deemed special, other than-</p> <p>(a) the consideration of financial statements and the reports of the board and auditors;</p> <p>(b) the declaration of any dividend;</p> <p>(c) the election and appointment of directors in place of those retiring; and</p> <p>(d) the appointment of the auditors and fixation of their remuneration.</p> <p>(3) Where any special business is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected, shall be specified in the statement.</p> <p>(4) Members of a company may participate in the meeting personally, <u>through video-link</u> or by proxy.</p> <p>(5) The chairman of the board, 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 holding the meeting, or is unwilling to act as chairman, any one of the directors present may</p>

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		<p>present personally who represent not less than twenty-five per cent of the total voting power, either of their own account or as proxies; and</p> <p><del>(c) in the case of a single member company, single member present in person or by proxy:</del></p> <p>Provided that, 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 adjourned meeting a 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, unless the articles provide otherwise.</p> <p>(3) 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 holding 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 is unwilling to act as chairman the members present shall choose one of their number to be the chairman.</p> <p>(4) In the case of a company having a share capital, every member shall have votes proportionate to the paid-up value of the shares or other securities</p>		<p>be elected to be chairman, and if none of the directors is present or is unwilling to act as chairman the members present shall choose one of their member to be the chairman.</p> <p>(6) In the case of a company having a share capital, every member shall have votes proportionate to the paid-up value of the shares or other securities carrying voting rights held by him according to the entitlement of the class of such shares or securities, as the case may be:</p> <p>Provided that, at the time of voting, fractional votes shall not be taken into account.</p> <p>(7) No member holding shares or other securities carrying voting rights shall be debarred from casting his vote, nor shall anything contained in the articles have the effect of so debarring him.</p> <p>(8) In the case of a company limited by guarantee and having no share capital, every member thereof shall have one vote.</p> <p>(9) On a poll, votes may be given either personally or <u>through video-link</u> or by proxy or through <u>postal ballot in a manner and subject to the conditions as may be specified.</u></p> <p><u>(10) Notwithstanding anything contained in this Ordinance, the Commission shall have the power to notify any business requiring the approval of the members shall only be transacted through postal ballot for any company or class of companies.</u></p> <p><u>(11) All the requirements of this Ordinance regarding calling of, holding and approval in general meeting, board meeting and election of directors in case of a single member company, shall be deemed complied with; if the decision is recorded in the relevant minutes book and signed by the sole member or sole director as the case may be.</u></p> <p>(12) Any contravention or default in complying with requirement</p>

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		<p>carrying voting rights held by him according to the entitlement of the class of such shares or securities, as the case may be: Provided that, at the time of voting, fractional votes shall not be taken into account.</p> <p>(5) No member holding shares or other securities carrying voting rights shall be debarred from casting his vote, nor shall anything contained in the articles have the effect of so debarring him.</p> <p>(6) In the case of a company limited by guarantee and having no share capital, every member thereof shall have one vote.</p> <p>(7) On a poll, votes may be given either personally or by proxy.</p> <p>(8) Every officer of the company who knowingly or willfully fails to comply with any of the provisions of this section shall be liable,-</p> <p>(a) if the default relates to a listed company, to a fine which may extend to fifty thousand rupees and in the case of a continuing default to a further fine which may extend to two thousand rupees for every day after the first during which the default continues; and</p> <p>(b) if the default relates to any other company, to a fine not exceeding ten thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.</p>		<p><u>of this section shall be an offence liable-</u></p> <p><u>(a) in case of a listed company, to a penalty of level 3 on the standard scale; and</u></p> <p><u>(b) in case of any other company, to a penalty of level 2 on the standard scale.</u></p> <p><u>Section 135: (1) The quorum of a general meeting shall be—</u></p> <p>(a) in the case of a public listed company, unless the articles provide for a larger number, not less than ten members present personally, <u>or through video-link</u> who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies;</p> <p>(b) in the case of any other company <u>having share capital</u>, unless the articles provide for a larger number, two members present personally, <u>or through video-link</u> who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies;</p> <p><u>(c) in the case of a company not having share capital, as provided in the articles:</u></p> <p>Provided that, 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 adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present personally or <u>through video-link</u> being not less than two shall be a quorum, unless the articles provide otherwise.</p>

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				<p>(2) Any contravention or default in complying with requirement of this section shall be an offence liable—</p> <p>(a) in case of a listed company, to A penalty of level 2 on the standard scale; and</p> <p>(b) in case of any other company, to a penalty of level 1 on the standard scale.</p>
122.	161 (Proxies)	<p>(1) Any member of a company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person, as his proxy to attend and vote instead of him, and a proxy so appointed shall have such rights as respects speaking and voting at the meeting as are available to a member: Provided that-</p> <p>(a) this sub-section shall not apply in the case of a company not having a share capital;</p> <p>(b) a member shall not be entitled to appoint more than one proxy to attend any one meeting;</p> <p>(c) if any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid; and</p> <p>(d) a proxy must be a member unless the articles of the company permit appointment of a non-member as proxy.</p> <p>(2) Every notice of a meeting of a company shall prominently set out the member's right to appoint a proxy and the right of such proxy to attend, speak and vote in the place of the member at the meeting</p>	137 (Proxies)	<p>(1) A member of a company entitled to attend and vote at a meeting of the company <u>may</u> appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting:</p> <p>Provided that—</p> <p>(a) <u>unless the articles of a company otherwise provide</u>, this sub-section shall not apply in the case of a company not having a share capital;</p> <p>(b) a member shall not be entitled to appoint more than one proxy to attend any one meeting;</p> <p>(c) if any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid; and</p> <p>(d) a proxy must be a member unless the articles of the company permit appointment of a non-member as proxy.</p> <p>(2) <u>Subject to the provisions of sub-section (1)</u>, every notice of a meeting of a company shall prominently set out the member's right to appoint a proxy and the right of such proxy to attend, speak and vote in the place of the member at the meeting and every such notice shall be accompanied by a proxy form.</p> <p>(3) The instrument appointing a proxy shall—</p>

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		<p>and every such notice shall be accompanied by a proxy form.</p> <p>(3) The instrument appointing a proxy shall-</p> <p>(a) be in writing; and</p> <p>(b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.</p> <p>(4) An instrument appointing a proxy, if in the form set out in regulation 39 of Table A in the FIRST SCHEDULE shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles.</p> <p>(5) The proxies shall be lodged with the company not later than forty-eight hours before the time of the meeting and any provision to the contrary in the company's articles shall be void.</p> <p>(6) The members or their proxies shall be entitled to do any or all the following things in a general meeting, namely:-</p> <p>(a) subject to the provisions of section 167, demand a poll on any question; and</p> <p>(b) on a question before the meeting in which poll is demanded, to abstain from voting or not to exercise their full voting rights; and any provision to the contrary in the company's articles shall be void.</p> <p>(7) Every member entitled to vote at a meeting of the company shall be entitled to inspect during the business hours of the company all proxies lodged</p>		<p>(a) be in writing; and</p> <p>(b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.</p> <p>(4) An instrument appointing a proxy, if in the form set out in Regulation 43 of Table A in the First Schedule shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles.</p> <p>(5) The proxies must be lodged with the company not later than forty eight hours before the time for holding a meeting and any provision to the contrary in the company's articles shall be void.</p> <p><u>(6) In calculating the period mentioned in sub-section (5), no account shall be taken of any part of the day that is not a working day.</u></p> <p>(7) The members or their proxies shall be entitled to do any or all the following things in a general meeting, namely—</p> <p>(a) subject to the provisions of section 143, demand a poll on any question; and</p> <p>(b) on a question before the meeting in which poll is demanded, to abstain from voting or not to exercise their full voting rights; and any provision to the contrary in the articles shall be void.</p> <p>(8) Every member entitled to vote at a meeting of the company shall be entitled to inspect during the business hours of the company all proxies lodged with the company.</p> <p>(9) The provisions of this section shall apply <i>mutatis mutandis</i> to the meeting of a particular class of members as they apply to a general meeting of all the members.</p> <p><u>(10) Failure to issue notices in time or issuing notices with material defect or omission or any other contravention of this</u></p>

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		<p>with the company. (8) [Deleted]. (9) The provisions of this section shall apply mutatis mutandis to the meeting of a particular class of members as they apply to a general meeting of all the members. (10) Failure to issue notices in time or issuing notices with material defect or omission or any other contravention of this section which has the effect of preventing participation or use of full rights by a member or his proxy shall make the company and every officer of the company who knowingly and willfully is a party to the default or contravention liable to a fine which may extend to five thousand rupees if the default relates to a listed company and to a fine which may extend to two thousand rupees if the default relates to any other company.</p>		<p><u>section which has the effect of preventing participation or use of full rights by a member or his proxy shall make the company and its every officer who is a party to the default or contravention liable to—</u> <u>(a) a penalty of level 2 on the standard scale if the default relates to a listed company; and</u> <u>(b) to a penalty of level 1 on the standard scale if the default relates to any other company.</u></p>
123.	162 (Representation of corporation at meetings of companies and of	<p>(1) A company which is a member of another company may, by resolution of the directors, authorise any of its officials or any other person to act as its representative at any meeting of that other company, and the person so authorised shall be entitled to exercise the same powers on behalf of the company which he represents <del>as if he were an individual shareholder of that other company.</del> (2) A company which is a creditor of another company may authorise any of its officials or any other person to act as its representative at any meeting of the creditors of that other company held</p>	138 (Representation of body corporate or corporation at meetings)	<p><u>(1) A body corporate or corporation (whether or not a company within the meaning of this Ordinance) which is a member of another company may, by resolution of its board or other governing body authorise an individual to act as its representative at any meeting of that other company, and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents.</u> <u>(2) A body corporate or corporation (whether or not a company within the meaning of this Ordinance) which is a creditor of another company may, by resolution of its board or other governing body authorise an individual to act as its representative at any meeting of the creditors of that other company held in</u></p>

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	creditors)	in pursuance of this Ordinance or any other meeting to which it is entitled to attend in pursuance of the provisions contained in any debenture or trust deed or any other document and the person so authorised shall be entitled to exercise the same powers as are available to the company which he represents.		pursuance of this Ordinance or any other meeting to which it is entitled to attend in pursuance of the provisions contained in any instrument and the person so authorised shall be entitled to exercise the same powers on behalf of the <u>corporation</u> which he represents.
124.	163 (Representation of Federal Government at meetings of the company)	(1) The Federal Government, or a Provincial Government, as the case may be, if a member of a company, may appoint such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company. (2) A person appointed to act as aforesaid shall, for the purpose of this Ordinance, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, as the Federal Government or the Provincial Government, as the case may be, may exercise as a member of the company.	139 (Representation of Federal Government at meetings of the company)	(1) <u>The concerned Minister-in-Charge</u> of the Federal Government, or as the case may be, a Provincial Government, as the case may be, if a member of a company, may appoint such individual as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company. (2) An individual appointed to act as aforesaid shall, for the purpose of this Ordinance, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, <u>as the concerned Minister-in-Charge</u> of the Federal Government or as the case may be, the Provincial Government, as the case may be, may exercise as a member of the company.
125.	164 (Notice of resolution)	(1) With the notice for a meeting, the company shall send to the members copies of draft resolutions, other than routine or procedural resolutions, which are proposed for consideration in the meeting. (2) The members having not less than ten per cent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so	140 (Notice of a general meeting)	(1) <u>The notice of a general meeting of a company shall state the general nature of each business proposed to be considered and dealt with at a meeting, and in case of special resolution, accompanied by the draft resolution.</u> (2) The members having not less than ten percent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so as to reach the company—



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		<p>as to reach the company-</p> <p>(a) in the case of a meeting requisitioned by the members, together with the requisition for the meeting;</p> <p>(b) in any other case, at least fifteen days before the meeting; and the company shall forthwith circulate such resolution to all the members.</p> <p>(3) In the event of any default in complying with any of the provisions of this section, the company and every officer of the company who is knowingly or willfully a party to such default shall be liable to a fine which may extend to five thousand rupees if the default relates to a listed company and to a fine which may extend to two thousand rupees if the default relates to any other company.</p>		<p>(a) in the case of a meeting requisitioned by the members, together with the requisition for the meeting;</p> <p>(b) in any other case, <u>at least ten days</u> before the meeting; and the company shall forthwith circulate such resolution to all the members.</p> <p><u>(3) Any contravention or default in complying with requirement of this section shall be an offence liable—</u></p> <p><u>(a) in case of a listed company, to a penalty of level 2 on the standard scale; and</u></p> <p><u>(b) in case of any other company, to a penalty of level 1 on the standard scale.</u></p>
126.	166 (Chair man's declaration of result of voting by show of hands to be eviden	At any general meeting, a declaration by the chairman that on a show of hands, a resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the company, shall, until the contrary is proved, be evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.	142 (Declaration by chairman on show of hands)	<p>(1) On a vote on a resolution at <u>a meeting</u> on a show of hands, a declaration by the chairman that the resolution--</p> <p>(a) has or has not been passed; or</p> <p>(b) passed unanimously or by a particular majority; is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.</p> <p>(2) An entry in respect of such a declaration in minutes of the meeting recorded in accordance with section 151 is also conclusive evidence of that fact without such proof.</p>

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127.	167 (Demand for poll)	<p>(1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the persons or person specified below, that is to say,-</p> <p><del>(a) in the case of a public company, by at least five members having the right to vote on the resolution and present in person or by proxy;</del></p> <p><del>(b) in the case of a private company, by one member having the right to vote on the resolution and present in person or by proxy if not more than seven such members are personally present, and by two such members present in person or by proxy if more than seven such members are personally present;</del></p> <p>(c) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or</p> <p><del>(d) by any member or members present in person or by proxy and holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right.</del></p> <p>(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>	143 (Demand for poll)	<p>(1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the members present in person or <u>through video-link</u> or by proxy, where allowed, and having not less than one-tenth of the total voting power.</p> <p>(2) The demand for a poll may be withdrawn at any time by the members who made the demand.</p>
128.	171	If default is made in complying with any directions of	148	If any person makes default in holding a meeting of the company

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	(Penalty for default in complying with the directions of the Commission in holding the meeting)	the Commission under section 170, the company and every officer of the company who is in default shall be liable to a fine which may extend to ten thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.	(Punishment for default in complying with the provisions of Section 147)	in accordance with section 147 or in complying with any directions of the Commission, <u>shall be liable to a penalty of level 3 on the standard scale.</u>
129.	172 (Filing of resolution etc.)	(1) <del>A printed or typed copy of</del> every special resolution shall, within fifteen days from the passing thereof, be filed with the registrar duly authenticated by the chief executive or secretary of the company. (2) Where articles have been registered, a copy of every special resolution for the time being in force shall be embodied in or annexed to every copy of the articles issued after the date of the resolution. (3) A copy of every special resolution shall be forwarded to any member at his request on payment of such fee not exceeding the prescribed amount as the company may determine.	150 (Filing of resolution)	(1) Every special resolution passed by a company shall, within fifteen days from the passing thereof, be filed with the registrar duly authenticated by a <u>director</u> or secretary of the company. (2) Where articles have been registered, a copy of every special resolution for the time being in force shall be embodied in or annexed to every copy of the articles issued after the date of the resolution. (3) A copy of every special resolution shall be forwarded to any member at his request on payment of such fee not exceeding the amount as the company may determine. (4) <u>Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on</u>

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		<p>(4) In the event of any default in complying with the provisions of subsection (1), the company and every officer who is knowingly and wilfully in default shall be liable to a fine which may extend to one hundred rupees for every day during which the default continues.</p> <p>(5) In the event of any default in complying with the provisions of subsection (2) or (3), the company and every officer who is knowingly and wilfully in default shall be liable to a fine which may extend to one thousand rupees for each default.</p>		<p><u>the standard scale.</u></p>
130.	173 (Minutes of proceedings of general meetings and directors)	<p>(1) Every company shall <del>cause a fair and accurate summary of the minutes of all proceedings of general meetings and meetings of its directors and committee of directors, along with the names of those participating in such meetings, to be entered in properly maintained books. A copy of the minutes of meeting of the board of directors shall be furnished to every director within fourteen days of the date of meeting.</del></p> <p>(2) Any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.</p> <p>(3) Until the contrary is proved, every general meeting of the company <del>or meeting of directors or committee of directors</del> in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held, <del>and all</del></p>	151 (Records of resolutions and meetings) and 152 (Inspection of records of resolutions and meetings)	<p>(1) Every company shall keep <u>records of—</u>            (a) <u>copies of all resolutions of members passed otherwise than at general meetings; and</u>            (b) <u>minutes of all proceedings of general meetings</u> along with the names of participants, to be entered in properly maintained books;            (2) Minutes recorded in accordance with sub-section (1), if purporting to be authenticated by the chairman of the meeting or by the chairman of the next meeting, shall be the evidence of the proceedings at the meeting.            (3) Until the contrary is proved, every general meeting of the company in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called, held and conducted.            (4) The records must be kept at the registered office of the company <u>from the date of the resolution, meeting or decision simultaneously in physical and electronic form and it shall be preserved for at least twenty years in physical form and</u></p>

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		<p><del>proceedings had thereat to have been duly had, and all appointments of directors or liquidators shall be deemed to be valid.</del></p> <p>(4) The books containing the minutes of proceedings of the general meetings of a company <del>and those of the meetings of the directors and committee of directors</del> shall be kept at the registered office of the company.</p> <p>(5) In the event of failure to comply with the provisions of sub-section (1) or sub-section (4), the company and every officer of the company who is knowingly in default shall be liable to a fine which may extend to five thousand rupees and to a further fine which may extend to one hundred rupees for every day after the first day during which the failure continues.</p> <p>(6) The books containing the minutes of proceedings of the general meetings shall be open to inspection by members without charge during business hours, subject to such reasonable restrictions as the company may by its articles or in general meeting impose so that not less than two hours in each day be allowed for inspection. (7) Any member shall at any time after seven days from the meeting be entitled to be furnished, within seven days after he has made a request in that behalf to the company, with a certified copy of the minutes of any general meeting at such charge not exceeding the prescribed amount as may be fixed by the company.</p>		<p><u>permanently in electronic form.</u></p> <p><u>(5) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p> <p>Section 152: (1) The books containing the minutes of proceedings of the general meetings shall be open to inspection by members without charge during business hours, subject to such reasonable restrictions as the company may by its articles or in general meeting impose so that not less than two hours in each day be allowed for inspection.</p> <p>(2) Any member shall at any time after seven days from the meeting be entitled to be furnished, within seven days after he has made a request in that behalf to the company, with a certified copy of the minutes of any general meeting at such charge not exceeding the amount as may be fixed by the company.</p> <p><u>(3) If any inspection required under sub-section (1) is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein,</u> <u>the person guilty of an offence shall be liable to a penalty of level 1 on the standard scale, and the registrar may direct immediate inspection or supply of copy, as the case may be.</u></p>

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		(8) If any inspection required under sub-section (6) is refused, or if any copy required under sub-section (7) is not furnished within the time specified therein, the company and every officer of the company who is knowingly and willfully in default shall be liable in respect of each offence to a fine which may extend to one thousand rupees and to a further fine which may extend to fifty rupees for every day after the first day during which the default continues, and the registrar may direct immediate inspection or supply of copy, as the case may be.		
131.	187 (Ineligibility of certain persons to act as a director)	No person shall be appointed as a director of a company if he- (a) is a minor; (b) is of unsound mind; (c) has applied to be adjudicated as an insolvent and his application is pending; (d) is an undischarged insolvent; (e) has been convicted by a court of law for an offence involving moral turpitude; (f) has been debarred from holding such office under any provision of this Ordinance; (g) has betrayed lack of fiduciary behaviour and a declaration to this effect has been made by the Court under section 217 at any time during the preceding five years; (h) is not a member Provided that clause (h) shall not apply in the case of—	153 (Ineligibility of certain persons to become a director)	A person shall not be eligible for appointment as a director of a company, if he — (a) is a minor; (b) is of unsound mind; (c) has applied to be adjudicated as an insolvent and his application is pending; (d) is an undischarged insolvent; (e) has been convicted by a court of law for an offence involving moral turpitude; (f) has been debarred from holding such office under any provision of this Ordinance; (g) is lacking fiduciary behaviour and a declaration to this effect has been made by the Court under section 212 at any time during the preceding five years; (h) <u>does not hold National Tax Number as per the provisions of Income Tax Ordinance, 2001 (XLIX of 2001);</u> (i) is not a member:

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		<p>(i) a person representing the Government or an institution or authority which is a member;</p> <p>(ii) a whole-time director who is an employee of the company;</p> <p>(iii) a chief executive; or</p> <p>or (iv) a person representing a creditor</p> <p>(i) has been declared by a Court of competent jurisdiction as defaulter in repayment of loan to a financial institution, <del>exceeding such amount as may be notified by the Commission from time to time; and</del></p> <p>(j) is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house:</p> <p>Provided that clauses (i) and (j) shall be applicable only in case of a listed company.</p> <p><del>Provided further that the prohibition contained in clause (j) shall not apply where the company is a stock exchange.</del></p>		<p>Provided that clause (i) shall not apply in the case of,—</p> <p>(i) a person representing a member <u>which is not a natural person;</u></p> <p>(ii) a whole-time director who is an employee of the company;</p> <p>(iii) a chief executive; or</p> <p>(iv) a person representing a creditor <u>or other special interests by virtue of contractual arrangements;</u></p> <p>(j) has been declared by a court of competent jurisdiction as defaulter in repayment of loan to a financial institution;</p> <p>(k) is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house:</p> <p>Provided that clauses (j) and (k) shall be applicable only in case of listed companies.</p>
132.	174 (Minimum numbers of directors of a company) and 175 (Only	<p>(1) Notwithstanding anything contained in any other law for the time being in force,-</p> <p>(a) every single member company shall have at least one director;</p> <p>b) every other private company shall have not less than two directors; and</p> <p>(c) every public company other than a listed company shall have not less than three directors, <del>appointed and elected in the manner provided in this Ordinance.</del></p> <p>(2) Every listed company shall have not less than</p>	154 (Minimum numbers of directors of a company)	<p>(1) Notwithstanding anything contained in any other law for the time being in force—</p> <p>(a) a single member company shall have at least one director;</p> <p>(b) every other private company shall have not less than two directors;</p> <p>(c) a public company other than a listed company shall have not less than three directors; and</p> <p>(d) a listed company shall have not less than seven directors.</p> <p>(2) Only a natural person shall be a director.</p>

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	natural persons to be directors)	seven directors <del>to be elected in a general meeting in the manner provided in this Ordinance.</del> Section 175: Only a natural person shall be a director and no director shall be the variable representative of a body corporate.		
133.	176 (First directors and their term)	(1) <del>In default of and subject to any provisions in the articles of a company and section 174,</del> the number of directors and the names of the first directors shall be determined <del>in writing</del> by a majority of the subscribers of the memorandum, and until so determined, all the subscribers of the memorandum who are natural persons shall be deemed to be the directors of the company. (2) The first directors shall hold office until the election of directors in the first annual general meeting.	157 (First directors and their term)	1) The number of directors and the names of the first directors shall be determined by the subscribers of the memorandum <u>and their particulars specified under section 197 shall be submitted along with the documents for the incorporation of the company.</u> (2) <u>The number of first directors may be increased by appointing additional directors by the members in a general meeting.</u> The first directors shall hold office until the election of directors in the first annual general meeting of the company.
134.	177 (Retirement of directors)	On the date of the first annual general meeting of a company <del>of the company for the time being who are subject to election</del> shall stand retired from office <del>and thereafter all such directors shall retire on the expiry of the term laid down in section 180:</del> Provided that the directors so retiring shall continue to perform their functions until their successors are elected: Provided further that the directors so continuing to perform their functions shall take immediate steps to hold the election of directors and in case of any	158 (Retirement of first directors)	(1) On the date of first annual general meeting, all directors of the company shall stand retired from office and the directors so retiring shall continue to perform their functions until their successors are elected.  (2) Where the directors <u>consider it impossible to hold election in the first annual general meeting,</u> they shall report the impending circumstances <u>of the case to the registrar at least forty-five days before the due date.</u>



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		impediment report the circumstances of the case to the registrar within fifteen days of the expiry of the term laid down in section 180.		
135.	178 (Proce dure for electio n of directo rs)	(1) The directors of a company shall, subject to section 174, fix the number of elected directors of the company not later than thirty-five days before the convening of the general meeting at which directors are to be elected, and the number so fixed shall not be changed except with the prior approval of a general meeting <del>of the company.</del> (2) The notice of the meeting at which directors are proposed to be elected shall among other matters, expressly state- (a) the number of elected directors fixed under sub-section (1); and (b) the names of the retiring directors. (3) Any person who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director: Provided that any such person may, at any time before the holding of election, withdraw such notice. (4) All notices received by the company in pursuance of sub-section (3) shall be transmitted to the members not later than seven days before the date of the meeting, in the manner provided for sending of a notice of general meeting in the normal manner or	159 (Proce dure for electio n of directo rs)	(1) Subject to the provision of section 154, the <u>existing</u> directors of a company shall fix the number of directors <u>to be elected</u> in the general meeting, not later than thirty-five days before convening of such meeting and the number of directors so fixed shall not be changed except with the prior approval of the general meeting <u>in which election is to be held.</u> (2) The notice of the meeting at which directors are proposed to be elected shall among other matters, expressly state— (a) the number of directors fixed under sub-section (1); and (b) the names of the retiring directors. (3) Any member who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director: Provided that any such person may, at any time before the holding of election, withdraw such notice. (4) All notices received by the company in pursuance of sub-section (3) shall be transmitted to the members not later than seven days before the date of the meeting, in the same manner as provided under this Ordinance for sending of a notice of general meeting. In the case of a listed company such notice shall be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language <u>having wide circulation.</u> (5) The directors of a company having a share capital shall, unless

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		<p>in the case of a listed company by publication at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province in which the stock exchange on which its securities are listed is situate.</p> <p>(5) The directors of a company having a share capital shall, unless the number of persons who offer themselves to be elected is not more than the number of directors fixed under sub-section (1), be elected by the members of the company in general meeting in the following manner, namely:-</p> <p>(a) a member shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected;</p> <p>(b) a member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose; and</p> <p>(c) the candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected.</p> <p>(6) The directors of a company not having share capital shall be elected by members of the company in general meeting in the manner as provided in articles of association of the company.</p>		<p>the number of persons who offer themselves to be elected is not more than the number of directors fixed under sub-section (1), be elected by the members of the company in general meeting in the following manner, namely—</p> <p>(a) a member shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of directors to be elected;</p> <p>(b) a member may, give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose; and</p> <p>(c) the candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected.</p> <p>(6) The directors of a company <u>limited by guarantee</u> and not having share capital shall be elected by members of the company in general meeting in the manner as provided in articles of association of the company.</p>
136.	179	The Court may, on the application of members	160	The Court may, on the application of members holding <u>ten</u>

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	(Circumstances in which election of directors may be declared invalid)	holding not less than twenty percent of the voting power in the company, made within thirty days of the date of election, declare election of all directors or any one or more of them invalid if it is satisfied that there has been material irregularity in the holding of the elections and matters incidental or relating thereto.	(Power of the court to declare election of directors invalid)	<u>percent</u> of the voting power in the company, made within thirty days of the date of election, declare election of all directors or any one or more of them invalid if it is satisfied that there has been material irregularity in the holding of the elections and matters incidental or relating thereto.
137.	180 (Term of office of directors)	(1) A director elected under section 178 shall hold office for a period of three years unless he earlier resigns, becomes disqualified from being a director or otherwise ceases to hold office. (2) Any casual vacancy occurring among the directors may be filled up by the directors and the person so appointed shall hold office for the remainder of the term of the director in whose place he is appointed.	161 (Term of office of directors)	<b>(1)</b> A director elected under section 159 or <u>162</u> shall hold office for a period of three years unless he earlier resigns, <u>vacates office due to fresh election required under section 162 as the case may be</u> , becomes disqualified from being a director or otherwise ceases to hold office: <u>Provided that the term of office of "directors of a company limited by guarantee and not having share capital may be a period of less than three years as provided in the articles of association of a company.</u> (2) Any casual vacancy occurring among the directors may be filled up by the directors and the person so appointed shall hold office for the remainder of the term of the director in whose place he is appointed.
138.	181 (Removal of directors)	A company may by resolution in general meeting remove a director appointed under section 176 or section 180 or elected in the manner provided for in section 178:	163 (Removal of directors)	A company may by resolution in general meeting remove a director appointed under section 157, 161 or <u>section 162</u> or elected in the manner provided for in section 159: Provided that a resolution for removing a director shall not be

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	r)	Provided that a resolution for removing a director shall not be deemed to have been passed if the number of votes cast against it is equal to, or exceeds]- (i) the minimum number of votes that were cast for the election of a director at the immediately preceding election of directors, if the resolution relates to removal of a director elected in the manner provided in subsection (5) of section 178; or (ii) the total number of votes for the time being computed in the manner laid down in sub-section (5) of section 178 divided by the number of directors for the time being, if the resolution relates to removal of a director appointed under section 176 or section 180.	rs)	deemed to have been passed if the number of votes cast against it is equal to, or exceeds (a) the total number of votes for the time being computed in the manner laid down in sub-section (5) of section 159 divided by the number of directors for the time being, if the resolution relates to removal of a director appointed under section 157, 161 or <u>section 162</u> or where the directors were elected unopposed; or (h) the -minimum number of votes that were cast. for the election of director at the immediately preceding election of directors, if the resolution relates to removal of a director elected in the manner provided in sub-Section (5) of section 159.
139.	182 (Creditors may nominate directors)	In addition to the directors elected or deemed to have been elected by shareholders, a company may have directors nominated by the company's creditors or other special interests by virtue of contractual arrangements.	164 (Nominnee directors)	(1) In addition to the directors elected or deemed to have been elected by shareholders, a company may have directors nominated by the company's creditors or other special interests by virtue of contractual 'arrangements. (2) <u>A body corporate or corporation owned or controlled by the concerned Minister-in-Charge of the Federal Government or as the case may be, a Provincial Government may also have directors nominated on the board to whom such corporation .or company has extended credit facilities.</u>
140.	183 (Certain)	Nothing in section 178, section 180 or section 181 shall apply to- (a) directors nominated by a corporation or company	165 (Certain)	Nothing in sections 159, 161, <u>162</u> or 163 shall apply to-- (a) directors, nominated, <u>by a body corporate or company</u> owned or controlled, (whether directly or indirectly), <u>by the concerned</u>

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	provisions not to apply to directors representing special interests)	formed under any law in force and owned or controlled, whether directly or indirectly, by the Federal Government or a Provincial Government on the board of directors of a company in or to which such corporation or company has made investment <del>or otherwise extended credit facilities;</del> (b) directors nominated by the Federal Government or a Provincial Government * [or the Commission] on the board of directors of the company; or (c) directors nominated by foreign equity holders on the board of <del>the Pakistan Industrial Credit and Investment Corporation Limited</del> , or of any other company set up under a regional co-operation or other co-operation arrangement approved by the Federal Government: Provided that, where a director referred to in clause (a), (b) or (c) is nominated, such number of the votes computed in the manner laid down in subsection (5) of section 178 as is equal to the minimum number of votes which would have been sufficient to elect such director if he had offered himself for election shall stand excluded from the total number of votes otherwise available at an election of the directors to the authority or person nominating him: Provided further that a director nominated under this section shall hold office during the pleasure of the corporation, company, Government or authority which nominates him.	provisions not to apply to directors representing special interests)	<u>Minister-in-Charge of the Federal Government</u> or as the case may be, a Provincial Government on the board in which <u>such body corporate</u> or company has made investment; (b) directors nominated <u>by virtue of investment made by the concerned Minister-in-charge</u> of the Federal Government or <u>as the case may be</u> , a Provincial Government or the Commission on the board; or, (c) directors nominated by foreign equity holders on the board or <u>any other body corporate</u> set up under a regional co-operation or other co-operation arrangement approved by the concerned Minister-in-Charge of the Federal Government. (2) For the purpose of nominating directors referred to in clause (a), (b) and (c), the number of votes computed in the manner laid down in sub-section (5) of section 159 as are <u>proportionate</u> to the number of votes required to elect the director if they had offered themselves for election, shall stand excluded from the total number of votes available to the nominating body at an election of directors, <u>which may be proportionate to their voting power required to elect directors at an election of directors of a company.</u> (3) A director nominated under sub-section (1) shall hold office during the pleasure of the <u>nominating body.</u>
141.	184	(1) No person shall be appointed or nominated as a	167	(1) No person shall be appointed or nominated as a director or a

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	(Consent to act as director to be filed with the registrar)	<p>director or chief executive of a company or represent as holding such office, nor shall any person describe or name any other person as a director or proposed director or chief executive or proposed chief executive of any company, unless such person or such other person has given his consent in writing for such appointment or nomination.</p> <p>(2) Within fourteen days from the date of appointment or nomination, as the case may be, the company shall file with the registrar a list of persons who have consented to act as director or chief executive of the company along with their consent to do so in the prescribed form.</p> <p><del>(3) This section shall not apply to a private company, not being a private company which is a subsidiary of a public company.</del></p>	(Consent to act as director to be filed with the company)	<p>chief executive of a company or represent as holding such office, nor shall any person describe or name any other person as a director or proposed director or chief executive or proposed chief executive of any company, unless such person or such other individual has given his consent in writing to the company for such appointment or nomination.</p> <p><u>(2) The consent given to the company under sub-section (1) shall be filed with the 'registrar within fifteen days thereof.</u></p>
142.	185 (Validity of acts of directors)	<p>No act of a director, or of a meeting of directors attended by him, shall be invalid merely on the ground of any defect subsequently discovered in his appointment to such office:</p> <p>Provided that, as soon as any such defect has come to notice, the director shall not exercise the right of his office till the defect has been rectified.</p>	168 (Validity of acts of directors)	<p>The acts of a person acting as a director are valid notwithstanding that it is afterwards discovered that there was a defect in his appointment; <u>or he was disqualified from holding office; or he had ceased to hold such office:</u></p> <p>Provided that as soon as any such defect has come to notice the director shall not exercise the right of his office till the defect is removed.</p>
143.	186 (Penalties)	<p>Whoever knowingly and willfully contravenes or fails to comply with any of the provisions of sections 174 to 185 or is a party to the contravention of the said provisions shall be liable to a fine which may extend to ten thousand rupees and may also be debarred by the authority which imposes the fine from becoming</p>	169 (Penalties)	<p><u>Whoever contravenes or fails to comply with any of the provisions of sections 154 to 168 or is a party to the contraventions of the said provisions shall be liable to a penalty of level 2 on the standard scale and may also be debarred by the authority which imposes the penalty from becoming or continuing a director of the company, for a period not exceeding</u></p>

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		or continuing a director of the company for a period not exceeding three years		three years.
144.	188 (Vacation of office by the directors)	<p>(1) A director shall <i>ipso facto</i> cease to hold office if—</p> <p>a) he becomes ineligible to be appointed a director on any one or more of the grounds enumerated in clauses (a) to (h) of section 187;</p> <p>(b) he absents himself from three consecutive meetings of the directors <del>or from all the meetings of the directors for a continuous period of three months, whichever is the longer,</del> without leave of absence from the directors;</p> <p>(c) he or any firm of which he is a partner or any private company of which he is a director—</p> <p>(i) without the sanction of the company in general meeting accepts or holds any office of profit under the company other than that of chief</p>	171 (Vacation of office by the directors)	<p>(1) A director shall <i>ipso facto</i> cease to hold office if—</p> <p>(a) he becomes ineligible to be appointed as a director on any one or more of the grounds enumerated in section 153;</p> <p>(b) he absents himself from three consecutive meetings of the board without seeking leave of absence;</p> <p>(c) he or any firm of which he is a partner or any private company of which he is a director-</p> <p>(i) without the sanction of the company in general meeting accepts or holds any office of profit under the company other than that of chief executive or a legal or technical adviser; or</p> <p>(ii) accepts a loan or guarantee from the company in contravention of section 182;</p> <p>(2) Nothing contained in sub-section (1) shall be deemed to preclude a company from providing by its articles that the office of director shall be vacated on any grounds additional to those specified in that sub-section.</p>

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		<p>executive or a legal or technical adviser <del>or a bank</del>;</p> <p>or</p> <p>(ii) accepts a loan or guarantee from the company in contravention of section 195.</p> <p>Nothing contained in sub-section (l) shall be deemed to preclude a company from providing by its articles that the office of director shall be vacated on any grounds additional to those specified in that sub-section.</p>		
145.	192 (Restriction on assignment of office by directors)	<p>(1) If in the case of any company provision is made by the articles or by any agreement entered into between any person and the company for empowering a director of the company to assign his office as such to another person, any assignment of office made in pursuance of the said provision shall, notwithstanding anything contained in the said provision, be of no effect unless and until it is approved by a special resolution of the company.</p> <p>(2) Notwithstanding anything contained in sub-section (1), the appointment by a director, with the approval of the directors, of an alternate or substitute director to act for him during his absence from Pakistan of not less than three months, shall not be deemed to be an assignment of office.</p> <p>(3) The alternate director appointed under sub-section (2) shall <i>ipso facto</i> vacate office if and when</p>	174 (Prohibition on assignment of office by directors)	<p>(1) <u>A director of any company shall not assign his office to any other person and any such appointment shall be void <i>ab-initio</i>.</u></p> <p>(2) Notwithstanding anything contained in sub-section (1), the appointment by a director, with the approval of the board, of an alternate or substitute director to act for him during his absence from Pakistan of not less than three months, shall not be deemed to be an assignment of office.</p> <p>(3) The alternate director appointed under sub-section (2) shall <i>ipso facto</i> vacate office if and when the director appointing him returns to Pakistan.</p>



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		the director appointing him returns to Pakistan.		
146.	189 (Penalty for unqualified person acting as director)	If a person who is not qualified to be a director or chief executive or who has otherwise vacated the office of director or chief executive describes or represents himself or acts as a director or chief executive, or allows or causes himself to be described as such, he shall be liable in respect of each day during which he so describes or represents or acts, or allows or causes himself to be described, as such, to fine which may extend to two hundred rupees.	175 (Penalty for unqualified person acting as director)	If a person who is not qualified to be a director or chief executive or who has otherwise vacated the office of director or chief executive describes or represents himself or acts as a director or chief executive, or allows or causes himself to be described as such, shall be liable <u>to a penalty of level 1 on the standard scale.</u>
147.	193 (Proceedings of directors)	<p>(1) The quorum for a meeting of directors of a listed company shall not be less than one-third of their number or four, whichever is greater.</p> <p>(2) The directors of a public company shall meet at least once in each quarter of a year.</p> <p>(3) If a meeting of directors is conducted in the absence of a quorum specified in sub-section (1), or a meeting of directors is not held as required by sub section (2), the chairman of the directors and the directors shall be liable—</p> <p>(a) to a fine not exceeding ten thousand rupees</p>	176 (Proceedings of the board)	<p>(1) The quorum for a meeting of board of a listed company shall not be less than one-third of number of directors or four, whichever is greater <u>and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section:</u></p> <p><u>Provided that if at any time, there are not enough directors to form a quorum to fill a casual vacancy, all the remaining directors shall be deemed to constitute a quorum for this limited purpose.</u></p> <p><u>(2) The quorum for a meeting of board of other than listed company shall be as provided in the articles.</u></p> <p>(3) The board of a public company shall meet at least once in each quarter of a year.</p>

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		<p>and in the case of a continuing default to a further fine not exceeding one hundred rupees for every day after the first during which the default continues, if the contravention relates to a listed company; or</p> <p>(b) to a fine not exceeding two thousand rupees and in the case of a continuing default to a further fine not exceeding fifty rupees for every day after the first during which the default continues, if the contravention relates to a non-listed company.</p>		<p>(4) If a meeting of board is conducted in the absence of a quorum or a meeting of board is not held as required by sub-section (3), the chairman of the directors and the directors shall be liable-</p> <p>(a) <u>if the default relates to a listed company, to a penalty of level 2 on the standard scale; and</u></p> <p>(b) <u>if the default relates to any other company, to a penalty of level 1 on the standard scale.</u></p>
148.	190 (Ineligibility of bankrupt to act as director)	<p>(1) If any person being an undischarged insolvent acts as chief executive, director or managing agent of a company, he shall be liable to imprisonment for a term not exceeding two years, or to a fine not exceeding ten thousand rupees, or to both.</p> <p><del>(2) In this section the expression "company" includes a company incorporated outside Pakistan which has a place of business in Pakistan.</del></p>	177 (Ineligibility of bankrupt to act as director)	If any person being an undischarged insolvent acts as chief executive or director of a company, he shall be liable to imprisonment for a term not exceeding two years or to a fine not exceeding one <u>hundred thousand rupees</u> , or to both.
149.	195 (Loans to directors etc.)	(I) Save as otherwise provided in sub-section (2), no company, hereafter in this section referred to as "the lending company", shall, directly or indirectly, make any loan to, or give any guarantee or provide any security in connection with a loan made by any other person to, or to any other person by,—	182 (Loans to directors: require	<p>(1) A company shall not-</p> <p>(a) make a loan to a director of the company or of its holding company; or to any of his relatives;</p> <p>(b) give a guarantee or provide security in connection with a</p>

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		<p>(a) any director of the lending company or of a company which is its holding company or any partner or relative of any such director;</p> <p>(b) any firm in which any such director or relative is a partner;</p> <p>(c) any private company of which any such director is a director or member;</p> <p>(d) any body corporate at a general meeting of which not less than twenty five per cent of the total voting power may be exercised or controlled by any such director or his relative, or by two or more such directors together or by their relatives; or</p> <p>(e) any body corporate, the directors or chief executive whereof are or is accustomed to act in accordance with the directions or instructions of the</p>	<p>ments of members approval)</p>	<p>loan made by any person to such a director; or to any of his relatives;</p> <p>unless the transaction has been approved by a resolution of the members of the company:</p> <p>Provided that in case of a listed company, approval of the Commission shall also be required before sanctioning of any such loan.</p> <p><b>Explanation.</b>- For the purpose of this section “relative” in relation to a director means his spouse and minor children.</p> <p>(2) Nothing contained in sub-section (1) shall apply to a company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan.</p> <p>(3) Every person who is a party to any contravention of this section, including in particular any person to whom the loan is made or who has taken the loan in respect of which the guarantee is given or the security is provided, shall be punishable with fine which may extend to one million rupees or with simple imprisonment for a term which may extend to one year.</p> <p>(4) All persons who are parties to any contravention of sub-section (1) shall be liable, jointly and severally, to the lending company for the repayment of the loan or for making good the sum with markup not less than the borrowing cost of the lending company which the lending company may have been called upon to pay by virtue of the guarantee given or the security provided</p>

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		<p>chief executive, or of any director or directors, of the lending company:</p> <p>Provided that a company may, with the approval of the Commission, make a loan or give any guarantee or provide any security in connection with a loan made by any other person to a director who is in the whole-time employment of the company for the purpose of acquisition or construction of a dwelling house or land therefor or for defraying the cost of any conveyance for personal use or household effects or for defraying any expense on his medical treatment or the medical treatment of any relative as are ordinarily made or provided by the company to its employees.</p> <p><b>Explanation.-</b> "Relative" in relation to a director means his spouse and minor children.</p> <p>(2) Sub-section (1) shall not apply to—</p> <p>(a) any loan made, guarantee given or security provided—</p> <p>(i) by a private company, unless it is a subsidiary of a public company; or</p>		<p>by such company.</p> <p>(5) Sub-section (1) shall apply to any transaction represented by a book-debt which was from its inception in the nature of a loan or an advance.</p>

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		<p>(ii) by a banking company;</p> <p>(b) any loan made by a holding company to its subsidiary; or</p> <p>(c) any guarantee given or security provided by a holding company in respect of any loan made to its subsidiary.</p> <p>(3) Where any loan made, guarantee given or security provided by a lending company and outstanding at the commencement of this Ordinance could not have been made, given or provided, if this section had then been in force, the lending company shall within six months from the commencement of this Ordinance enforce the repayment of the loan made or, as the case may be, of the loan in connection with which the guarantee was given or the security was provided, notwithstanding any agreement to the contrary:</p> <p>Provided that this sub-section shall not apply where the loan made, guarantee given or security provided to a whole-time director is approved by the Commission as provided in the proviso to sub-section</p>		

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		<p>(1).</p> <p>(4) Every person shall within fourteen days of his appointment as director or chief executive of a company file with the registrar the particular of any loan taken, or guarantee or security obtained, prior to his becoming director or chief executive of the lending company which could not have been taken or obtained without the prior approval of the Commission had he at the time of taking the loan or obtaining the guarantee or security been the director or chief executive of the lending company.</p> <p>(5) Every person who is knowingly a party to any contravention of this section, including in particular any person to whom the loan is made or who has taken the loan in respect of which the guarantee is given or the security is provided, shall be punishable with fine which may extend to five thousand rupees or with simple imprisonment for a term which may extend to six months:</p> <p>Provided that where any such loan, or any loan in connection with which any such guarantee or security has been given or provided by the lending company, has been repaid in full, no punishment by way of imprisonment shall be imposed under this subsection, and where the loan has been repaid in part,</p>		

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		<p>the maximum punishment which may be imposed under this sub-section by way of imprisonment shall be proportionately reduced.</p> <p>(6) All persons who are knowingly parties to any contravention of sub-section (1) or (3) shall be liable, jointly and severally, to the lending company for the repayment of the loan or for making good the sum <sup>1</sup>[with mark up not less than the borrowing cost of the lending company] which the lending company may have been called upon to pay by virtue of the guarantee given or the security provided by such company.</p> <p>(7) Sub-section (1) shall apply to any transaction represented by a book-debt which was from its inception in the nature of a loan or an advance.</p> <p>(8) No officer of the lending company or of the borrowing body corporate shall be punishable under sub-section (5) or shall incur the liability referred to in sub-section (6) in respect of any loan made, guarantee given or security provided after the commencement of this Ordinance in contravention of clause (d) or (e) of sub-section (1), unless at the time when the loan was made, the guarantee was given or the security was provided by the lending company, he knew or had express notice that clause was being</p>		

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		contravened thereby.		
150.	196 (Powers of directors)	<p>(1) The business of a company shall be managed by the directors, <del>who may pay all expenses incurred in promoting and registering the company,</del> and may exercise all such powers of the company as are not by this Ordinance, or by the articles, or by a special resolution, required to be exercised by the company in general meeting.</p> <p>(2) The directors of a company shall exercise the following powers on behalf of the company, and shall do so by means of a resolution passed at their meeting, namely:</p> <p>(a) <del>to make calls on shareholders in respect of moneys unpaid on their shares;</del></p> <p>(b) to issue shares;</p> <p>(c) to issue debentures or any instrument in the nature of redeemable capital;</p> <p>(d) to borrow moneys otherwise than on debentures;</p>	183 (Powers of the Board)	<p>(1) The business of a company shall be managed by the board, who may exercise all such powers of the company as are not by this Ordinance, or by the articles, or by a special resolution, required to be exercised by the company in general meeting.</p> <p>(2) The board shall exercise the following powers on behalf of the company, and shall do so by means of a resolution passed at their meeting, namely-</p> <p>(a) to issue shares;</p> <p>(b) to issue debentures or any instrument in the nature of redeemable capital;</p> <p>(c) to borrow moneys otherwise than on debentures;</p> <p>(d) to invest the funds of the company;</p> <p>(e) to make loans;</p> <p>(f) to authorise a director or the firm of which he is a partner or any partner of such firm or a private company of which he is a member or director to enter into any contract with the company for making sale, purchase or supply of goods or rendering services with the company;</p>



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		<p>(e) to invest the funds of the company;</p> <p>(f) to make loans;</p> <p>(g) to authorise a director or the firm of which he is a partner or any partner of such firm or a private company of which he is a member or director to enter into any contract with the company for making sale, purchase or supply of goods or rendering services with the company;</p> <p>(h) to approve annual or half-yearly or other periodical accounts <del>as are required to be circulated to the members;</del></p> <p>(i) to approve bonus to employees; <sup>2</sup>[...]</p> <p>(j) to incur capital expenditure on any single item or dispose of a fixed asset in accordance with the limits as prescribed by the Commission from time to time];</p>		<p>(g) <u>to approve financial statements;</u></p> <p>(h) to approve bonus to employees;</p> <p>(i) to incur capital expenditure on any single item or dispose of a fixed asset in accordance with the limits <u>as may be specified:</u>            Provided that the acceptance by a banking company in the ordinary course of its business of deposit of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, or placing of moneys on deposit by a banking company with another banking company such conditions as the board may prescribe, shall not be deemed to be a borrowing of money or, as the case may be, a making of loan by a banking company with the meaning of this section;</p> <p>(j) to undertake obligations under leasing contracts <u>exceeding such amount as may be notified;</u></p> <p>(k) to declare interim dividend; and</p> <p>(l) having regard to such amount as may be determined to be material (as construed in Generally Accepted Accounting Principles) by the board-</p> <p>(i) to write off bad debts, advances and receivables;</p> <p>(ii) to write off inventories and other assets of the</p>

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		<p>Provided that the acceptance by a banking company in the ordinary course of its business of deposit of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, or placing of moneys on deposit by a banking company with another banking companion such conditions as the directors may prescribe, shall not be deemed to be a borrowing of money or, as the case may be, a making of loan by a banking company with the meeting of this section;</p> <p>(k) to undertake obligations under leasing contracts exceeding one million rupees;</p> <p>(l) to declare interim dividend; and</p> <p>(m) having regard to such amount as may be determined to be material (as construed in Generally Accepted Accounting Principles) by the Board,-</p> <p>(i) to write off bad debts, advances and receivables;</p> <p>(ii) to write off inventories and</p>		<p>company; and</p> <p>(iii) to determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favour of a company may be released, extinguished or relinquished.</p> <p>(m) <u>to take over a company or acquire a controlling or substantial stake in another company;</u></p> <p>(n) <u>any other matter which may be specified.</u></p> <p>(3) The board of <u>a company</u> shall not except with the consent of the general meeting either specifically or by way of an authorisation, do any of the following things, namely.-</p> <p>(a) sell, lease or otherwise dispose of the undertakings or a sizeable part thereof unless the main business of the company comprises of such selling or leasing; and</p> <p><b><u>Explanation.</u></b>— For the purposes of this clause-</p> <p>(i) <u>“undertaking” shall mean an undertaking in which the investment of the company exceeds twenty percent of its net worth as per the audited financial statements of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year;</u></p>

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		<p>other assets of the company; and</p> <p>(iii) to determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favour of a company may be released, extinguished or relinquished.</p> <p>(3) The directors of a public company or of a subsidiary of a public company shall not except with the consent of the general meeting either specifically or by way of an authorisation, do any of the following things, namely.-</p> <p>(a) sell, lease or otherwise dispose of the undertakings or a sizeable part thereof unless the main business of the company comprises of such selling or leasing; and</p> <p>(b) remit, give any relief or give extension of time for the repayment of any debt outstanding against any person specified in sub-section (1) of</p>		<p>(ii) <u>the expression “sizeable part” in any financial year shall mean twenty five percent or more of the value of the assets in that class as per the audited financial statements of the preceding financial year;</u></p> <p>(b) <u>sell or otherwise dispose of the subsidiary of the company;</u></p> <p>(c) remit give any relief or give extension of time for the repayment of any debt outstanding against any person specified in sub-section (1) of section 182.</p> <p><u>(4) Nothing contained in sub-section (3) shall entitle a listed company to sell or otherwise dispose of the undertaking, which results in or may lead to closure of business operation or winding up of the company, without there being a viable alternate business plan duly authenticated by the board.</u></p> <p><u>(5) Any resolution passed under sub-section (3) if not implemented within one year from the date of passing shall stand lapsed.</u></p> <p><u>(6) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 2 on the standard scale and shall be individually and severally liable for losses or damages arising out of such action.</u></p>

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		<p>section 195.</p> <p>(4) Whosoever contravenes any provision of this section shall be punishable with a fine which may extend to one hundred thousand rupees and shall be individually and severally liable for losses or damages arising out of such action.</p>		
151.	197 (Prohibition regarding making of political contributions)	<p>(1) Notwithstanding anything contained in this Ordinance, a company shall not contribute any amount—</p> <p>(a) to any political party; or</p> <p>(b) for any political purpose to any individual or body.</p> <p>(2) If a company contravenes the provisions of sub-section (1), then-</p> <p>(i) the company shall be liable to a fine which may extend to ten thousand rupees; and</p> <p>(ii) every director and officer of the</p>	184 (Prohibition regarding making of political contributions)	<p>(1) Notwithstanding anything contained in this Ordinance, a company shall not contribute any amount <u>or allow utilization of its assets—</u></p> <p>(a) to any political party; or</p> <p>(b) for any political purpose to any individual or body.</p> <p>(2) If a company contravenes the provisions of sub-section (1), then-</p> <p>(a) <u>the company shall be liable to a penalty of level 2 on the standard scale; and</u></p> <p>every director and officer of the company who is in default shall be punishable with imprisonment of either description for a term which may extend to two years and shall also be liable to a fine of <u>one million rupees</u></p>

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		company <del>who is knowingly and wilfully</del> in default shall be punishable with imprisonment of either description for a term which may extend to two years and shall also be liable to fine.		
152.	197 A (Prohibition regarding distribution of gifts)	(1) Notwithstanding anything contained in this Ordinance, a company shall not distribute gifts in any form to its members in its meeting.  (2) If default is made in complying with this section, the company and every officer of the company who is a party to the default shall be liable to a fine not exceeding five hundred thousand rupees.	185 (Prohibition regarding distribution of gifts)	(1) Notwithstanding anything contained in this Ordinance, a company shall not distribute gifts in any form to its members in its meeting.  (2) <u>Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u>
153.	198 (Appointment of first chief executive)	(1) Every company <del>other than a company managed by a managing agent,</del> shall have a chief executive appointed in the manner provided in this section and section 199.  (2) The directors of every company shall as from the date from which it commences business or as from a date not later than the fifteenth day after the date of its incorporation, whichever is earlier, appoint any individual to be the chief executive of the company.	186 (Appointment of first chief executive)	(1) Every company shall have a chief executive appointed in the manner provided in this section and section 187.  (2) <u>The name of first chief executive shall be determined by the subscribers of the memorandum and his particulars specified under section 197 shall be submitted along with the documents for the incorporation of the company.</u>  (3) The <u>first</u> chief executive shall, unless he earlier resigns or otherwise ceases to hold office, hold office up to the first annual general meeting of the company or, if a shorter period is fixed by the <u>subscribers</u> at the time of his appointment, for such period.

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		(3) The chief executive appointed as aforesaid shall, unless he earlier resigns or otherwise ceases to hold office, hold office up to the first annual general meeting of the company or, if a shorter period is fixed by the directors as the time of his appointment, for such period.		<p>(4) <u>Notwithstanding anything contained in this section, the Government shall have the power to nominate and appoint chief executive of a public sector company by the Government, in such manner as may be specified.</u></p> <p>(5) <u>A chief executive nominated under sub-section (4) shall hold office during the pleasure of the Government.</u></p>
154.	199 (Appointment of subsequent chief executive)	<p>(1) Within fourteen days from the date of election of directors under section 178 or the office of the chief executive falling vacant, as the case may be, the directors of a company shall appoint any person, including an elected director, to be the chief executive, but such appointment shall not be for a period exceeding three years from the date of appointment.</p> <p>(2) On the expiry of his term of office under section 198 or sub-section (1), a chief executive shall be eligible for reappointment.</p> <p>(3) The chief executive retiring under section 198 or this section shall continue to perform his functions until his successor is appointed unless non-appointment of his successor is due to any fault on his part or his office is expressly terminated.</p>	187 (Appointment of subsequent chief executive)	<p>(1) Within fourteen days from the date of election of directors under section 159 or the office of the chief executive falling vacant, as the case may be, the board shall appoint any person, including an elected director, to be the chief executive, but such appointment shall not be for a period exceeding three years from the date of appointment:</p> <p><u>Provided that the chief executive appointed against a casual vacancy shall hold office till the directors elected in the next election appoint a chief executive.</u></p> <p>(2) On the expiry of his term of office under section 186 or sub-section (1) of this section, a chief executive shall be eligible for reappointment.</p> <p>(3) The chief executive retiring under section 186 or this section shall continue to perform his functions until his successor is appointed, unless non-appointment of his successor is due to any fault on his part or his office is expressly terminated.</p>

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				<p><u>(4) Notwithstanding anything contained in this section, the Government shall have the power to nominate and appoint chief executive of a company where majority of directors is nominated by the Government, in such manner as may be specified.</u></p> <p><u>(5) A chief executive nominated under sub-section (4) shall hold office during the pleasure of the Government.</u></p>
155.	201 (Restriction on appointment of chief executive)	No person who is ineligible to become a director of a company under section 187 shall be appointed or continue as the chief executive of any company.	189 (Restriction on appointment of chief executive)	No person who is ineligible to become a director of a company under section 153 <u>or disqualified under sections 171 or 172</u> shall be appointed or continue as the chief executive of any company.
156.	204 (Penalty)	Whoever contravenes or fails to comply with any of the provisions of sections 198 to 203 or is a party to the contravention of the said provisions shall be liable to a fine which may extend to ten thousand rupees and may also be debarred by the authority which imposes the fine from becoming a director or chief executive of a company for a period not exceeding three years.	193 (Penalty)	Any contravention or default in complying with requirements of sections 186 <u>to 192</u> shall be an offence liable to a <u>penalty of level 2 on the standard scale</u> and may also be debarred by the authority which imposes the penalty from becoming a director or chief executive of a company for a period not exceeding <u>five years</u> .
157.	204-A (Certain companies to	<p>(1) A listed company shall have a whole time secretary and a single member company shall have a secretary possessing such qualification as may be prescribed.</p> <p>(2) Listed companies shall have independent share</p>	194 (A public company require	<p><u>A public company must have a company secretary; possessing such qualification as may be specified.</u></p> <p>Section 195: Every listed company shall have an independent share registrar possessing such qualifications and performing</p>

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	have secretaries and share registers)	registrar possessing such qualifications and performing such functions as maybe specified by the Commission.	d to have a secretary) and 195 (Listed company to have share register)	such functions as may be specified.
158.	206 (Bar on appointment of managing agent, sole purchase and sale agents)	<p><del>(1) No company whether incorporated in Pakistan or outside Pakistan shall appoint any managing agent, by whatever name called, that is to say a person, firm or company entitled to the management of the affairs of a company, by virtue of an agreement or contract with the company:</del></p> <p><del>Provided that this sub-section shall not apply to a company which is managed by a managing agent wholly owned or controlled by the Federal Government or Provincial Government.</del></p> <p><del>(2) The Federal Government may, by notification in the official Gazette, exempt any of the following classes of agreements or contracts from the operation of sub-section (1), namely: —</del></p>	196 (Bar on appointment of sole purchase and sale agents)	<p>(1) No company whether incorporated in Pakistan or outside Pakistan which is carrying on business in Pakistan shall, without the approval of the Commission, appoint any sole purchase, sale or distribution agent:</p> <p>Provided that this sub-section shall not apply to a sole purchase, sale or distribution agent appointed by a company incorporated, outside Pakistan, unless the major portion of the business of such company is conducted in Pakistan.</p> <p>(2) Whoever contravenes any of the provisions of this section shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one hundred thousand rupees, or with both; and, if the person guilty of the offence is a company or other body corporate, every director, chief executive, or other officer, agent or partner thereof shall, unless he proves that the offence was committed</p>



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		<p><del>(a) an agreement or contract with an investment adviser in relation to an investment company registered under the rules made under the Securities and Exchange Ordinance, 1969 (XVII of 1969);</del></p> <p><del>(b) an agreement or contract, approved by the Federal Government, with a foreign collaborator in relation to a company which owns an hotel in Pakistan;</del></p> <p><del>(c) an agreement or contract approved by the Federal Government in relation to a company formed for setting up, in collaboration with one or more public sector financial institutions, an industrial undertaking which, in the opinion of the said Government, is likely to contribute to the economic development of Pakistan</del></p> <p><del>(d) an agreement or contract with an NBFC licensed to undertake asset management services in relation to an investment company registered with the Commission; and (e) an agreement or contract with an NBFC licensed as a venture capital company in relation to a fund registered with the Commission.</del></p> <p>(3) No company whether incorporated in Pakistan or outside Pakistan which is carrying on business in Pakistan shall, without the approval of the Commission, appoint any sole purchase, sale or distribution agent:</p> <p>Provided that this sub-section shall not apply to a</p>		<p>without his knowledge or that he exercised all due diligence to prevent its commission, be deemed to be guilty of the offence.</p>

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		sole purchase, sale or distribution agent appointed by a company incorporated, <del>or person ordinarily residing outside Pakistan</del> , unless the major portion of the business of such company <del>or person</del> is conducted in Pakistan. (4) Whoever contravenes any of the provisions of this section shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one hundred thousand rupees, or with both; and, if the person guilty of the offence is a company or other body corporate, every director, chief executive, or other officer, agent or partner thereof shall, unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent its commission, be deemed to be guilty of the offence.		
159.	205 (Register of directors, officers, etc.)	(1) Every company shall keep at its registered office a register of its directors and officers, including the chief executive, managing agent, secretary, chief accountant, auditors and legal adviser, containing with respect to each of them such particulars as may be prescribed. (2) Every person referred to in sub-section (1) shall, within a period of ten days of his appointment or any change therein, as the case maybe, furnish to the company the particulars specified in subsection (1) and, within the periods respectively mentioned in this section, the company shall file with the registrar a return <del>in duplicate</del> in the prescribed form containing	197 (Register of directors, officers) and 198 (Right to inspect)	(1) Every company shall keep at its registered office a register of its directors and officers, including the chief executive, company secretary, chief financial officer, auditors and legal adviser, containing with respect to each of them such particulars as may be specified. (2) Every person referred to in sub-section (1) shall, within a period of ten days of his appointment or any change therein, as the case may be, furnish to the company the particulars specified under sub-section (1). (3) Every company shall, <u>within a period of fifteen days from the date of appointment of any person</u> referred in sub-section (1) or

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		<p>the particulars specified in the said register and notification in the prescribed form of any change among the directors, the chief executive, managing agent, chief accountant, secretary, auditor or legal advisor or in any of the particulars contained in the register.</p> <p>(3) The period within which the said return is to filed with the registrar shall be a period of fourteen days from the date of incorporation of the company and the period within which the said notification of a change is to be sent shall be fourteen days from the happening thereof.</p> <p>(4) The register to be kept under this section shall during business hours, subject to such reasonable restrictions as the company may by its articles or in general meeting impose so that not less than two hours in each day be allowed for inspection, be open to the inspection of any member of the company without charge and of any other person on payment of the prescribed fee or <del>such lesser sum as the company may specify for each inspection.</del></p> <p>(5) If any inspection required under this section is refused or if default is made in complying with subsection (1) or subsection (2) or subsection (3), the company and every officer of the company or other person who is knowingly and wilfully in default shall be liable to a fine which may extend to five hundred rupees and to a further fine which may extend to fifty</p>		<p>any change among them, or in any of their particulars, file with the registrar a return in the specified form.</p> <p><u>(4) Any contravention or default in complying with requirement of sub-section (1) or sub-section (3) shall be an offence liable to a penalty of level 1 on the standard scale.</u></p> <p>(5) If the name of any person is fraudulently or without sufficient cause entered in or omitted from the register of directors of a company the person aggrieved or the company, may apply to the Court for rectification of the register of directors.</p> <p>(6) The Court may either refuse the application or may order rectification of the register on such terms and conditions as it may deem fit and may make order as to costs.</p> <p>(7) Where the Court has passed an order under sub-section (6) that <i>prima facie</i> entry in or omission from, the register of directors the name or other particulars of any person, was made fraudulently or without sufficient cause, the Court may send a reference for adjudication of offence under sub-section (8) to the court as provided in section 482.</p> <p>Section 198: (1) The register kept under section 197 shall, be open to the inspection of any member of the company and of any other person during business hours, subject to such reasonable restrictions, as the company may impose by its articles or in general meeting, so that not less than two hours in each day are allowed.</p>

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		<p>rupees for every day after the first during which the default continues.</p> <p>(6) In the case of any such refusal, the registrar on application made by the person to whom inspection has been refused and upon notice to the company, may by order direct an immediate inspection of the register.</p>		<p>(2) Inspection by any member of the company shall be without charge, and in the case of any other person on payment of such fee as may be fixed by the company for each inspection.</p> <p><u>(3) A person seeking to exercise the rights conferred by this section must make a request to the company to that effect.</u></p> <p><u>(4) The request must contain the following information-</u></p> <p>(a) <u>in the case of an individual, his name and address;</u></p> <p>(b) <u>in the case of an organisation, its name and address and also of the authorised person; and</u></p> <p>(c) <u>the purpose for which the information is to be used.</u></p> <p>(5) In the case any inspection is refused, the registrar on application made by the person to whom inspection has been refused and upon notice to the company, may by order direct an immediate inspection of the register.</p> <p><u>(6) Any contravention or default in complying with requirements of this section shall be an offence shall be liable to a penalty of level 1 on the standard scale.</u></p>

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160.	208 (Investments in associated companies and undertakings)	<p>(1) [Subject to sub-section (2A) a] company shall not make any investment in any of its associated companies or associated undertakings except under the authority of a special resolution which shall indicate the nature period and amount of investment and terms and conditions attached thereto.</p> <p>Provided that the return on investment in the form of loan shall not be less than the borrowing cost of investing company.</p> <p><b>Explanation:</b> The expression 'investment' shall include loans, advances, <del>equity</del>, by whatever name called, <del>or any amount, which is not in the nature of normal trade credit.</del></p> <p><del>(2) No change in the nature of an investment or the terms and conditions attached thereto shall be made except under the authority of a special resolution.</del></p> <p>(2A)The Commission may-</p> <p>(a)by notification in the official Gazette, specify the class of companies or undertakings to which the restriction provided in sub-section (1) shall not apply; and</p> <p>(b) through regulations made thereunder, specify such conditions and restrictions on the nature, period, amount of investment and terms and</p>	199 (Investments in associated companies and undertakings)	<p>(1) A company shall not make any investment in any of its associated companies or associated undertakings except under the authority of a special resolution which shall indicate the nature, period, amount of investment and terms and conditions attached thereto.</p> <p><b>Explanation:</b> The term 'investment' shall include equity, loans, advances, <u>guarantees</u>, by whatever name called, <u>except for the amount due as normal trade credit, where the terms and conditions of trade transaction(s) carried out on arms-length and in accordance with the trade policy of the company.</u></p> <p>(2) <u>The company shall not invest in its associated company or associated undertaking by way of loans or advances except in accordance with an agreement in writing and such agreement shall <i>inter-alia</i> include the terms and conditions specifying the nature, purpose, period of the loan, rate of return, fees or commission, repayment schedule for principal and return, penalty clause in case of default or late repayments and security, if any, for the loan in accordance with the approval of the members in the general meeting:</u></p> <p>Provided that the return on such investment shall not be less than the borrowing cost of the investing company or the rate <u>as may be specified by the Commission whichever is higher and shall be recovered on regular basis in accordance with the terms of the agreement, failing which the directors shall be personally liable to make the payment:</u></p> <p><u>Provided further that the directors of the investing company shall</u></p>

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		<p>conditions attached thereto, and other ancillary matters, <del>companies as it deems fit.</del></p> <p>(3) If default is made in complying with the requirements of this section, or regulations, every director of a company <del>who is knowingly and wilfully in default</del> shall be liable to fine which may extend to [ten] million rupees and in addition, the directors shall jointly and severally reimburse to the company any loss sustained by the company in consequence of an investment which was made without complying with the requirements of this section.</p>		<p><u>certify that the investment is made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per the agreement.</u></p> <p>(3) The Commission may-</p> <p>(a) by notification in the official Gazette, specify the class of companies or undertakings to which the restriction provided in sub-section (1) shall not apply; and</p> <p>(b) through regulations, specify such disclosure requirements, conditions and restrictions on the nature, period, amount of investment and terms and conditions attached thereto, and other ancillary matters.</p> <p>(4) <u>An increase in the amount or any change in the nature of investment or the terms and conditions attached thereto shall be made only under the authority of a special resolution.</u></p> <p>(5) <u>Every company shall maintain and keep at its registered office a register of investments in associated companies and undertakings containing such particulars as may be specified.</u></p> <p>(6) Any <u>contravention</u> or default in complying with requirements of this section <u>shall be an offence liable to a penalty of level 3 on the standard scale and in addition, shall jointly and severally reimburse to the company any loss sustained by the company in consequence of an investment which was made without complying with the requirements of this section.</u></p>

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161.	209 (Investments of company to be held in its own name)	<p><del>(1) Save as otherwise provided in sub-sections (2) to (5) or any other law for the time being in force, and subject to the provisions of sub-sections (6) to (8), —</del></p> <p>(a) all investments made by a company on its own behalf shall be made and held by it in its own name; and</p> <p><del>(b) where any such investments are not so held immediately before the commencement of this Ordinance the company shall within a period of one year from such commencement, either cause them to be transferred to its own name or dispose of them.</del></p> <p>(2) Where the company has a right to appoint or get elected any person as a director of any other company and a nominee of the company in exercise of such right has been so appointed or elected, the shares in such other company of an amount not exceeding the nominal value of the qualification shares which are required to be held by a director thereof, may be registered or held by such company jointly in its own name and in the name of such</p>	200 (Investments of company to be held in its own name)	<p>(1) All investments made by a company on its own behalf shall be made and held by it in its own name:</p> <p>Provided that the company may hold any shares in its subsidiary company in the name of any nominee of the company, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced <u>below the statutory limit.</u></p> <p>(2) Where the company has a right to appoint or get elected any person as a director of any other company and a nominee of the company in exercise of such right has been so appointed or elected, the shares in such other company of an amount not exceeding the nominal value of the qualification shares which are required to be held by a director thereof, may be registered or held by such company jointly in its own name and in the name of such person or nominee, or in the name of such person or nominee alone.</p> <p>(3) Nothing in this section shall be deemed to prevent a company from depositing with, or transferring to, or holding, or registering in the name of a central depository any shares or securities.</p> <p>(4) Where, in pursuance of proviso to sub-section (1) or provisions of sub-sections (2) or (3), any shares or securities in</p>

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		<p>person or nominee, or in the name of such person or nominee alone.</p> <p>(3) A <del>holding</del> company may hold any shares in its subsidiary company in the name of its nominee or nominees if and in so far as it is necessary so to do for ensuring that the number of members of the subsidiary company is not reduced below <del>seven in case it is a public company, or below two in case it is a private company.</del></p> <p><del>(4) Sub-section (1) shall not apply to investments made by an investment company, that is to say, a company whose principal business is the purchase and sale of securities.</del></p> <p>(5) Nothing in this section shall be deemed to prevent a company—</p> <p style="padding-left: 40px;"><del>(a) from depositing with a bank, being the banker of the company, any shares or securities for the collection of any dividend or interest payable thereon; or</del></p> <p style="padding-left: 40px;"><del>(b) from depositing with or transferring to or holding in the name of a scheduled bank or a financial institution approved by the</del></p>		<p>which investments have been made by a company are not held by it in its own name, the company shall forthwith enter in a register maintained by it for the purpose at its registered office the nature, value and such other particulars as may be necessary fully to identify such shares or securities.</p> <p>(5) The register maintained under sub-section (4) shall, be open to the inspection of members without charge, and to <u>any other person</u> on payment of such fees as the company may specify in this behalf during business hours, subject to such reasonable restrictions, as the company may impose, so that not less than two hours in each day be allowed.</p> <p><u>(6) Any member may require a certified copy of register or any part thereof, on payment of such fee as may be fixed by the company.</u></p> <p><u>(7) The certified copies requested under this section shall be issued within a period of five working days.</u></p> <p><u>(8) A member seeking to exercise either of the rights conferred by sub-sections (5) or (6) must make a request to the company to that effect.</u></p> <p><u>(9) If a company contravenes the provisions of sub-section (1), the company shall be punishable with fine which may extend to five million rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to two years or with fine which may extend to one million rupees, or with both.</u></p>



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		<p><del>Commission shares or securities in order to facilitate the transfer thereof:</del></p> <p><del>Provided that, if, within a period of six months from the date on which shares or securities are so deposited, transferred or held, no transfer of such shares or securities takes place, the company shall as soon as practicable after the expiry of such period have the shares or securities retransferred to itself from the scheduled bank or, as the case may be, the financial institution, and again hold the shares or securities in its own name; <sup>1</sup>[..]</del></p> <p><del>(c) from depositing with or transferring to any person any shares or securities, by way of security for the repayment of any loan advanced to the company or the performance of any obligation undertaken by it, <sup>2</sup>[or]</del></p> <p><del>(d) from depositing with, or transferring to, or holding, or registering in the name of a central depository any shares or securities.]</del></p> <p><del>(6) The certificates or the letter of allotment relating to the shares or securities in which investments have been made by a company shall, except in the cases referred to in sub-sections (4) and (5), be in the custody of the company or of such scheduled bank or</del></p>		<p>(10) Any contravention or default in complying with requirements of sub-sections (4), (5) or (6), shall be an offence liable to a <u>penalty of level 1 on the standard scale</u>; and the registrar may by an order compel an immediate inspection of the register or direct that copies required shall be sent to the persons requiring them.</p>

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		<p><del>financial institution as may be approved by the Commission.</del></p> <p>(7) Where, in pursuance of sub-sections (2), (3), (4) or (5), any shares or securities in which investments have been made by a company are not held by it in its own name, the company shall forthwith enter in a register maintained by it for the purpose at its registered office—</p> <p style="padding-left: 40px;">(a) the nature, value and such other particulars as may be necessary fully to identify such shares or securities; and</p> <p style="padding-left: 40px;"><del>(b) the bank or person in whose name or custody such shares or securities are held.</del></p> <p>(8) The register kept under sub-section (7) shall be open to the inspection of any member <del>or debenture holder or creditor</del> of the company without charge, during business hours, subject to such reasonable restrictions as the company may, <del>by its articles or in general meeting</del>, impose so that not less than two hours in each day are allowed for such inspection.</p> <p>(9) If default is made in complying with any of the requirements of sub-sections (1) to (8), the company,</p>		

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		<p>and every officer of the company who is knowingly and wilfully in default, shall be liable to a fine which may extend to five thousand rupees and to a further fine not exceeding two hundred rupees for every day after the first during which the default continues.</p> <p>(10) Without prejudice to the provisions of sub-section (9), if any inspection required under sub-section (8) is refused, the registrar may on an application direct an immediate inspection of the register.</p>		
162.	210 (Form of contract)	<p>(1) Contracts on behalf of a company may be made as follows, that is to say, —</p> <p>(i) any contract which, if made between private persons, would be by law required to be in writing, <del>signed by the parties to be charged therewith,</del> may be made on behalf of the company in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged;</p> <p>(ii) any contract which, if made between</p>	201 (Method of contracting)	<p>(1) <u>A contract or other enforceable obligation may be entered into by a company as follows:</u></p> <p>(a) <u>an obligation which, if entered into by a natural person, will, by law, be required to be by deed or otherwise in writing, may be entered into on behalf of the company in writing signed under the name of the company by a director, attorney or any other person duly authorised by the board and may affix common seal of the company;</u></p> <p>(b) <u>an obligation which, if entered into by a natural person, is not, by law, required to be in writing, may be entered into on behalf of the company in writing or orally by a person acting under the company's express or implied</u></p>

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		<p>private persons, would by law be valid although made by parol only, and not reduced into writing, may be made by parol on behalf of the company by any person acting under its authority, express or implied, <del>and may in the same manner be varied or discharged.</del></p> <p>(2) All contracts made according to sub-section (1) shall be effectual in law and shall bind the company and its successors and all other parties thereto, their heirs, or legal representatives, as the case may be.</p>		<p>authority.</p> <p>(2) All contracts made according to sub-section (1) shall be effectual in law and shall bind the company and its successors and all other parties thereto, their heirs, or legal representatives as the case may be.</p>
163.	211 (Bills of exchange and promissory notes) and 212 (Execution of deeds)	<p>A bill of exchange, <u>hundi</u> or promissory note shall be deemed to have been made, drawn, accepted or endorsed on behalf of a company, if made, drawn, accepted or endorsed in the name of, or by or on behalf or on account of, the company by any person acting under its authority, express or implied.</p> <p>Section 212: A company may, by writing <del>under its common seal,</del> empower any person, either generally or in respect of any specified matter, as its attorney, to execute deeds on its behalf in any place either in or outside Pakistan, and every deed signed by such attorney, on behalf of the company, and under his seal, <del>where sealing is required,</del> shall bind the company, and have the same effect as if it <del>were</del></p>	202 (Execution of bills of exchange, promissory notes and deeds)	<p>(1) A bill of exchange or promissory note shall be deemed to have been made, drawn, accepted or endorsed on behalf of a company if made, drawn, accepted or endorsed in the name of, or on behalf of or on account of, the company by any person acting under its authority, express or implied.</p> <p><u>(2) A company may, by writing, authorise any person, either generally or in respect of any specified matters, as its attorney to execute deeds on its behalf in any place either in or outside Pakistan.</u></p> <p><u>(3) A deed signed by such an attorney on behalf of the company and under his seal shall bind the company and have the effect as if it was made by the company itself.</u></p>

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		<del>under its common seal.</del>		
164.	213 (Power for company to have official seal for use abroad )	<p><del>(1) A company whose objects require or comprise the transaction of business beyond the limits of Pakistan may, if authorized by its articles, have for use in any territory not situate in Pakistan, an official seal which shall be a facsimile of the common seal of the company, with the addition on its face of the name of every territory where it is to be used.</del></p> <p>(2) A company having such an official seal may by writing under its common seal, authorise any person appointed for the purpose in any territory not situate in Pakistan to affix the same to any deed or other document to which the company is party in that territory.</p> <p>(3) The authority of any such agent shall, as between the company and any person dealing with the agent, continue during the period, if any, mentioned in the instrument conferring the authority, or if no period is mentioned therein, then until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.</p> <p>(4) The person affixing any such official seal shall, by</p>	203 (Company to have official seal for use abroad )	<p>(1) A company that has a common seal may have an official seal for use outside the Pakistan.</p> <p>(2) The official seal must be a facsimile of the company's common seal, with the addition on its face of the name of every territory where it is to be used.</p> <p><u>(3) The official seal when duly affixed to a document has the same effect as the company's common seal.</u></p> <p>(4) A company having such an official seal may, by writing under its common seal, authorise any person appointed for the purpose in any territory not situate in Pakistan to affix the same to any deed or other document to which the company is party in that territory.</p> <p>(5) The authority of any such agent shall, as between the company and any person dealing with the agent, continue during the period, if any, mentioned in the instrument conferring the authority, or if no period is mentioned therein, then until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.</p> <p>(6) The person affixing any such official seal shall, by writing under his hand, on the deed or other document to which the seal is affixed, certify the date and place of affixing the same.</p>

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		<p>writing under his hand, on the deed or other document to which the seal is affixed, certify the date and place of affixing the same.</p> <p>(5) A deed or other document to which an official seal is duly affixed shall bind the company as if it had been sealed with the common seal of the company.</p>		<p>(7) A deed or other document to which an official seal is duly affixed shall bind the company as if it had been sealed with the common seal of the company.</p>
165.	214 (Disclosure of interest by a director)	<p>(1) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the directors:</p> <p>Provided that a director shall be deemed also to be interested or concerned if any of his relatives, as defined in the Explanation to sub-section (1) of section 195, is so interested or concerned.</p> <p>(2) The disclosure required to be made by a director under sub-section (1) shall be made,—</p> <p>(a) in the case of a contract or arrangement to be entered into, at the meeting of the directors at which the question of entering into the contract or arrangement is first taken</p>	205 (Disclosure of interest by a director)	<p>(1) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the board:</p> <p>Provided that a director shall be deemed also to be interested or concerned if any of his relatives, is so interested or concerned.</p> <p><b>Explanation.-</b> For the purpose of this section “<b>director’s relatives</b>”, are-</p> <p>(a) the director’s spouse;</p> <p>(b) the director’s <u>children, including the step children;</u></p> <p>(c) <u>the director’s parents;</u></p> <p>(2) The disclosure required to be made by a director under sub-section (1) shall be made-</p>

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		<p>into consideration or, if the director was not, on the date of that meeting, concerned or interested in the contract or arrangement , at the first meeting of the directors held after he becomes so concerned or interested; and</p> <p>(b) in the case of any other contract or arrangement, at the first meeting of the directors held after the director becomes concerned or interested in the contract or arrangement.</p> <p>(3) For the purposes of sub-sections (1) and (2), a general notice given to the directors to the effect that a director is a director or a member of a specified body corporate or a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.</p> <p>(4) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the</p>		<p>(a) in the case of a contract or arrangement to be entered into, at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration or, if the director was not, on the date of that meeting, concerned or interested in the contract or arrangement, at the first meeting of the board held after he becomes so concerned or interested; and</p> <p>(b) in the case of any other contract or arrangement, at the first meeting of the board held after the director becomes concerned or interested in the contract or arrangement.</p> <p>(3) For the purposes of sub-sections (1) and (2), a general notice given to the board to the effect that a director is a director or a member of a specified body corporate or a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.</p> <p><u>(4) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would otherwise expire.</u></p> <p>(5) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the board, or the</p>

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		<p>financial year in which it would otherwise expire.</p> <p>(5) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the directors, or the director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the directors after it is given.</p> <p>(6) A director who fails to comply with sub-section (1) or sub-section (2) shall be liable to a fine which may extend to five thousand rupees.</p> <p><del>(7) Nothing in this section shall be taken to prejudice the operation of any law restricting a director of a company from having any concern or interest in any contract or arrangement with the company.</del></p>		<p>director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the board after it is given.</p> <p>(6) Any contravention or default in complying with requirements of sub-sections (1) or (2), shall be an offence liable to a penalty of <u>level 1 on the standard scale.</u></p>
166.	215 (Intere st of other officers etc)	<p>(1) Save as provided in section 214 in respect of director, no other officer of a company who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement with the company shall, unless he discloses the nature and extent of his interest in the transaction and obtains the prior approval of the directors, enter into any such contract or arrangement.</p> <p>(2) An officer who contravenes sub-section (1) shall be liable to a fine which may extend to five</p>	206 (Intere st of other officers )	<p>(1) Save as provided in section 205 in respect of directors, no other officer of a company who is in any way, directly or indirectly, concerned or interested in any proposed contract or arrangement with the company shall, unless he discloses the nature and extent of his interest in the transaction and obtains the prior approval of the board, enter into any such contract or arrangement.</p> <p>(2) Any contravention or default in complying with requirement under this section shall be an offence <u>liable to a penalty of level 1 on the standard scale.</u></p>



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		thousand rupees.		
167.	216 (Interested director not to participate or vote in proceedings)	<p>(1) No director of a company shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.</p> <p>(2) Sub-section (1) shall not apply to—</p> <p>(a) a private company which is neither a subsidiary nor a holding company of a public company;</p> <p>(b) any contract of indemnity against any loss which the directors, or <del>any one or more of them</del>, may suffer by reason of becoming or being sureties or a surety for the company;</p> <p>(c) any contract or arrangement entered into or to be entered into with a public company, in which the interest of the director aforesaid consists solely in his being a director of such company and the holder of not more than</p>	207 (Interested director not to participate or vote in proceedings)	<p>(1) No director of a company shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void:</p> <p><u>Provided that a director of a listed company who has a material personal interest in a matter that is being considered at a board meeting shall not be present while that matter is being considered.</u></p> <p><u>(2) If majority of the directors are interested on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, the matter shall be laid before the general meeting for approval.</u></p> <p>(3) Sub-section (1) shall not apply to-</p> <p>(a) a private company which is neither a subsidiary nor a holding company of a public company;</p> <p>(b) any contract of indemnity or <u>insurance coverage</u> executed by the company in favour of interested director</p>

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		<p>such shares therein as are requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the company referred to in sub-section (1).</p> <p>(3) Every director who knowingly contravenes any of the provisions of sub-section (1), or sub-section (2) shall be liable to a fine which may extend to five thousand rupees.</p>		<p>against any loss which he may suffer or incur by reason of becoming or being a surety for the company <u>or while undertaking any transaction on behalf of the company:</u></p> <p><u>Provided that for the purpose of clause (b), a company shall only insure the liability of interested director where such liability arises out of a transaction validly approved by the board or the members of the company as the case may be:</u></p> <p>(4) Any contravention or default in complying with requirements under this section shall be an offence liable to <u>a penalty of level 1 on the standard scale.</u></p>
168.	219 (Register of contracts or arrangements and appointments etc in which directors are interes	<p>(1) Every company shall keep a register in which shall be entered separately particulars of all contracts, arrangements <del>or appointments to which section 214 or section 215 or section 216, or section 218 applies,</del> including the following particulars to the extent they are applicable in each case, namely: —</p> <p>(a) <del>the date of the contract, arrangement or appointment;</del></p> <p>(b) <del>the names of the parties thereto;</del></p> <p>(c) <del>the principal terms and conditions thereof;</del></p> <p>(d) <del>the date on which it was placed</del></p>	209 (Register of contracts or arrangements in which directors are interested)	<p>(1) Every company shall keep <u>one or more</u> registers giving separately the particulars of all contracts or arrangements, in such manner and containing such particulars as may be specified by the Commission.</p> <p>(2) Every director shall, <u>within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars relating to his concern or interest in the other associations which are required to be included in the register under sub-section (1) or such other information relating to himself as may be specified.</u></p> <p>(3) The register referred to in sub-section (1) shall be kept at the registered office of the company and it shall be open for inspection at such office during business hours and extracts may</p>

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	ted)	<p>before the directors;</p> <p><del>(e) — the names of the directors voting for and against the contract, arrangement or appointment and the names of those remaining neutral;</del></p> <p><del>(f) — the name of the director or officer concerned or interested in the contract, arrangement or appointment and the extent or nature of his interest therein.</del></p> <p><del>Particulars of every such contract, arrangement and appointment shall be entered in the relevant register aforesaid—</del></p> <p><del>(a) — in the case of a contract, arrangement, or appointment requiring the directors' approval, within seven days of the meeting of the directors at which the contract, arrangement or appointment is approved; and</del></p> <p><del>(b) — in the case of any other contract, arrangement or appointment, within seven days of the receipt at the registered office of the company of</del></p>		<p>be taken therefrom, and copies thereof as may be required by any member of the company shall be furnished by the company to such extent, in such manner, and on payment of such fees as <u>may be specified.</u></p> <p><u>(4) The register to be kept under this section shall also be produced at the commencement of every annual general meeting of the company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.</u></p> <p>(5) Nothing contained in sub-section (1) shall apply to any contract or arrangement-</p> <p>(a) for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed <u>five hundred thousand rupees</u> in the aggregate in any year; or</p> <p>(b) by a banking company for the collection of bills in the ordinary course of its business.</p> <p>(6) Any contravention or default in complying with requirements under this section shall be an offence liable <u>to a penalty of level 1 on the standard scale.</u></p>

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		<p><del>the particulars of such other contract, arrangement or appointment or within thirty days of the date of such other contract, arrangement or appointment, whichever is later; and the register shall be placed before the next meeting of the directors and shall then be signed by all the directors present at the meeting.</del></p> <p><del>(3) The register aforesaid shall also specify, in relation to each director of the company, the names of the firms and bodies corporate of which notice has been given by him under sub-section (3) of section 214.</del></p> <p>(4) Nothing in sub-section (1), sub-section (2) or sub-section (3) shall apply—</p> <p>(a) <del>to any contract or arrangement for the sale, purchase or supply of any goods, materials or services, if the value of such goods and materials or the cost of such services does not exceed two thousand rupees in the aggregate in any year; or</del></p> <p>(b) <del>to any contract or arrangement by a</del></p>		

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		<p>banking company for the collection of bills in the ordinary course of its business.</p> <p>(5) The register referred to in sub-section (1) shall be kept at the registered office of the company and shall be open to inspection by and extracts may be taken therefrom and certified copies thereof required by any member of the company in the same manner and on payment of the same fee as in the case of register of members kept under section 150.</p> <p>(6) If default is made in complying with the provisions of this section, the company and every director of the company who is knowingly and wilfully in default shall, in respect of each default, be liable to a fine which may extend to five thousand rupees and to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.</p>		
169.	217 (Declaring a director or to be lacking fiduciar	<p>The Court may declare a director to be lacking fiduciary behaviour if he contravenes the provisions of section 214 or sub-section (1) of section 215 or section 216:</p> <p>Provided that before making a declaration the Court shall afford the director concerned an opportunity of showing cause against the proposed action.</p>	212 (Declaring a director or to be lacking fiduciar	<p>The Court may declare a director to be lacking fiduciary behaviour if he contravenes the provisions of section 205 or sub-section (1) of section 206 or sections 207 or 208:</p> <p>Provided that before making a declaration the Court shall afford the director concerned an opportunity of showing cause against the proposed action.</p>

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170.	218 (Dislo sure to memb ers of directo rs interes t in contrac t appoin ting chief executi ve, managi ng agent or secretary)	<p>(1) Where a company—</p> <p>(a) appoints, or enters into a contract for the appointment of, a chief executive, <del>managing agent</del>, whole-time director or secretary of the company, in which appointment or contract any director of the company is in any way, whether directly or indirectly, concerned or interested;</p> <p>or</p> <p>(b) <del>varies any such contract already in existence;</del></p> <p><del>the company shall make out and attach to the report referred to in section 236 an abstract of the terms of the appointment or contract or variation, together with a memorandum clearly specifying the nature of the concern or interest of the director in such appointment or contract or variation.</del></p> <p><del>(2) Where a company appoints or enters into a contract for the appointment of a chief executive of the company, or varies any such contract already in</del></p>	213 (Dislo sure to memb ers of directo rs interes t in contrac t appoin ting chief executi ve or secretary)	<p>(1) Every director of a company who is in any way, whether directly or indirectly, concerned or interested, in any appointment or contract for the appointment of a chief executive, whole-time <u>director or secretary of the company shall disclose the nature of his interest or concern at a meeting of the board in which such appointment or contract is to be approved and the interested director shall not participate or vote in the proceedings of the board.</u></p> <p>(2) All contracts entered into by a company for the appointment of a chief executive, whole-time director or secretary shall be kept at the registered office of the company.</p> <p>(3) Every contract required to be kept under sub-section (2) must be open to inspection by any member of the company without charge.</p> <p>(4) <u>Any member of the company is entitled, on request and on payment of such fee as may be fixed by the company, to be provided with a copy of any such contract. The copy must be provided within seven days after the request is received by the company.</u></p> <p>(5) <u>Any contravention or default in complying with requirements under this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>

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		<p><del>existence, the company shall send an abstract of the terms of the appointment or contract or variation to every member of the company within twenty one days from the date of the appointment or of entering into the contract or varying of the contract, as the case may be, and if any other director of the company is concerned or interested in the appointment or contract or variation, a memorandum clearly specifying the nature of the concern or interest of such other director in the appointment of contract or variation shall also be sent to every member of the company with the abstract.</del></p> <p><del>(2) Where a director becomes concerned or interested as aforesaid in any such contract as is referred to in sub-section (1) or sub-section (2) after it is made, the abstract and the memorandum, if any, referred to therein shall be sent to every member of the company within twenty one days from the date of which the director becomes so concerned or interested.</del></p> <p><del>(3) All contracts entered into by a company for the appointment of a managing agent, chief executive or secretary shall be kept at the registered office of the company; and shall be open to the inspection of any member of the company at such office; and extracts may be taken therefrom and certified copies thereof</del></p>		

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		<p>may be required by any such member, to the same extent, in the same manner and on payment of the same fee, as in the case of the register of members of the company; and the provisions of section 150 shall apply accordingly.</p> <p><del>(5) The provisions of this section shall apply in relation to any resolution of the directors of a company appointing a managing agent, a secretary or a chief executive or other whole-time director, or varying any previous contract or resolution of the company relating to the appointment of a managing agent, a secretary or a chief executive or other whole-time director, as they apply in relation to any contract for the like purpose.</del></p> <p>(6) If default is made in complying with any of the provisions of the section, the company and every officer of the company <del>who is knowingly and wilfully in default</del> shall be liable to a fine which may extend to five thousand rupees.</p>		
171.	225 (Contracts by agents of compa	(1) Every officer or other agent of a company, other than a private company, not being the subsidiary company of a public company, who enters into a contract for or on behalf of the company in which contract the company is an undisclosed principal shall, at the time of entering into the contract, make	214 (Contracts by agents of compa	(1) Every officer or other agent of a company, other than a private company, not being the subsidiary company of a public company, who enters into a contract for or on behalf of the company in which contract the company is an undisclosed principal shall, at the time of entering into the contract, make a memorandum in writing of the terms of contract, and specify therein the person



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	ny in which company is undisclosed principal)	<p>a memorandum in writing of the terms of contract, and specify therein the person with whom it has been made.</p> <p>(2) Every such officer or other agent shall forthwith deliver the memorandum aforesaid to the company and <del>send copies</del> to the directors and such <del>memorandum shall be filed in the office of the company</del> and laid before the directors at their next meeting.</p> <p>(3) If any such officer or other agent makes default in complying with the requirements of this section —</p> <p>(a) the contract shall, at the option of the company be void as against the company; and</p> <p>(b) such officer or other agent shall be liable to a fine not exceeding two thousand rupees.</p>	ny in which company is undisclosed principal)	<p>with whom it has been made.</p> <p>(2) Every such officer or other agent shall forthwith deliver the memorandum aforesaid to the company and its directors which shall be laid before their next meeting.</p> <p>(3) If any such officer or other agent makes default in complying with the requirements of this section-</p> <p>(a) the contract shall, at the option of the company, be void as against the company; and</p> <p>(b) <u>such officer or other agent shall be liable to a penalty of level 1 on the standard scale.</u></p>
172.	226 (Securities and deposits)	<p>No company, and no officer or agent of a company, shall receive or utilise any money received as security or deposit, except in accordance with a contract in writing; and all moneys so received shall be kept <del>or deposited by the company or the officer or agent concerned, as the case may be,</del> in a special account with a scheduled bank:</p>	217 (Securities and deposits)	<p>(1) <u>Save as provided in section 84,</u> no company or any of its officers or agents shall receive or utilise any money received as security or deposit, except in accordance with a contract in writing.</p> <p>(2) The money so received shall be kept in a special account maintained by a company with a scheduled bank.</p>

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		Provided that this section shall not apply where the money received is in the nature of an advance payment for goods to be delivered or sold to an agent, dealer or sub-agent in accordance with a contract in writing.		(3) This section shall not apply where the money received is in the nature of an advance payment for goods to be delivered or sold to an agent, dealer or sub-agent in accordance with a contract in writing.
173.	227 (Employees' provident fund and securities)	<p>(1) All moneys or securities deposited with a company by its employees in pursuance of their contracts of service with the company shall be kept or deposited by the company within fifteen days from the date of deposit in a special account to be opened by the company for the purpose in a scheduled bank or in the National Saving Schemes, and no portion thereof shall be utilized by the company except for the breach of the contract of service on the part of the employee as provided in the contract and after notice to the employee concerned.</p> <p>(2) Where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such funds, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall either—</p> <p style="padding-left: 40px;">(a) be deposited—</p> <p style="padding-left: 80px;">(i) in a National Savings Scheme;</p>	218 (Employees' provident fund and securities)	<p>(1) All moneys or securities deposited with a company by its employees in pursuance of their contracts of service with the company shall be kept or deposited by the company within fifteen days from the date of deposit in a special account to be opened by the company for the purpose in a scheduled bank or in the National Saving Schemes, and no portion thereof shall be utilized by the company except for the breach of the contract of service on the part of the employee as provided in the contract and after notice to the employee concerned.</p> <p>(2) Where a provident fund, <u>contributory pension fund or any other contributory retirement fund</u> has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees or by both, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall either-</p> <p style="padding-left: 40px;">(a) be deposited-</p> <p style="padding-left: 80px;">(i) in a National Savings Scheme;</p> <p style="padding-left: 80px;">(ii) in a special account to be opened by the company for</p>

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		<p>(ii) in a special account to be opened by the company for the purpose in a scheduled bank; or</p> <p>(iii) where the company itself is a scheduled bank, in a special account to be opened by the company for the purpose either in itself or in any other scheduled bank; or</p> <p>(b) be invested in Government securities; or</p> <p>(c) in bonds, redeemable capital, debt securities or instruments issued by Pakistan Water and Power Development Authority and in listed securities subject to the conditions as may be prescribed by <del>the Commission</del>.</p> <p>(3) Where a trust has been created by a company with respect to any provident fund referred to in sub-section (2), the company shall be bound to collect the contributions of the employees concerned and pay such contributions as well as its own contributions, if any, to the trustees within fifteen days from the date of collection, and thereupon, the obligations laid on the company by that sub-section shall devolve on the trustees and shall be discharged by them instead of</p>		<p>the purpose in a scheduled bank; or</p> <p>(iii) where the company itself is a scheduled bank, in a special account to be opened by the company for the purpose either in itself or in any other scheduled bank; or</p> <p>(b) be invested in-</p> <p>(i) Government securities; or</p> <p>(ii) bonds, redeemable capital, debt securities or instruments issued by a <u>statutory body, units of collective investment schemes registered as notified entities with the Commission, and in listed securities including shares of companies, bonds, redeemable capital, debt securities and equity securities</u>, subject to the conditions as may be specified.</p> <p>(3) Where a trust has been created by a company with respect to any provident fund or a contributory pension fund or any contributory retirement fund referred to in sub-section (2), the company shall be bound to collect the contribution of the employees concerned and pay such contributions as well as its own contributions, if any, to the trustees within fifteen days from the date of collection, and thereupon, the obligations laid on the company by that sub-section shall devolve on the trustees and shall be discharged by them instead of the company.</p>

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		the company.		<u>(4) The trustees of provident fund, contributory pension or retirement fund shall have appropriate representation from the members of the funds.</u>
174.	229 (Penalty for contravention of section 226, 227, 228)	Whoever contravenes or authorises or permits the contravention of any of the provisions of section 226 or section 227 or <del>section 228</del> shall be punished with a fine which may extend to five thousand rupees and shall also be liable to pay the loss suffered by the depositor of security or the employee on account of such contravention.	219 (Penalty for contravention of section 217 or 218)	Any <del>contravention or default in complying with requirements of sections 217 or 218 shall be an offence liable to a penalty of level 1 on the standard scale and shall also be liable to pay the loss suffered by the depositor of security or the employee, on account of such contravention.</del>
175.	230 (Books of account to be kept by the company)	(1) Every company shall keep at its registered office <del>proper</del> books of account with respect to—  (a) <del>all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;</del>  (b) <del>all sales and purchases of goods by the company;</del>  (c) <del>all assets of the company;</del>  (d) <del>all liabilities of the company; and</del>	220 (Books of account to be kept by the company)	(1) Every company shall prepare and keep at its registered office <u>books of account and other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any:</u>  Provided that in the case of a company engaged in production, processing, manufacturing or mining activities, such particulars relating to utilisation of material or labour or the other inputs or items of cost, shall also be maintained:  Provided further that all or any of the books of account aforesaid and <u>other relevant papers</u> may be kept at such other place in

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		<p>(e) in the case of a company engaged in production, processing, manufacturing or mining activities, such particulars relating to utilisation of material or labour or the other inputs or items of cost as may be prescribed, if such class of companies is required by the Commission by a general or special order to include such particulars in the books of accounts:</p> <p>Provided that all or any of the books of account aforesaid may be kept at such other place in Pakistan as the directors may decide, and when the directors so decide, the company shall, within seven days of the decision, file with the registrar a notice in writing giving the full address of the other place.</p> <p>(2) Where a company has a branch office, whether in or outside Pakistan, the company shall be deemed to have complied with the provisions of sub-section (1) if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, <del>made up to date at intervals of not more than three months</del> are sent by the branch office to the company at its registered office or the other place referred to</p>		<p>Pakistan as the board may decide and where such a decision is taken, the company shall, within seven days thereof, file with the registrar a notice in writing giving the full address of that other place.</p> <p>(2) Where a company has a branch office in Pakistan or outside Pakistan, it shall be deemed to have complied with the provisions of sub-section (1), if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns are sent <u>periodically</u> by the branch office to the company at its registered office or the other place referred to in sub-section (1).</p> <p>(3) <u>The books of account and other books and papers maintained by the company within Pakistan shall be open for inspection at the registered office of the company or at such other place in Pakistan by any director during business hours, and in the case of financial information, if any, maintained outside the country, copies of such financial information shall be maintained and produced for inspection by any director.</u></p> <p>(4) <u>Where an inspection is made under sub-section (3), the officers and other employees of the company shall give to the director making such inspection all assistance in connection with the inspection which the company may reasonably be expected to give.</u></p> <p>(5) The books of account of every company relating to a period of not less than ten <u>financial years immediately preceding a financial</u></p>

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		<p>in sub-section (1).</p> <p><del>(3) For the purposes of sub-section (1) and (2), proper books of account shall not be deemed to be kept with respect to the matters specified therein if there are not kept such books as are necessary to give a true and fair view of the state of affairs of the company or the branch office, as the case may be, and to explain its transactions.</del></p> <p>(4) The books of account and other books and papers of every company shall be open to inspection by the directors during business hours.</p> <p><u>(5) The directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books or papers of the company or any of them shall be open to the inspection of members, not being directors, and no member, not being a director, shall have any right of inspecting any account and books or papers of the company except as conferred by the Ordinance or authorised by the directors or by the company in general meeting.</u></p> <p>(6) The books of account of every company relating to a period of not less than ten years immediately preceding the current year shall be preserved in good order:</p>		<p><u>year, or where the company had been in existence for a period less than ten years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order.</u></p> <p>(6) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer, of the company who has by his act or omission been the cause of such default shall-</p> <p>(a) in respect of a listed company, be punishable with imprisonment for a term which may extend to <u>two year</u> and with fine which shall not be less than five hundred thousand rupees nor more than five million rupees, and with a further fine which may extend to <u>ten thousand rupees for every day after the first during which the default continues; and</u></p> <p>(b) in respect of any other company, be punishable with imprisonment for a term which may extend to <u>one year</u> and with fine which may extend to <u>one hundred thousand rupees.</u></p> <p>(7) The provisions of this section except those of sub-section (5), shall apply <i>mutatis mutandis</i> to the books of account which a liquidator is required to maintain and keep.</p>

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		<p>Provided that, in the case of a company incorporated less than ten years <del>before the current year</del>, the books of account for the entire period preceding the current year shall be so preserved.</p> <p>(7) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant, of the company who has knowingly by his act or omission been the cause of such default shall,—</p> <p>(f) in respect of a listed company, be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than <sup>1</sup>[twenty] thousand rupees nor more than <sup>2</sup>[fifty] thousand rupees, and with a further fine which may extend to <sup>3</sup>[five] thousand rupees for every day after the first during which the default continues; and</p> <p>(g) in respect of any other company, be punishable with imprisonment for a term which may extend to six months and with fine which may extend to <sup>4</sup>[ten thousand] rupees.</p> <p><b><u>Explanation.-:</u></b> The term “chief accountant” shall include the chief accountant or any other person, by whatever name called, who is charged with the responsibility of maintenance of books of account of</p>		

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		<p><u>the company.</u></p> <p>(8) The provisions of this section except those of sub-section (6), shall apply <i>mutatis mutandis</i> to the books of account which a liquidator is required to maintain and keep.</p>		
176.	231 (Inspection of books of account etc.)	<p>(1) The books of account and books and papers of every company shall be open to inspection <del>by the registrar</del> or by any officer authorised by the Commission in this behalf if, for reasons to be recorded in writing, the registrar or the Commission considers it necessary so to do.</p> <p>(2) It shall be the duty of every director, officer or other employee of the company to produce to the person making inspection under sub-section (1) all such books of account and books and papers of the company in his custody or under his control, and to furnish him with any such statement, information or explanation relating to the affairs of the company, as the said person may require of him within such time and at such place as he may specify.</p> <p>(3) It shall also be the duty of every director, officer or other employee of the company to give to the person making inspection under this section all assistance in connection with the inspection which the company may be reasonably expected to give.</p>	221 (Inspection of books of account by the Commission)	<p>(1) The books of account and books and papers of every company shall be open to inspection by any officer authorised by the Commission in this behalf if, for reasons to be recorded in writing, the Commission considers it necessary so to do.</p> <p>(2) It shall be the duty of every director, officer or other employee of the company to produce to the person making inspection under sub-section (1) all such books of account and books and papers of the company in his custody or under his control, and to furnish him with any such statement, information or explanation relating to the affairs of the company, as the said person may require of him within such time and at such place as he may specify.</p> <p>(3) It shall also be the duty of every director, officer or other employee of the company to give to the person making inspection under this section all assistance and facilitation in connection with the inspection which the company may be reasonably expected to give.</p> <p>(4) The <u>officer</u> making the inspection under this section may, during the course of inspection-</p> <p>(a) make or cause to be made copies of books of account and</p>



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		<p>(4) The person making the inspection under this section may, during the course of inspection,—</p> <p>(i) make or cause to be made copies of books of account and other books and papers, or</p> <p>(ii) place or cause to be placed by marks of identification thereon in token of the inspection having been made.</p> <p>(5) Where an inspection of the books of account and books and papers of the company has been made under this section by an officer authorised by the Commission, such officer shall make a report to the Commission.</p> <p>(6) Any officer authorised to make an inspection under this section shall have all the powers that the registrar has under this Ordinance in relation to the making of inquiries.</p>		<p>other books and papers; or</p> <p>(b) place or cause to be placed by marks of identification thereon in token of the inspection having been made;</p> <p>(c) <u>take possession of such documents and retain them for a reasonable time if there are reasonable grounds for believing that they are evidence of the commission of an offence.</u></p> <p>(5) Where an inspection of the books of account and books and papers of the company has been conducted under this section, by an officer authorised by the Commission, such officer shall make a report to the Commission.</p> <p>(6) Any officer authorised to make an inspection under this section shall have all the powers that the Commission has under this Ordinance in relation to the making of inquiries.</p>
177.	232 (Default in compliance with provisi	<p>(1) If default is made in complying with the provisions of section 231, every person who is in default shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than ten thousand rupees.</p> <p>(2) Where a director or any other officer of a</p>	222 (Default in compliance with provisi	<p>(1) If default is made in complying with the provisions of section 221, every person who is in default shall be punishable with imprisonment for a term which may extend to <u>six months and with fine which may extend to one hundred thousand rupees.</u></p> <p>(2) Where a director or any other officer of a company has been convicted of an offence under this section, he shall, on and from</p>

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	ons of section 221)	company has been convicted of an offence under this section, he shall, on and from the date on which he is so convicted, be deemed to have vacated his office as such and, on such vacation of office, shall be disqualified for holding such office in any company, for a period of five years.	ons of section 221)	the date on which he is so convicted, be deemed to have vacated his office as such and, on such vacation of office, shall be disqualified for holding such office in any company, for a period <u>of three years.</u>
178.	233 (Annual accounts and balance sheet)	<p>(1) The directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year lay before the company in annual general meeting a balance -sheet and profit and loss account or in the case of a company not trading for profit an income and expenditure account for the period, in the case of the first account for the period since the incorporation of the company and in any other case since the preceding account, made up to a date not earlier than the date of the meeting by more than four months:</p> <p>Provided that, in the case of a listed company the Commission, and in any other case the registrar, may, for any special reason, extend the period for a term not exceeding [one] month.</p> <p>(2) The period to which the accounts aforesaid relate shall not exceed twelve months except where special permission has been granted in that behalf by the</p>	223 (Financial statements)	<p>(1) The board of every company must lay before the company in annual general meeting its financial statements for the period, in the case of first such statements since the incorporation of the company and in any other case since the preceding financial statements, <u>made up to the date of close of financial year adopted by the company.</u></p> <p><u>(2) The financial statements must be laid within a period of four months following the close of financial year of a company:</u></p> <p>Provided that, in the case of a listed company the Commission, and in any other case the registrar, may, for any special reason, extend the period for a term not exceeding <u>thirty days.</u></p> <p>(3) Subject to the provision of sub-section (2), the first financial statement must be laid at some date <u>not later than sixteen months</u> after the date of incorporation of the company and subsequently once at least in every calendar year.</p> <p>(4) The period to which the statements aforesaid relate, not being the first, shall not exceed twelve months except where special permission of the registrar has been obtained.</p>

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		<p>registrar.</p> <p>(3) The balance-sheet and the profit and loss account or income and expenditure account shall be audited by the auditor of the company, in the manner hereinafter provided, and the auditor's report shall be attached thereto.</p> <p>(4) Every company shall [in the form and manner specified <del>by the Commission</del>] send a copy of such balance-sheet and profit and loss account or income and expenditure account so audited together with a copy of the auditor's report and the director's report to every member of the company at least twenty-one days before the meeting at which it is to be laid before the members of the company, and shall keep a copy at the registered office of the company for the inspection of the members of the company <del>during a period of at least twenty-one days before that meeting.</del></p> <p>(5) A listed company shall, simultaneously with the despatch of the balance-sheet and profit and loss account together with the reports referred to in sub-section (4), send five copies each of such balance-sheet and profit and loss account and other documents to the Commission, the stock exchange and the registrar.</p> <p>(6) The provisions of sub-section (7) of section 230</p>		<p>(5) The financial statement shall be audited by the auditor of the company, in the manner hereinafter provided, and the auditor's report shall be attached thereto:</p> <p><u>Provided that nothing in this sub-section shall apply to a private company having the paid up capital not exceeding one million rupees or such other amount of paid up capital as may be notified by the Commission.</u></p> <p>(6) Every company shall send in the form and manner specified audited financial statements together with the auditors' report, directors' report and in the case of a listed company the <u>chairman's review report</u> to every member of the company <u>and every person who is entitled to receive notice of general meeting, either by post or electronically</u> at least twenty-one days before the date of meeting at which it is to be laid before the members of the company, and shall keep a copy at the registered office of the company for the inspection of the members.</p> <p>(7) A listed company shall, simultaneously with the dispatch of the financial statements together with the reports referred to in sub-section (6), send by post <u>three copies and electronically a copy</u> of such financial statements together with said reports to each of the Commission, registrar and the Securities exchange and shall also post on the <u>company's website</u>:</p> <p><u>Provided that the reports shall be made available on the website of the Company for a time period as may be specified.</u></p> <p>(8) The provisions of sub-section (6) of section 220 shall apply to</p>

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		shall apply to any person who is a party to the default in complying with any of the provisions of this section.		any person who is a party to the default in complying with any of the provisions of this section.  <u>(9) This section shall not apply to a single member company.</u>
179.	234 (Contents of balance sheet)	<p><del>(1) Every balance-sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of its financial year, and every profit and loss account or income and expenditure account of a company shall give a true and fair view of the profit and loss of the company for the financial year so, however, that every item of expenditure fairly chargeable against the year's income shall be brought into account and, in case where any item of expenditure which may in fairness be distributed over several years has been incurred in any one financial year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the financial year.</del></p> <p><del>(2) The balance sheet and profit and loss account or the income and expenditure account shall,—</del></p> <p><del>(i) — in the case of a listed company, <sup>4</sup>[and a private and non-listed public company which is subsidiary of a listed company] comply with the</del></p>	225 (contents of financial statements)	<p>(1) The financial statements shall give a true and fair view of the state of affairs of the company, <u>comply with the financial reporting standards notified by the Commission and shall be prepared in accordance with the requirements contained in the Third Schedule for different class or classes of companies:</u></p> <p><u>Provided that for the purpose of preparation of financial statements and relating accounting treatment of associated companies shall be in accordance with financial reporting standards or such other standards as may be notified by the Commission:</u></p> <p>Provided further that, except to the extent, otherwise notified in the official Gazette by the Commission, this sub-section shall not apply to an insurance or banking company or to any other class of companies for which the requirements of financial statements are specified in the law regulating such class of companies.</p> <p><u>(2) The Commission may, of its own motion or upon application by a company, modify, in relation to that company, the requirements of the relevant Schedule for the purpose of adapting it to the circumstances of a company.</u></p>

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		<p><del>requirements of the Fourth Schedule so far as applicable thereto; and</del></p> <p><del>(ii) in the case of any other company, comply with the requirements of the Fifth Schedule so far as applicable thereto:</del></p> <p>Provided that, except to the extent, otherwise notified in the official Gazette by the Commission, this sub-section shall not apply to an insurance or banking company or to any other class of companies for which the requirements of balance-sheet and profit and loss account are specified in the law regulating such class of companies.</p> <p><del>(3) Subject to the provisions of this Ordinance [...]</del></p> <p><del>(i) such International Accounting Standards and other standards shall be followed in regard to the accounts and preparation of the balance sheet and profit and loss account as are notified for the purpose in the official Gazette by the Commission; and</del></p> <p><del>[(ii) in the case of a listed company, —</del></p> <p><del>(a) a statement of changes in equity and cash flow</del></p>		<p>(3) The Commission shall have power from time to time to grant exemption to any company or any class of companies if it is in the public interest</p>

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		<p><del>statement shall form part of the balance sheet and profit and loss account; and}</del></p> <p><del>-(b) accounting policies shall be stated and, where there is any change in such policies, the auditor shall report whether he agrees with the change.</del></p> <p><b>Explanation.</b>—“International Accounting Standards” shall be understood in the terms in which it is understood in the accounting circles.</p> <p>(4) The Federal Government may, of its own motion or upon application by a company, modify, in relation to that company, the requirements of the Fourth Schedule or the Fifth Schedule for the purpose of adapting them to the circumstances of the company.</p> <p>(5) <del>The Federal Government shall have power from time to time to grant exemption to any company or any class of companies if it is in the public interest so to do, from compliance with all or any of the requirements of the Fourth Schedule or the Fifth Schedule.</del></p> <p><del>(6) The provisions of sub-section (7) of section 230 shall apply to any person who is a party</del></p>		

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		<del>to the default in complying with any of the provisions of this section.</del>		
180.	236 (Direct or's report)	<p>(1) The directors shall make out and attach to every balance-sheet a report with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend and the amount, if any, which they propose to carry to the Reserve Fund, General Reserve or Reserve Account <del>shown specifically in the balance sheet or to a Reserve Fund, General Reserve or Reserve Account to be shown specifically in a subsequent balance sheet.</del></p> <p>(2) In the case of a public company or a private company which is a subsidiary of a public company, the directors report shall, in addition to the matters specified in sub-section (1),-</p> <p>(a) disclose any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance-sheet relates and the date of the report;</p> <p>(b) so far as is material for the</p>	226 (Direct ors Report and statement of compliance) and section 227 (Contents of directors report and statement of compliance)	<p>(1) The board must prepare a directors' report for each financial year of the company:</p> <p><u>Provided that nothing in this sub-section shall apply to a private company having the paid up capital not exceeding three million rupees.</u></p> <p>(2) <u>The Commission may by general or special order, direct such class or classes of companies to prepare a statement of compliance.</u></p> <p>(3) The board of a holding company, required to prepare consolidated financial statements under section 228, shall make out and attach to consolidated financial statements a report with respect to the consolidated financial statements and all provisions of sub-section (2), (3) and (4) of section 227 shall apply to such report as if for the word "company" appearing in these sub-sections the word "holding company" were substituted.</p> <p>(4) <u>The directors in their report shall give greater emphasis to the matters that are significant to the undertakings included in the consolidation.</u></p> <p>(5) <u>Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>

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		<p>appreciation of the state of the company's affairs by its members, deal with any changes that have occurred during the financial year concerning the nature of the business of the company or of its subsidiaries, or in the classes of business in which the company has interest, whether as a member of another company or otherwise, unless the Commission exempts any company from making such disclosure on the ground that such disclosures would be prejudicial to the business of the company;</p> <p>(c) contain the fullest information and explanation in regard to any reservation, observation, qualification or adverse remarks contained in the auditor's report;</p> <p>(d) circulate with it information about the pattern of holding of the shares in the form prescribed;</p> <p>(e) state the name and country of incorporation of its holding company, if any, where such holding company is established outside Pakistan [; and]</p>		<p>Section 227: (1) The directors shall make out and attach to the financial statements a report with respect to the state of the company's affairs and a <u>fair review of its business</u>, the amount (if any), that the directors recommend should be paid by way of dividend and the amount (if any), they propose to carry to the Reserve Fund, General Reserve or Reserve Account.</p> <p>(2) In the case of a public company or a private company which is a subsidiary of a public company, the directors report, in addition to the matters specified in sub-section (1) must state-</p> <p>(a) <u>the names of the persons who, at any time during the financial year, were directors of the company;</u></p> <p>(b) <u>the principal activities and the development and performance of the company's business during the financial year;</u></p> <p>(c) <u>a description of the principal risks and uncertainties facing the company;</u></p> <p>(d) any changes that have occurred during the financial year concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest, whether as a member or otherwise;</p> <p>(e) the information and explanation in regard to any contents of modification in the auditor's report;</p>



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		<p>(f) state the earning per share;</p> <p>(g) give reasons for incurring loss and a reasonable indication of future prospects of profit, if any; and</p> <p>(h) contain information about defaults in payment of debts, if any, and reasons thereof.]</p> <p>(3) The report referred to in sub-section (1) <del>shall be signed by the chairman of the directors or the chief executive of the company on behalf of the directors if authorised in that behalf by the directors and, when not so authorised, shall be signed by the chief executive and such number of directors as are required to sign the balance-sheet and profit and loss account under section 241.</del></p> <p>(4) If a company fails to comply with any of the requirements of this section, every director, including the chief executive, of the company who has knowingly by this act or omission been the cause of any default by the company in complying with the requirements of this section shall,-</p> <p>(a) in respect of a listed company, be punishable with imprisonment for a term which may extend to one year</p>		<p>(f) information about the pattern of holding of the shares in the form specified;</p> <p>(g) the name and country of origin of the holding company, if such company is a foreign company;</p> <p>(h) the earning per share;</p> <p>(i) the reasons for loss if incurred during the year and future prospects of profit, if any;</p> <p>(j) information about defaults in payment of any debts and reasons thereof;</p> <p>(k) the details in respect of adequacy internal financial controls;</p> <p>(l) any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report; and</p> <p>(m) any other information as may be specified.</p> <p>(3) <u>In the case of a listed company the business review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include-</u></p>

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		<p>and with fine which shall not be less than <sup>1</sup>[twenty] thousand rupees nor more than <sup>2</sup>[fifty] thousand rupees, and with a further fine which may extend to <sup>3</sup>[five] thousand rupees for every day after the first during which the default continues; and</p> <p>(b) in respect of any other company, be punishable with imprisonment with imprisonment for a term which may extend to six months and with fine which may extend to <sup>4</sup>[ten] thousand rupees.</p> <p>(5) The directors of a holding company required to prepare consolidated financial statements under section 237 shall make out and attach to consolidated financial statements, a report with respect to the state of group's affairs and all provisions of sub-section (2), (3) and (4) shall apply to such report as if for the word "company" appearing in these sub-sections the word "holding company" were substituted.]</p>		
181.				<p>(a) <u>the main trends and factors likely to affect the future development, performance and position of the company's business;</u></p> <p>(b) <u>the impact of the company's business on the</u></p>

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				<p><u>environment;</u></p> <p>(c) <u>the activities undertaken by the company with regard to corporate social responsibility during the year;</u></p> <p>(d) <u>directors' responsibility in respect of adequacy of internal financial controls as may be specified.</u></p> <p>(4) The board shall make out and attach to the financial statement such statement of compliance as may be specified.</p> <p>(5) <u>The directors' report and statement of compliance must be approved by the board and signed by the chief executive and a director of the company.</u></p> <p>(6) <u>Whoever contravenes any of the provisions of this section shall-</u></p> <p>(a) <u>in respect of a listed company, be punishable with imprisonment for a term which may extend to two years and with fine may extend to five hundred thousand rupees and with a further fine which may extend to ten thousand rupees for every day after the first during which the default continues; and</u></p> <p>(b) <u>in respect of any other company, be punishable with imprisonment for a term which may extend to one year and with fine which may extend to one hundred thousand rupees.</u></p>

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182.	237 (Consolidated financial statements)	<p>(1) There shall be attached to the financial statements of a holding company having a subsidiary or subsidiaries, at the end of the financial year at which the holding company's financial statements are made out, consolidated financial statements of the group presented as those of a single enterprise and such consolidated financial statements shall comply with the disclosure requirement of the Fourth Schedule and an International Accounting Standards notified under sub-section (3) of section 234.</p> <p>(2) Where the financial year of a subsidiary precedes the day on which the holding company's financial year ends by more than three months, such subsidiary shall make an interim closing, on the day on which the holding company's financial year ends, and prepare financial statements for consolidation purposes.</p> <p>(3) Every auditor of a holding company appointed under section 252 shall also report on consolidated financial statements and exercise all such powers and duties as are vested in him under section 255.</p> <p>(4) All interim financial statements of a subsidiary as</p>	228 (Consolidated financial statements)	<p>(1) There shall be attached to the financial statements of a holding company having a subsidiary or subsidiaries, at the end of the financial year at which the holding company's financial statements are made out, consolidated financial statements of the group presented as those of a single enterprise and such consolidated financial statements shall comply with the disclosure requirement of the relevant Schedule and <u>financial reporting standards notified by the Commission:</u></p> <p><u>Provided that nothing in this sub-section shall apply to a private company and its subsidiary, where none of the holding and subsidiary company has the paid up capital not exceeding one million rupees.</u></p> <p>(2) Where the financial year of a subsidiary precedes the day on which the holding company's financial year ends by more than three months, such subsidiary shall make an interim closing, on the day on which the holding company's financial year ends, and prepare financial statements for consolidation purposes.</p> <p>(3) Every auditor of a holding company appointed under section 246 shall also report, in the specified form, on consolidated financial statements and exercise all such <u>rights</u> and duties as are vested in him under sections 248 and 249 respectively.</p>

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		<p><del>required under sub-section (3) shall be reviewed by the auditors of that subsidiary appointed under section 252 who shall report on such financial statements in the prescribed form.</del></p> <p>(5) There shall be disclosed in the consolidated financial statements-</p> <p>(a) <del>any qualifications contained in the auditors' reports on the accounts of subsidiaries for the financial year ending with or during the financial year of the holding company; and</del></p> <p>(b) any note or saving contained in such accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far the matter which is the subject of the qualification or note is not covered by the holding company's own accounts and is material from the point of view of its members.</p> <p>(6) Every consolidated financial statements shall be signed by the same persons by whom the individual balance sheet and the profit and loss account or income and expenditure account of the holding company are required to be signed, under section</p>		<p>(4) There shall be disclosed in the consolidated financial statements any note or saving contained in such accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far the matter which is the subject of the qualification or note is not covered by the holding company's own accounts and is material from the point of view of its members.</p> <p>(5) Every consolidated financial statement shall be signed by the same persons by whom the individual financial statements of the holding company are required to be signed, under section 232.</p> <p>(6) All provisions of sections 223, 233, 234, 235 and 236 shall apply to a holding company required to prepare consolidated financial statements under this section as if for the word "company" appearing in these sections, the words "holding company" were substituted.</p> <p>(7) The Commission may, on an application of a holding company, direct that the provisions of this section shall not apply only to such extent as may be specified in the direction.</p> <p>(8) Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 2 on <u>the standard scale.</u></p>

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		<p>241.</p> <p>(7) All provisions of sections 233, 242, 243, 244 and 245 shall apply to a holding company required to prepare consolidated financial statements under this section as if for the word “company” appearing in these sections, the words “holding company” were substituted.</p> <p>(8) The Commission may, on an application <del>or with the consent of the directors of a holding company,</del> direct <del>that in relation to any subsidiary,</del> the provisions of this section shall not apply only to such extent as may be specified in the direction.</p> <p>(9) If a holding company fails to comply with any requirement of this section, <del>every officer of the holding company shall be punishable with fine which may extend to fifty thousand rupees in respect of each offense unless he shows that he took all reasonable steps for securing compliance by the holding company of such requirements and that the non-compliance or default on his part was not willful and intentional.]</del></p>		
183.	238 (Financial year of a	(1) The directors of a holding company shall ensure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiaries coincides with the company’s own	229 (Financial year of a	(1) The board of a holding company shall ensure that, except where in their opinion there are good reasons against it, its financial year and each of its subsidiaries coincides.

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	holding company and subsidiary)	financial year.  (2) Where it appears to the Commission desirable for a holding company or a holding company's subsidiary to extend its financial year so that the subsidiary' financial year may and with that of the holding company, and for that purpose to postpone the submission of the relevant accounts to a general meeting from one calendar year to the next, the Commission may on the application or with the consent of the directors of the company whose financial year is to be extended direct that, in the case of that company, the submission of accounts to a general meeting, the holding of an annual general meeting are the making of an annual return shall not be required in the earlier of the said calendar years.	holding company and subsidiary)	(2) The Commission may, on an application of a holding company or a subsidiary of the holding company, extend the financial year of any such company for the purpose of sub-section (1).  (3) While granting any extension under sub-section (2), the Commission <u>may grant such other relaxations as may be incidental or ancillary thereto.</u>
184.	241 (Authentication of balance statement)	(1) Save as provided by sub-section (2), the balance-sheet and profit and loss account or income and expenditure account shall be approved by the directors and shall be signed by the chief executive and at least one director.  (2) when the chief executive is for the time being not in Pakistan, then the balance-sheet and profit and loss account or income and expenditure account of the company shall be signed by not less than two directors <del>for the time being in Pakistan, but in such a case there shall be subjoined to the balance-sheet</del>	232 (Approval and authentication of financial statements)	(1) The financial statements, including consolidated financial statement, if any, must be approved by the board of the company <u>and signed on behalf of the board</u> by the chief executive and at least one director of the company, <u>and in case of a listed company also by the chief financial officer:</u>  Provided that when the chief executive is for the time being not available in Pakistan, then the financial statements may be signed by at least two directors:  <u>Provided further that in case of a private company having a paid up capital not exceeding one million rupees, the financial statements shall also be accompanied by an affidavit executed by</u>

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		<p><del>and profit and loss account or income and expenditure account a statement signed by such directors explaining the reasons for non-compliance with the provisions of sub-section (1).</del></p> <p>(3) If a company makes default in complying with the requirement of this section, the company and every officer of the company <del>who is knowingly and wilfully in default</del> shall be liable to a fine not exceeding five thousand rupees.</p>		<p><u>the chief executive if the accounts are signed by him or by any of the directors if the accounts has been signed by two directors, as the case may be, that the financial statements have been approved by the board.</u></p> <p>(2) The financial statements of a single member company shall be signed by one director.</p> <p>(3) <u>Any contravention</u> or default in complying with requirements of this section shall <u>be an offence liable to a penalty of level 1 on the standard scale.</u></p>
185.	242 (Copy of balance sheet to be forwarded to the registrar)	<p>(1) Without prejudice to the provisions of sub-section (5) of section 233, after the balance-sheet and profit and loss account or the income and expenditure account, as the case may be, have been laid before the company at the annual general meeting, such number of copies thereof alongwith the reports and documents required to be annexed to the same, <del>not being less than <sup>4</sup>[three] in the case of a listed company or <sup>2</sup>[two] in the case of any other company, as may be prescribed,</del> signed by the chief executive, directors, chairman of directors or the auditors of the company, as the case may be, in the manner provided by sections 236, 241 and 257, shall be filed with the registrar within thirty days from the date of such meeting.</p> <p>(2) If the general meeting before which a balance-sheet is laid does not adopt the balance-sheet and</p>	233 (Copy of financial statement to be forwarded to the registrar)	<p>(1) Without prejudice to the provisions of sub-section (5) of section 223, after the audited financial statements have been laid before the company at the annual general meeting <u>and duly adopted, a copy of such financial statements</u> together with reports and documents required to be annexed to the same, duly signed in the manner provided by sections 226, 232 and 251, shall <u>be filed by the company electronically with the registrar within thirty days from the date of such meeting in case of a listed company and within fifteen days in case of any other company.</u></p> <p>(2) If the general meeting before which the financial statement is laid does not adopt the same or defers consideration thereof or is adjourned, a statement of that fact and of the reasons therefor shall be annexed to the said financial statements required to be filed with the registrar.</p> <p>(3) Nothing in this section shall apply to a private company having the paid up capital <u>not exceeding ten million rupees.</u></p>



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		<p>profit and loss account or the income and expenditure account or defers consideration thereof or is adjourned, a statement of that fact and of the reasons therefor shall be annexed to the said documents and also to the copies thereof required to be filed with the registrar.</p> <p>(3) Nothing in this section shall apply to a private company [having paid up capital of less than 7.5 million rupees.</p> <p>(4) If a company makes default in complying with the requirements of this section, the company and every officer of the company who is knowingly and wilfully in default shall be liable,-</p> <p>(a) if the default relates to a listed company, to a fine which may extend to ten thousand rupees and to a further fine which may hundred rupees for every day after the first during which the default continues; and</p> <p>(b) if the default relates to any other company, to a fine which may extend to two thousand rupees and to a further fine which may extend to fifty rupees for every day after the first during which the default continues.</p>		<p>(4) Any contravention or default in complying with requirements of this section shall be an offence liable-</p> <p>(a) in case of a listed company, <u>to a penalty of level 2 on the standard scale; and</u></p> <p>(b) in case of any other company, <u>to a penalty of level 1 on the standard scale.</u></p>

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186.	243 (Right of member of company to copies of the balance sheet, auditor's report etc.)	<del>Save as otherwise provided in this Ordinance, a member of a company shall be entitled to be furnished with copies of the balance-sheet and the profit and loss account or the income and expenditure account, the director's report and the auditor's report on payment of such sum as the company may fix not exceeding the maximum amount prescribed.</del>	235 (Right of member of company to copies of the financial statement and auditor's report)	(1) Any member of the company is entitled, on request and on payment of such fee as may be fixed by the company to be provided with a copy of any financial statement. The copy must be provided within seven days after the request is received by the company.  (2) <u>Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on the standard scale.</u>
187.	244 (Penalty for improper issue, circulation or	If any copy of a balance-sheet is issued, circulated or published without there being annexed or attached thereto, as the case may be, a copy each of (i) the profit and loss account or income and expenditure account, (ii) any accounts, reports, <del>notes</del> or statements referred therein, (iii) the auditor's report, and (iv) the directors report, the company, and every officer of the company who is <del>knowingly and wilfully</del>	236 (Penalty for improper issue, circulation or	If any copy of financial statements is issued, circulated or published without there being annexed or attached thereto, as the case may be, a copy each of (i) any component of financial statements, reports, or statements referred therein, (ii) the auditors' report, (iii) <u>review reports on the statement of compliance</u> , (iv) the directors' report and (v) <u>the statements of compliance</u> , the company, and every officer of the company who is in default shall be liable to a penalty of level 1 on the standard

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	publica tion of balanc e sheet or profit or loss accoun ts)	in default shall be punishable with fine which may extend to five thousand rupees.	publica tion of financi al statem ents)	<u>scale.</u>
188.	245 (Quart erly accoun ts of listed compa nies)	(1) Every listed company shall—  (a) within [one month] of the close of [first, <del>second</del> and third quarter] of its year of account, prepare and transmit to the members and the stock exchange in which the shares of the company are listed a profit and loss account for, and balance-sheet as at the end of that [quarter], whether audited or otherwise; and  (b) <del>simultaneously with the transmission of the [quarterly] profit and loss account and balance sheet to the members and the stock exchange, file with the registrar and the Commission such number of copies thereof, not being less than three, as may be prescribed.</del>	237 (Quart erly financi al statem ents of listed compa nies)	(1) Every listed company shall prepare the quarterly financial information within the period of-  (a) one month of the close of first and third quarters of its year of accounts; and  (b) <u>two months of the close of its second quarter of its year of accounts:</u>  <u>Provided that the cumulative figures for the half year, presented in the second quarter accounts shall be subjected to a limited scope review by the statutory auditors of the company in such manner and according to such terms and conditions as may be determined by the Institute of Chartered Accountants of Pakistan and approved by the Commission.</u>  <u>Provided further that the Commission may, upon an application by the company, extend the period of filing in case of accounts of first quarter for a period not exceeding thirty days, if the company was allowed extension in terms of sections 223.</u>

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		<p><del>(2) The provisions of sub-sections (1) and (2) of section 241 shall apply to the half-yearly accounts.</del></p> <p>(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has <del>knowingly</del> by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.]</p>		<p><u>(2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1):</u></p> <p><u>Provided that a copy of the quarterly financial statements shall be dispatched in physical form if so requested by any member without any fee.</u></p> <p><u>Provided further that the Commission may specify the time period for which the quarterly financial statements shall be made available on the website of the company.</u></p> <p>(3) The provisions of section 232 shall apply to the quarterly financial statements.</p> <p>(4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default <u>shall be liable to a penalty of level 2 on the standard scale.</u></p>
189.	246 (Power of Commission)	Notwithstanding anything contained in any other provision of this Ordinance the] Commission may, by general or special order, require companies generally, or any class of companies or any particular company, to prepare and send to the members, the registrar,	238 (Power of Commission)	(1) Notwithstanding anything contained in any other provision of this Ordinance the Commission may, by general or special order, require companies generally, or any class of companies or any particular company, to prepare and send to the members, <u>the Commission, the registrar, the securities exchange and any other</u>

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	to require submission of additional statements of accounts and reports )	<p><del>any authority, a stock exchange and any other person</del> such periodical statements of accounts, information or other reports, <del>[audited by an auditor,]</del> in such form and manner and within such time, as may be specified in the order.</p> <p>(2) In the event of a default in complying with the order of the Commission issued under subsection (1), <del>the company, and every officer of the company who knowingly and wilfully authorises or permits the default,</del> shall be liable to a fine not [exceeding one million rupees and to a further fine] which may extend to [ten] thousand rupees for every day during which the default continues.</p>	to require submission of additional statements of accounts and reports )	<p>person such periodical statements of accounts, information or other reports, in such form and manner and within such time, as may be specified in the order.</p> <p>(2) Any <u>contravention</u> or default in complying with requirement of this section shall be <u>an offence liable to a penalty of level 3 on the standard scale.</u></p>
190.	247 (Rights of debenture-holders, etc., as to receipt and inspection of report, etc.)	<p>The holders of debentures, including the trustees for holders of debentures, of a company shall have the <del>same</del> right to receive and obtain on payment copies of the balance-sheets and profit and loss accounts or the income and expenditure account of the company and the reports of the auditors and other reports as is <del>possessed by the holders of ordinary shares in the company.</del></p>	239 (Rights of debenture-holders to obtain copies of financial statements)	<p>(1) The holders of debentures, including the trustees for holders of debentures, of a company shall be entitled to have copies of financial statements of the company and other reports <u>on payment of such fee as may be fixed by the company.</u></p> <p>(2) Any <u>contravention</u> or default in complying with requirements of this section shall be an offence liable to a penalty of level 1 on the standard scale.</p>

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191.	249 (Dividend to be paid only out of profits)	No dividend shall be paid by a company otherwise than out of profits of the company.	241 (Dividend to be paid only out of profits)	<p><u>Any dividend may be paid by a company either in cash or in kind only out of its profits.</u></p> <p><b>Explanation.-</b> <u>The payment of dividend in kind shall only be in the shape of shares of listed company held by the distributing company.</u></p>
192.	250 (Dividend not to be paid except to registered shareholders or to their order or to their bankers)	<p>(1) <del>No dividend shall be paid by a company in respect of any share therein except to the registered holder of such share or to his order or to his bankers or to a financial institution nominated by him for the purpose.</del></p> <p>(2) <del>Nothing contained in sub-section (1) shall be deemed to require the bankers of a registered shareholder or the financial institution nominated by him to make a separate application to the company for payment of the dividend.</del></p> <p>(3) The dividend warrants shall be sent by a company by registered post unless the shareholder entitled to receive the dividend requires otherwise in writing.</p>	242 (Dividend not to be paid except to registered shareholders)	<p>Any dividend declared by a company must be paid to its registered shareholders or to their order <u>within such period and in such manner as may be specified:</u></p> <p><u>Provided that any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholders entitled to the payment of the dividend, as per their direction:</u></p> <p><u>Provided further that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.</u></p>
193.	251 (Period for payment)	(1) When a dividend has been declared, it shall not be lawful for the directors of the company to withhold or defer its payment and the chief executive of the company shall be responsible to make the payment in	243 (Directors not to	(1) When a dividend has been declared, it shall not be lawful for the directors of the company to withhold or defer its payment and the chief executive of the company shall be responsible to make the payment in the manner provided in section 242.

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	nt of dividend)	<p>the manner provided in section 250 <del>within [such time as the Commission may, from time to time by notification in the official Gazette specify]</del></p> <p><b>Explanation.-</b> Dividend shall be deemed to have been declared on the date of the general meeting in case of a dividend declared or approved in the general meeting and on the date of commencement of closing of share transfer for purposes of determination of entitlement of dividend in the case of an interim dividend and where register of members is not closed for such purpose, on the date on which such dividend is approved by the directors.</p> <p>(2) Where a dividend has been declared by a company but is not paid within the period specified in <del>sub-section (1)</del>, the chief executive of the company shall be punishable with imprisonment for a term which may extend to two years and with fine which may extend to one million rupees:</p> <p>Provided that no offence shall be deemed to have been committed within the meaning of the foregoing provisions in the following cases, namely—</p> <p>(a) where the dividend could not be paid by reason of the operation of any law;</p>	withhold dividend)	<p><b>Explanation.-</b> Dividend shall be deemed to have been declared on the date of the general meeting in case of a dividend declared or approved in the general meeting and on the date of commencement of closing of share transfer for purposes of determination of entitlement of dividend in the case of an interim dividend and where register of members is not closed for such purpose, on the date on which such dividend is approved by the board.</p> <p>(2) Where a dividend has been declared by a company but is not paid within the period specified under section 242, the chief executive of the company shall be punishable with imprisonment for a term which may extend to two years and with fine which may extend to <u>five million rupees</u>:</p> <p>Provided that no offence shall be deemed to have been committed within the meaning of the foregoing provisions in the following cases, namely—</p> <p>(a) where the dividend could not be paid by reason of the operation of any law;</p> <p>(b) where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with;</p> <p>(c) where there is a dispute regarding the right to receive the dividend;</p>

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		<p>(b) where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with;</p> <p>(c) where there is a dispute regarding the right to receive the dividend;</p> <p>(d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder; or</p> <p>(e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company; and</p> <p>the Commission has, on an application of the company on the prescribed form made within forty - five days from the date of declaration of the dividend, and after providing an opportunity to the shareholder or person who may seem to be entitled to receive the dividend of making representation against the proposed action, permitted the company to withhold or defer payment as may be ordered by the Commission.</p>		<p>(d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder; or</p> <p>(e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company; and</p> <p>the Commission has, on an application of the company on the specified form made within forty-five days from the date of declaration of the dividend, and after providing an opportunity to the shareholder or person who may seem to be entitled to receive the dividend of making representation against the proposed action, permitted the company to withhold or defer payment as may be ordered by the Commission.</p> <p><u>(3) Notwithstanding anything contained in sub-section (2), a company may withhold the payment of dividend of a member where the member has not provided the complete information or documents as specified by the Commission.</u></p> <p>(4) Chief executive convicted under sub-section (2) shall from the day of the conviction cease to hold the office of chief executive of the company and shall not, for a period of five years from that day, be eligible to be the chief executive or a director of that company or any other company.</p>



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		(3) A chief executive convicted under sub-section (2) shall from the day of the conviction cease to hold the office of chief executive of the company and shall not, for a period of five years from that day, be eligible to be the chief executive or a director of that company or any other company.		
194.	252 (Appointment and remuneration) And 253 (Provisions as to resolutions relating to appointment and removal of	<p>(1) Every company shall at each annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting:</p> <p>[Provided that an auditor or auditors appointed in a general meeting may be removed before conclusion of the next annual general meeting through a special resolution.]</p> <p><del>(2) Appointment of a partnership by the firm name to be the auditors of a company shall be deemed to be the appointment of all the persons who are partners in the firm at the time of appointment.</del></p> <p>(3) The first auditor or auditors of a company shall be appointed by the directors within sixty days of the date of incorporation of the company; and the auditor or auditors so appointed shall hold office until the conclusion of the first annual general meeting:</p> <p>Provided that-</p>	246 (Appointment, removal and fee of auditors)	<p>(1) The first auditor or auditors of a company shall be appointed by the board <u>within three months</u> of the date of incorporation of the company; and the auditor or auditors so appointed shall retire on the conclusion of the first annual general meeting.</p> <p>(2) Subject to the provisions of sub-section (3), the subsequent auditor or auditors shall be appointed by the company in the annual general meeting on the recommendation of the board. After obtaining consent of the proposed auditors, a notice shall be given to the members with the notice of general meeting. The auditor or auditors so appointed shall retire on the conclusion of the next annual general meeting.</p> <p><u>(3) A member or members having not less than ten percent shareholding of the company shall also be entitled to propose any auditor or auditors for appointment whose consent has been obtained by him and a notice in this regard has been given to the company not less than seven days before the date of the annual general meeting. The company shall forthwith send a copy of such notice to the retiring auditor and shall also be posted on its website.</u></p>

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	auditor s.)	<p>(a) the company in a general meeting may remove any such auditor or auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the meeting; and</p> <p>(b) if the directors fail to exercise their powers under this sub-section, the company in general meeting may appoint the first auditor or auditors:</p> <p>Provided further that the auditors appointed in an annual general meeting shall not be removed during their tenure except through special resolution].</p> <p>(4) The directors may fill any casual vacancy in the office of an auditor, but, while any such vacancy continues, the surviving or continuing auditor or auditors, if any, may act.</p> <p>(5) Any auditor appointed to fill in any casual vacancy shall hold office until the conclusion of the next annual general meeting.</p>		<p>(4) <u>Where an auditor, other than the retiring auditor is proposed to be appointed, the retiring auditor shall have a right to make a representation in writing to the company at least two days before the date of general meeting. Such representation shall be read out at the meeting before taking up the agenda for appointment of the auditor:</u></p> <p><u>Provided that where such representation is made, it shall be mandatory for the auditor or a person authorized by him in writing to attend the general meeting in person.</u></p> <p>(5) The auditor or auditors appointed by the board or the members in an annual general meeting may be removed through a special resolution.</p> <p>(6) Any casual vacancy of an auditor shall be filled by the board <u>within thirty days from the date thereof.</u> Any auditor appointed to fill in any casual vacancy shall hold office until the conclusion of the next annual general meeting:</p> <p><u>Provided that where the auditors are removed during their tenure, the board shall appoint the auditors with prior approval of the Commission.</u></p> <p>(7) If the company, fails to appoint-</p> <p>(a) the first auditors within a period of three months of the date of incorporation of the company;</p> <p>(b) the auditors at an annual general meeting; or</p>

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		<p>(6) Where the first auditors are not appointed under clause (b) of the proviso to sub-section (3) within one hundred and twenty days of the date of incorporation of the company, or where at an annual general meeting no auditors are appointed, or where auditors appointed are unwilling to act as auditors of the company, or where a casual vacancy in the office of an auditor is not filled within thirty days after the occurrence of the vacancy, <sup>1</sup>[or auditors are removed by the company, the Commission] may appoint a person to fill the vacancy.</p> <p><del>(7) The company shall, within one week of the Commission's power under sub-section (6) becoming exercisable, give notice of that fact to the Commission.</del></p> <p>(4) The remuneration of the auditors of a company shall be fixed,—</p> <p>(a) in the case of an auditor appointed by the directors or by the Commission, as the case may be; and</p> <p>(b) in all other cases, by the company in general meeting or in such manner as the general meeting may determine.</p> <p>Section 253: (1) A notice shall be required for a</p>		<p>(c) an auditor in the office to fill up a casual vacancy within thirty days after the occurrence of the vacancy; and</p> <p>(d) if the appointed auditors are unwilling to act as auditors of the company;</p> <p><u>the Commission may, of its own motion or on an application made to it by the company or any of its members direct to make good the default within such time as may be specified in the order. In case the company fails to report compliance within the period so specified, the Commission shall appoint auditors of the company who shall hold office till conclusion of the next annual general meeting:</u></p> <p>(8) The remuneration of the auditors of a company shall be fixed—</p> <p>(a) by the company in the general meeting;</p> <p>(b) by the board or by the Commission, if the auditors are appointed by the board or the Commission, as the case may be.</p> <p><u>(9) Every company shall, within fourteen days from the date of any appointment of an auditor, send to the registrar intimation thereof, together with the consent in writing of the auditor concerned.</u></p>

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		<p>resolution at a company's annual general meeting appointing as auditor a person other than a retiring auditor.</p> <p>(2) The notice referred to in sub-section (1) shall be given by a member of the company to the company not less than fourteen days before the annual general meeting, and the company shall forthwith send a copy of such notice to the retiring auditor and shall also give notice thereof to its members not less than seven days before the date fixed for the annual general meeting and, if the company is a listed company, shall also publish it at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province in which the stock exchange on which the company is listed is situate.</p> <p><del>(3) Where notice is given of such a resolution and the retiring auditor makes with respect thereto a representation in writing to the company not exceeding a reasonable length and requests its communication to the members of the company, the company shall, unless the representation is received by it too late for it to do so,—</del></p> <p style="padding-left: 40px;"><del>(a) in any notice of the resolution given to members of the company, state the fact of the representation having</del></p>		

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		<p>been made; and</p> <p><del>(b) send a copy of the representation to every member of the company to whom notice of the meeting is sent whether before or after receipt of the representation by the company;</del></p> <p><del>and if a copy of the representation is not sent as aforesaid because it was received too late or because of the company's default, the auditor may, without prejudice to his right to be heard in person, require that the representation shall be read out at the meeting;</del></p> <p><del>Provided that it shall not be necessary to send out or to read out the representation at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the registrar is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter; and the registrar may order the company's costs on an application under this section to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.</del></p> <p>(4) Sub-section (3) of this section shall apply to a resolution to remove the first auditors by virtue of sub-section (3) of section 252 as it applies in relation</p>		

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		<p>to a resolution that a retiring auditor shall not be reappointed.</p> <p>(5) Every company shall, within fourteen days from the date of any appointment of an auditor, send to the registrar intimation thereof, together with the consent in writing of the auditor concerned.</p> <p>(6) Every company shall, within fourteen days from the date of retirement, removal or otherwise ceasing to hold office of an auditor, send intimation thereof to the registrar.</p>		
195.	254 (Qualification and disqualification of auditors)	<p>[(1) A person shall not be qualified for appointment as an auditor,-</p> <p>(i) in the case of a public company or a private company which is subsidiary of a public company unless he is a Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961); and</p> <p>(ii) in the case of a private company having paid up capital of three million rupees or more unless he is a</p>	247 (Qualification and disqualification of auditors)	<p>(1) A person shall not be qualified for appointment as an auditor-</p> <p>(a) in the case of a public company or a private company which is subsidiary of a public company or a private company having paid up capital of three million rupees or more unless such person is a chartered accountant <u>having valid certificate of practice from the Institute of Chartered Accountants of Pakistan or a firm of chartered accountants</u>; and</p> <p>(b) <u>in the case of a company other than specified in clause (a), unless such person, is a chartered accountant or cost and management accountant having valid certificate of practice from the respective institute or a firm of chartered accountants or cost and management</u></p>

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		<p>Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961).]</p> <p>(2) A firm whereof all the partners practising in Pakistan are Chartered Accountants may be appointed by its firm name as auditors of a company referred to in sub-section (1) <del>and may act in its firm name.</del></p> <p>(3) None of the following persons shall be appointed as auditor of a company, namely:—</p> <p>(a) a person who is, or at any time during the preceding three years was, a director, other officer or employee of the company;</p> <p>(b) a person who is a partner of , or in the employment of, a director, officer or employee of the company;</p> <p>(c) the spouse of a director of the company;</p> <p>(d) a person who is indebted to the company; <sup>1</sup>[...]</p> <p>(e) a body corporate;</p>		<p><u>accountants, having such criteria as may be specified:</u></p> <p>Provided that for the purpose of clause (a) and (b), a firm whereof <u>majority of practicing partners are qualified for appointment shall be appointed by its firm name to be auditors of the company.</u></p> <p>(2) <u>Where a partnership firm is appointed as auditor of a company, only the partners who meet the qualification requirements as provided in sub-section (1), shall be authorized to act and sign on behalf of the firm.</u></p> <p>(3) None of the following persons shall be appointed as auditor of a company, namely-</p> <p>(a) a person who is, or at any time during the preceding three years was, a director, other officer or employee of the company;</p> <p>(b) a person who is a partner of , or in the employment of, a director, officer or employee of the company;</p> <p>(c) the spouse of a director of the company;</p> <p>(d) a person who is indebted to the company <u>other than in the ordinary course of business of such entities;</u></p> <p>(e) <u>a person who has given a guarantee or provided any security in connection with the indebtedness of any third person to the company other than in the ordinary course of business of such entities;</u></p>

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		<p>[(f) a person or his spouse or minor children, or in case of a firm, all partners of such firm who holds any shares of an audit client or any of its associated companies:</p> <p>Provided that if such a person holds shares prior to his appointment as auditor, whether as an individual or a partner in a firm the fact shall be disclosed on his appointment as auditor and such person shall disinvest such shares within ninety days of such appointment.]</p> <p><b>Explanation.-</b> Reference in this section to an “officer” or “employee” shall be construed as not including reference to an auditor.</p> <p>[(3A) For the purposes of clause (d) of sub-sec</p> <p>(a) a sum of money not exceeding five hundred thousand rupees to a credit card issuer; or</p> <p>(b) a sum to a utility company in form of unpaid dues for a period not exceeding ninety days ; Shall not be deemed to be indebted to the company.]</p>		<p>(f) <u>a person or a firm who, whether directly or indirectly, has business relationship with the company other than in the ordinary course of business of such entities;</u></p> <p>(g) <u>a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction;</u></p> <p>(h) a body corporate;</p> <p>(i) <u>a person who is not eligible to act as auditor under the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan; and</u></p> <p>(j) a person or his spouse or minor children, or in case of a firm, all partners of such firm who hold any shares of an audit client or any of its associated companies:</p> <p>Provided that if such a person holds shares prior to his appointment as auditor, whether as an individual or a partner in a firm the fact shall be disclosed on his appointment as auditor and such person shall disinvest such shares within ninety days of such appointment.</p> <p><b>Explanation.-</b> Reference in this section to an “officer” or “employee” shall be construed as not including reference to an auditor.</p>



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		<p>(4) A person shall also not be qualified for appointment as auditor of a company if he is, by virtue of the provisions of sub-section (3), disqualified for appointment as auditor of any other company which is that company's subsidiary or holding company or a subsidiary of that holding company.</p> <p>(5) If, after his appointment, an auditor becomes subject to any of the disqualifications specified in this section, he shall be deemed to have vacated his office as auditor with effect from the date on which he becomes so disqualified.</p> <p>(6) A person who, not being qualified to be an auditor of a company, or being or having become subject to any disqualification to act as such, acts as auditor of a company shall be liable to fine which may extend to twenty five thousand rupees.</p> <p>(7) The appointment as auditor of a company of an unqualified person, or of a person who is subject to any disqualifications to act as such, shall be void, and, where such an appointment is made by a company, the Commission may appoint a qualified person in place of the auditor appointed by the company.</p>		<p>(4) For the purposes of clause (d) of sub-section (4) a person who owes-</p> <p>(a) a sum of money <u>not exceeding one million</u> rupees to a credit card issuer; or</p> <p>(b) a sum to a utility company in the form of unpaid dues for a period not exceeding ninety days;</p> <p>shall not be deemed to be indebted to the company.</p> <p>(5) A person shall also not be qualified for appointment as auditor of a company if he is, by virtue of the provisions of sub-section (4), disqualified for appointment as auditor of any other company which is that company's subsidiary or holding company or a subsidiary of that holding company.</p> <p>(6) If, after his appointment, an auditor becomes subject to any of the disqualifications specified in this section, he shall be deemed to have vacated his office as auditor with effect from the date on which he becomes so disqualified.</p> <p>(7) A person who, not being qualified to be an auditor of a company, or being or having become subject to any disqualification to act as such, acts as auditor of a company shall <u>be liable to a penalty of level 2 on the standard scale.</u></p> <p>(8) The appointment as auditor of a company of an unqualified person, or of a person who is subject to any disqualifications to</p>

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				act as such, shall be void, and, where such an appointment is made by a company, the Commission may appoint a qualified person in place of the auditor appointed by the company.
196.	255 (Power s and duties of auditor s)	<p><del>(1) Every auditor of a company shall have a right of access at all times to the books, papers, accounts and vouchers of the company, whether kept at the registered office of the company or elsewhere, and shall be entitled to require from the company and the directors and other officers of the company such information and explanation as he thinks necessary for the performance of the duties of the auditors.</del></p> <p><del>(2) In the case of a company having a branch office outside Pakistan, it shall be sufficient if the auditor is allowed access to such copies of, and extracts from, the books and papers of the branch as have been transmitted to the principal office of the company in Pakistan.</del></p> <p>(3) The auditor shall make a report to the members of the company on the accounts and books of accounts of the company and on every balance-sheet and profit and loss account or income and expenditure account and on every other document forming part of the balance-sheet and profit and loss</p>	249 (Duties of auditor s)	<p><u>(1) A company's auditor, within fourteen days of appointment shall submit a copy of the consent letter, given to the company, to the registrar.</u></p> <p><u>(2) A company's auditor shall conduct the audit and prepare his report in compliance with the requirements of International Standards on Auditing as adopted by the Institute of Chartered Accountants of Pakistan.</u></p> <p><u>(3) A company's auditor must carry out such examination to enable him to form an opinion as to-</u></p> <p>(a) <u>whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from branches not visited by him; and</u></p> <p>(b) <u>whether the company's financial statements are in agreement with the accounting records and returns.</u></p> <p>(4) The auditor shall make out a report to the members of the company on the accounts and books of accounts of the company and on every financial statements and on every other document</p>

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		<p>account or income and expenditure account, including notes, statements or schedules appended thereto, which are laid before the company in general meeting <del>during his tenure of office</del>, and the report shall state—</p> <p>(a) whether or not they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purposes of the audit;</p> <p>(b) whether or not in their opinion proper books of accounts as required by this Ordinance have been kept by the company;</p> <p>(c) whether or not in their opinion the balance-sheet and profit and loss account or in the income and expenditure account have been drawn up in conformity with this Ordinance and are in agreement with the books of accounts;</p> <p>(d) whether or not in their opinion and to the best of their information and according to the explanations given to them, the said accounts give the</p>		<p>forming part of such statements including notes, statements or schedules appended thereto, which are to be laid before the company in general meeting and the report shall state-</p> <p>(a) whether or not they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purposes of the audit and <u>if not, the details thereof and the effect of such information on the financial statements;</u></p> <p>(b) <u>whether or not in their opinion proper books of accounts as required by this Ordinance have been kept by the company;</u></p> <p>(c) whether or not in their opinion the statement of financial position and profit and loss account and other comprehensive income or the income and expenditure account and the cash flows have been drawn up in conformity with the <u>requirements of accounting and reporting standards as notified</u> under this Ordinance and are in agreement with the books of accounts and returns;</p> <p>whether or not in their opinion and to the best of their information and according to the explanations given to them, the said accounts give the information required by this Ordinance in the manner so required and give a true and fair view-</p> <p>(i) in the case of the statement of financial position, of</p>

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		<p>information required by this Ordinance in the manner so required and give a true and fair view—</p> <p>(i) in the case of the balance-sheet, of the state of the company's affairs as at the end of its financial year;</p> <p>(ii) in the case of the profit and loss account or the income and expenditure account, of the profit or loss or surplus or deficit, as the case may be, for its financial year; and</p> <p><del>(iii) in the case of the statement of changes in financial position or sources and application of funds of a listed company, of the changes in the financial position or the sources and application of funds for its financial year;</del></p> <p>(e) whether or not in their opinion-</p> <p>(i) the expenditure incurred during the year was for the</p>		<p>the state of affairs of the company as at the end of the financial year;</p> <p>(ii) in the case of the profit and loss account and other comprehensive income or the income and expenditure account, of the profit or loss and other comprehensive income or surplus or deficit, as the case may be, for its financial year; and</p> <p>(iii) <u>in the case of statement of cash flows, of the generation and utilisation of the cash and cash equivalents of the company for its financial year;</u></p> <p>(e) whether or not in their opinion-</p> <p>(i) <u>investments made</u>, expenditure incurred and <u>guarantees extended</u>, during the year, were for the purpose of company's business; and</p> <p>(ii) zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.</p> <p><b>Explanation.-</b> Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.</p>

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		<p>purpose of the company's business; and</p> <p><del>(ii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company; and</del></p> <p>(f) whether or not in their opinion zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.</p> <p><b>Explanation.-</b> Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the balance-sheet and profit and loss account or income and expenditure account examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.</p> <p>(4) Where any of the matters referred to in sub-section (3) is answered in the negative or with a qualification, the report shall state the reason for</p>		<p>(5) Where any of the matters referred to in sub-section (3) or (4) is answered in the negative or with a qualification, the report shall state the reason for such answer along with the factual position to the best of the auditor's information.</p> <p>(6) <u>The Commission may, by general or special order, direct that, in the case of all companies generally or such class or description of companies as may be specified in the order, the auditor's report shall also include a statement of such additional matters as may be so specified.</u></p> <p>(7) <u>The auditor shall express unmodified or modified opinion in his report in compliance with the requirements of International Standards on Auditing as adopted by the Institute of Chartered Accountants of Pakistan.</u></p> <p>(8) <u>The Commission may by general or special order, direct, that the statement of compliance as contained in sub-section (4) of section 227 of this Ordinance, shall be reviewed by the auditor who shall issue a review report to the members on the format specified by the Commission.</u></p> <p>(9) The auditor of a company shall be entitled to attend any general meeting of the company, and to receive all notices of, and any communications relating to, any general meeting which any member of the company is entitled to receive, and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor:</p>

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		<p>such answer alongwith the factual position to the best of the auditor's information.</p> <p>(5) The Commission may, by general or special order, direct that, in the case of all companies generally or such class or description of companies as may be specified in the order, the auditor's report shall also include a statement of such additional matters as may be so specified.</p> <p>(6) The auditor of a company shall be entitled to attend any general meeting of the company, and to receive all notices of, and any communications relating to, any general meeting which any member of the company is entitled to receive, and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor:</p> <p>Provided that, in the case of a listed company, the auditor or a person authorised by him in writing shall be present in the general meeting in which the balance-sheet and profit and loss account and the auditor's report are to be considered.</p> <p>(7) <del>If any officer of a company refuses or fails, without lawful justification, the onus whereof shall lie on him, to allow any auditor access to any books and papers in his custody or power, or to give any such information possessed by him as and when required,</del></p>		<p>Provided that, in the case of a listed company, the auditor or a person authorised by him in writing shall be present in the general meeting in which the financial statements and the auditor's report are to be considered.</p>

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		<p><del>or otherwise hinders, obstructs or delays an auditor in the performance of his duties or the exercise of his powers or fails to give notice of any general meeting to the auditor, he shall be liable to fine which may extend to five thousand rupees and in the case of a continuing offence to a further fine which may extend to one hundred rupees for every day after the first during which the default, refusal or contravention continues.</del></p> <p><del>(8) The provisions of this section shall apply <i>mutatis mutandis</i> to the auditor appointed for audit of the books of account of a liquidator.</del></p>		
197.	258 (Audit of cost accounts)	Where any company or class of companies is required under clause (e) of sub-section (1) of section 230 to include in its books of account the particulars referred to therein, the Federal Government may direct that an audit of cost accounts of the company shall be conducted in such manner and with such stipulations as may be specified in the order by an auditor who is a chartered accountant within the meaning of the Chartered Accountant Ordinance, 1961 (X of 1961), or a cost and management accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966); and such auditor shall have the same powers, duties and liabilities as an auditor of a company and such other powers, duties and	250 (Audit of cost accounts)	<p>(1) Where any company or class of companies is required under first proviso of sub-section (1) of section 220 to include in its books of account the particulars referred to therein, <u>the Commission</u> may direct that an audit of cost accounts of the company shall be conducted in such manner and with such stipulations as may be specified in the order by an auditor who is a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961), or a cost and management accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966); and such auditor shall have the same powers, duties and liabilities as an auditor of a company and such other powers, duties and liabilities as may be specified.</p> <p>(2) The audit of cost accounts of the company under sub-section</p>

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		liabilities as may be prescribed.		<u>(1) shall be directed by the Commission subject to the recommendation of the regulatory authority supervising the business of relevant sector or any entity of the sector.</u>
198.	257 (Signature on auditor's report)	(1) Only the person appointed as auditor of the company, or where a firm is so appointed in pursuance of sub-section (2) of section 254, only a partner in the firm practising in Pakistan, shall sign the auditor's report <del>or sign or authenticate any other documents of the company required by law to be signed or authenticated by the auditor.</del> (2) The report of auditors shall be dated and indicate the place at which it is signed.	251 (Signature of auditor's report)	<u>(1) The auditor's report must state the name of the auditor, engagement partner, be signed, dated and indicate the place at which it is signed.</u>  (2) Where the auditor is an individual, the report must be signed by him.  (3) Where the auditor is a firm, the report must be signed by the partnership firm with the name of the engagement partner.
199.	259 (Penalty for non-compliance with provisions by companies)	If default is made by a company in complying with any of the provisions of sections 252 to 254 or 256 to 258, the company <del>and every officer of the company who is knowingly and wilfully</del> a party to the default shall be punishable with fine which may extend to [fifty thousand rupees and in the case of continuing default to a further fine which may extend to two thousand rupees for every day after the first during which the default continues].	252 (Penalty for non-compliance with provisions by companies)	<u>Any contravention or default in complying with requirements of sections 246, 247, 248 and 250 shall be an offence liable to a penalty of level 3 on the standard scale.</u>



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200.	260 (Penalty for non-compliance with provisions by auditors)	<p>(1) If any auditor's report is made, or any document of the company is signed or authenticated otherwise than in conformity with the requirements of section 157, section 255 or section 257 or is otherwise untrue or fails to bring out material facts about the affairs of the company or matters to which it purports to relate, the auditor concerned and the person, if any, other than the auditor who signs the report or signs or authenticates the document, and in the case of a firm all partners of the firm, shall, <del>if the default is wilful</del>, be punishable with fine which may extend to <sup>2</sup>[one hundred] thousand rupees.</p> <p>(2) If the auditor's report to which sub-section (1) applies is made with the intent to profit such auditor or any other person or to put another person to a disadvantage or loss or for a material consideration, the auditor shall, in addition to the penalty provided by that sub-section, be punishable with imprisonment for a term which may extend to [one year] and with fine which may extend to [one hundred] thousand rupees</p>	253 (Penalty for non-compliance with provisions by auditors)	<p>(1) If any auditor's report or review report is made, or any document of the company is signed or authenticated otherwise than in conformity with the requirements of section 131, sections 249 and 251 or is otherwise untrue or fails to bring out material facts about the affairs of the company or matters to which it purports to relate, the auditor concerned and the person, if any, other than the auditor who signs the report or signs or authenticates the document, and in the case of a firm all partners of the firm, <u>shall be liable to a penalty of level 2 on the standard scale.</u></p> <p>(2) If the auditor's report to which sub-section (1) applies is made with the intent to profit such auditor or any other person or to put another person to a disadvantage or loss or for a material consideration, the auditor shall, in addition to the penalty provided by that sub-section, be punishable with imprisonment for a term which <u>may extend to two years and with penalty which may extend to one million rupees.</u></p>
201.	261	(1) Where, on perusal of any document which is submitted to him under this Ordinance, or any notice, advertisement or other communication, or otherwise, the registrar is of opinion that any information, explanation or document is necessary with respect to any matter, he may, by a written order, call upon the company and any of its present or past directors, officers or auditors to furnish such	254 (Power of registrar to call for information	(1) Where on a <u>scrutiny</u> of any document <u>filed by a company or on any information received by him</u> under this Ordinance, or any notice, advertisement, other communication, or otherwise, the registrar is of opinion that any information, explanation or document is necessary with respect to any matter, he may, by a <u>written notice</u> , call upon the company and any of its present or past directors, officers or auditors to furnish such information or explanation in writing, or such document, <u>within such reasonable</u>

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		<p>information or explanation in writing, or such document, within such time not being less than fourteen days as he may specify in the order:</p> <p>Provided that a director, officer or auditor who ceased to hold office more than six years before the date of the order of the registrar shall not be compelled to furnish information or explanation or document under this sub-section.</p> <p>(2) On the receipt of an order under sub-section (1) it shall be the duty of the company and all persons who are or have been directors, officers or auditors of the company to furnish such information, explanation or documents to the best of their power.</p> <p>(3) If no information or explanation is furnished within the time specified or if the information or explanation furnished is, in the opinion of the registrar, inadequate, the registrar may if he deems fit, by written order, call on the company and any such person as is referred to in sub-section (1) or (2) to produce before him for his inspection such books and papers as he considers necessary within such time as he may specify in the order; and it shall be the duty of the company and of such persons to produce such books and papers.</p> <p>(4) If any such company or any such person as is referred to in sub-section (1), (2) or (3)</p>	<p>or explanation)</p>	<p><u>time, as may be specified in the notice:</u></p> <p>Provided that a director, officer or auditor who ceased to hold office more than six years before the date of the notice of the registrar shall not be compelled to furnish information or explanation or document under this sub-section.</p> <p>(2) On receipt of the <u>notice</u> under sub-section (1) it shall be the duty of the company and all persons who are or have been directors, officers or auditors of the company to furnish such information, explanation or documents <u>as required</u>.</p> <p>(3) If no information or explanation is furnished within the time specified or if the information or explanation furnished is, in the opinion of the registrar, inadequate, the registrar may if he deems fit, by written order, call on the company and any such person as is referred to in sub-section (1) or (2) to produce before him for his inspection such books and papers as he considers necessary within such time as he may specify in the order; and it shall be the duty of the company and of such persons to produce such books and papers.</p> <p>(4) If the company or any such person as is referred to in sub-section (1), (2) or (3) refuses or makes default in furnishing any such information or in producing any such books or papers-</p> <p>(a) <u>the company shall be liable to a penalty of level 2 on the standard scale; and</u> (b) every officer of the company who authorises or</p>

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		<p>refuses or makes default in furnishing any such information or in producing any such books or papers the company shall be liable in respect of each offence to a fine which may extend to twenty thousand rupees and to a further fine which may extend to five hundred rupees for every day after the first during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits, or is a party to, the default shall be punishable with imprisonment of either description for a term which may extend to one year, and shall also be liable to fine and the authority trying the offence may, <del>on the application of the registrar and upon notice to the company,</del> make an order directing the company to produce such books or papers as in its opinion may reasonably be required by the registrar for his investigation.</p> <p>(5) On receipt of such information or explanation or production of any books and papers, the registrar may annex the same or any copy thereof or extract therefrom to the original document submitted to him; and any document so annexed shall be subject to the provisions as to inspection and the taking of extracts and furnishing of copies to which the original document is subject.</p> <p>If the information or explanation or book or papers required by the registrar under sub-section (1) is not furnished within the specified time, or if after perusal</p>		<p>permits, or is a party to, the default shall be punishable with imprisonment of either description for a term which <u>may extend to two years</u>, and shall also be liable to fine <u>which may extend to one million rupees</u> and the court trying the offence may, make an order directing the company to produce such books or papers as in its opinion may reasonably be required by the registrar.</p> <p>(5) On receipt of such information or explanation or production of any books and papers, the registrar may annex the same or any copy thereof or extract therefrom to the original document submitted to him; and any document so annexed shall be subject to the provisions as to inspection and the taking of extracts and furnishing of copies to which the original document is subject.</p> <p>(6) If the information or explanation or book or papers required by the registrar under sub-section (1) is not furnished within the specified time, or if after perusal of such information or explanation or books or papers the registrar is of opinion that the document in question or the information or explanation or book or paper discloses an unsatisfactory state of affairs, or that it does not disclose a full and fair statement of the matter to which it purports to relate, the registrar shall without prejudice to any other provisions, and whether or not action under sub-section (3) or sub-section (4) has been taken, report in writing the circumstances of the case to the Commission.</p>

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		of such information or explanation or books or papers the registrar is of opinion that the document in question or the information or explanation or book or paper discloses an unsatisfactory state of affairs, or that it does not disclose a full and fair statement of the matter to which it purports to relate, the registrar shall without prejudice to any other provisions, and whether or not action under sub-section (3) or sub-section (4) has been taken, report in writing the circumstances of the case to the Commission.		
202.	262 (Seizure of documents by registrar)	<p>(1) Where, upon information in his possession or otherwise, the registrar has reasonable ground to believe that books and papers of, or relating to, any company or any chief executive or officer of such company or any associate of such person may be destroyed, mutilated, altered, falsified or secreted, the registrar may, after obtaining permission of the Magistrate of the first class or the Court, search and seize such books and papers.</p> <p>(2) For the purposes of sub -section (1), the registrar may, after he has obtained the permission of the Magistrate or Court under that sub-section, also authorise any officer subordinate to him, not inferior in rank to an assistant registrar,—</p>	255 (Seizure of documents by registrar, inspect or investigation officer.)	<p><u>(1) Notwithstanding anything contained in Criminal Procedure Code, 1898( Act V of 1898) or any other law including Banking Companies Ordinance (Act LVII of 1962) the registrar, inspector or investigation officer, as the case may be, upon information in his possession or otherwise or during investigation, has reasons to believe that documents, books and papers or anything relating to any company or any chief executive or officer of such company or any associate of such person or is useful or relevant to any proceedings or investigation under this Ordinance which is required or may be destroyed, mutilated, altered, falsified or secreted, the registrar, inspector, or investigation officer after obtaining prior permission of the Commission, signed by one Commissioner, without warrants, enter such place and cause a search to be made at any time freeze, seize or take possession of and retain any document, object, article, material,</u></p>

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		<p>(a) to enter, with such assistance as may be required, the place where such books and papers are kept;</p> <p>(b) to search that place in the manner specified in the order; and</p> <p>(c) to seize such books and papers as he considers necessary.</p> <p>(3) The registrar shall return the books and papers seized under this section as soon as may be and in any case not later than the thirtieth day after such seizure, to the company or, as the case may be, to the chief executive or any other person from whose custody or power they were seized:</p> <p>Provided that the Commission may, after providing to the company an opportunity to show cause against the order proposed to be made by it, allow the registrar to retain any books and papers for a further period not exceeding thirty days:</p> <p>Provided further that the registrar may, before returning books and papers as aforesaid, take copies of, or extracts from them or put such marks of identification thereon as he considers necessary.</p> <p>(4) Save as otherwise provided in this section,</p>		<p><u>thing, account books, movable or immovable property or cause any account, property or thing to be maintained in specific manner.</u></p> <p><u>(2) For the purposes of sub-section (1), the registrar may, after he has obtained the permission from the Commission under that sub-section (1), may also authorise any officer subordinate to him, not inferior in rank to an assistant registrar to enter, with such assistance as may be required, the place where he has reasons to believe that any of the items referred in sub-section (1) are kept;</u></p> <p><u>(a) to search that place; and</u></p> <p><u>(b) to seize any of the items referred in sub-section (1) as he considers necessary.</u></p> <p>(3) The registrar shall return the items seized under this section as soon as may be and in any case not later than thirty day after such seizure, to the company or, as the case may be, to the chief executive or any other person from whose custody or power they were seized:</p> <p>Provided that the Commission may, after providing to the company an opportunity to show cause against the order proposed to be made by it, allow the registrar to retain the items seized for a further period not exceeding thirty days:</p> <p>Provided further that the registrar may, before returning</p>

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		every search or seizure made under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1898 (Act V of 1898), relating to searches or seizures made under that Code.		<p><u>items as aforesaid, take copies of, or extracts from them or put such marks of identification thereon as he considers necessary.</u></p> <p><u>(4) Where, the registrar, inspector or investigation officer, as the case may be, has apprehension that any person or occupants of any place to be searched may create hindrance, resist search, or such document or thing is not known to be in the possession of any person, or where general search is required for the purposes of any proceedings, inspection or investigation under this Ordinance, or any person will not or would not produce any document or thing as required by the registrar, inspector or investigation officer in any proceedings, inspection or investigation under this Ordinance, a search-warrants from the concerned Magistrate may be obtained.</u></p> <p><u>(5) The registrar, inspector or investigation officer after obtaining warrant under sub-section (2) may conduct search of such person and enter any place and seize any property, material, document or thing required under this Ordinance or is associated with commission of any offence under this Ordinance or administered legislation and Magistrate while issuing orders under this section may also direct local police, authority or any agency to provide necessary assistance to such person.</u></p> <p><u>(6) The registrar, inspector or investigation officer executing the warrants shall comply and proceed in manner provided in the Criminal Procedure Code 1898(Act V of 1898) including sections 102, 48 and 52:</u></p>

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				<p><u>Provided that any proceeding under this section shall not be vitiated or called into question for non-observance of any requirement of Section 103 of the Code and shall be admissible in the Court of law.</u></p> <p><u>(7) Notwithstanding anything contained in sub section (3) in case of seizure of any property, material or thing by the investigation officer, in relation to any offence under this Ordinance or administered legislation or scheduled offences, may retain any property, material, document or thing seized under sub section (1) or (5) which is a case property and produce the same as and when required during the trial in accordance with law.</u></p> <p><u>(8) Where the Commission has reason to believe that proceeds of crime of any offence under this Ordinance or administered legislation, it may pass an order to freeze account, securities and any other moveable property or part or parts thereof for not more than thirty days.</u></p> <p><u>(9) Any person aggrieved of the seizure, freezing or retention by the investigation officer may approach the Court and obtain order for release of such accounts, securities, movable or immovable property, things or material seized or retained, after expiry of thirty days of such seizure or freezing order by the inspector or investigator under sub-sections (1), (5) or (8), if it can satisfy the Court that such property, accounts, securities, material or thing is not associated with any offence under this Ordinance or any administered legislation and Court while passing order of release may impose such restriction and condition as deemed</u></p>

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				<p>necessary.</p> <p><b>Explanation I.-</b> For the purposes of sub-section (8) the expression “Court” means the Company Bench of the High Court having jurisdiction where registered office is situated, in case of company or any connected person and in all other case, it will be the Company Bench of the High Court having territorial jurisdiction over area where the search has been conducted under this section.</p> <p><b>Explanation II.-</b> For the purposes of this Ordinance, the expression “administrated legislation” shall have the same meaning as provided in clause (aa) of sub-section (1) of section 2 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</p>
203.	263 (Investigation of affairs of company on application by	The Commission may appoint one or more competent persons as inspectors to investigate the affairs of any company and to report thereon in such manner as the Commission may direct,— (a) in the case of a company having a share capital, on the application of members holding not less than one-tenth of the total voting powers therein;	256 (Investigation to affairs of the company)	(1) Where the Commission is of the opinion, that it is necessary to investigate into the affairs of a company-  (a) on the application of the members holding not less than one tenth of the total voting power in a company having share capital;  (b) on the application of not less than one tenth of the total members of a company not having share capital;



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	members or report by registrar) and 264 (Application by members to be supported by evidence and power to call for security.)	<p>(b) in the case of a company not having a share capital, on the application of not less than one-tenth in number of the persons entered on the company's register of members;</p> <p>(c) in the case of any company, on receipt of a report under sub-section (5) of section 231 or on a report by the registrar under sub-section (6) of section 261.</p> <p>Section 264: An application by members of a company under clause (a) or clause (b) of section 263 shall be supported by such evidence as the Commission may require for the purpose of showing that the applicants have good reason for requiring the investigation, and the Commission may, before appointing an inspector, require the applicants to give such security for payment of the costs of the investigation as the Commission may specify.</p>		<p>(c) on the receipt of a report under sub-section (5) of section 221 or on the report by the registrar under sub-section (6) of section 254;</p> <p>it may order an investigation into the affairs of the company and appoint one or more persons as inspectors to investigate into the affairs of the company and to report thereon in such manner as the Commission may direct.</p> <p><u>(2) While appointing an inspector under sub-section (1), the Commission may define the scope of the investigation, whether as respects the matters or the period to which it is to extend or otherwise.</u></p> <p>(3) An application by members of a company under clause (a) or (b) of sub-section (1) shall be supported by such evidence as the Commission may require for the purpose of showing that the applicants have good reason for requiring the investigation.</p> <p>(4) The Commission may, before appointing an inspector, require the applicants to give such security for payment of the costs of the investigation as the Commission may specify.</p>

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204.	266 259 (Inspector to be a court for certain purposes)	<p>(1) A person appointed as inspector under section 263 or section 265 shall, for the purposes of his investigation, have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Act V of 1908), while trying a suit, in respect of the following matters, namely:-</p> <p>(a) enforcing the attendance of persons and examine them on oath or affirmation;</p> <p>(b) compelling the discovery and production of books and papers and any material objects; and</p> <p>(c) issuing commissions for the examination of witnesses;</p> <p>and every proceeding before such person shall be deemed to be “judicial proceeding” within the meaning of sections 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860).</p> <p>(2) Any contravention of or non-compliance with any orders, directions or requirement of the inspector exercising powers of a Court under sub-section (1) shall, in all respects, entail the same liabilities, consequences and penalties as are provided for such contravention, non-compliance or default under the</p>	259 (Inspector to be a court for certain purposes)	<p><u>(1) Notwithstanding anything contained in any other law for the time being in force, the Commission may either on its own motion or on the basis of any information received, is of the view that any offence has been committed under this Ordinance or any person is engaged in any fraud, misfeasance, misconduct or any other activity prejudice to the public interest shall have all the powers as provided under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</u></p> <p>(2) A person appointed as inspector under sections 256, 257 and 258 shall, for the purposes of his investigation, have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Act V of 1908), while trying a suit, in respect of the following matters, namely-</p> <p>(a) enforcing the attendance of persons and examining them on oath or affirmation;</p> <p>(b) compelling the discovery and production of books and papers and any material objects; and</p> <p>(c) issuing commissions for the examination of witnesses;</p> <p>and every proceeding before such person shall be deemed to be “judicial proceeding” within the meaning of sections 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860).</p> <p>(3) Any contravention of or non-compliance with any</p>

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		Code of Civil Procedure, 1908 (Act V of 1908) and Pakistan Penal Code, 1860 (Act XLV of 1860).		orders, directions or requirement of the inspector exercising powers of a Court under sub-section (1) shall, in all respects, entail the same liabilities, consequences and penalties as are provided for such contravention, non-compliance or default under the Code of Civil Procedure, 1908 (Act V of 1908) and Pakistan Penal Code, 1860 (Act XLV of 1860).
205.	267 (Power of inspectors to carry investigation into affairs of associated companies)	<p>(1) If an inspector appointed under section 263 or section 265 to investigate the affairs of a company thinks it necessary for the purposes of his investigation to investigate also the affairs of—</p> <p>(a) any other body corporate which is, or has at any relevant time been, the company's associated company or its subsidiary or holding company, or a subsidiary of its holding company, or a holding company of its subsidiary;</p> <p><del>(b) any other body corporate which is, or has at any relevant time been, managed as chief executive by any person who is or was at the relevant time the chief executive of the company;</del></p> <p><del>(c) any person who is or has at any relevant time been the company's</del></p>	260 (Power of inspectors to carry investigation into affairs of associated companies)	<p>If an inspector appointed under sections 256, 257 or 258 to investigate the affairs of a company considers it necessary <u>for reasons to be recorded in writing, he may probe after seeking prior approval of the Commission, the affairs of any other associated company or associated undertaking which is, or has been associated and also from the chief executive of any such company:</u></p> <p><u>Provided that the Commission shall not grant approval under this section without providing opportunity of being heard to the associated company or associated undertaking or the chief executive, as the case may be.</u></p>

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		<p><del>chief executive or managing agent or an associate of such chief executive or managing agent;</del></p> <p><del>the inspector shall, subject to the provisions of sub-section (2) have power so to investigate and shall report on the affairs of the other body corporate or of the chief executive or the managing agent or an associate of the chief executive or managing agent, as the case may be, so far as he thinks that the results of his investigation thereof are relevant to the investigation of the affairs of the company.</del></p> <p><del>(2) In the case of any body corporate or the chief executive referred to in clause (b) or clause (c) of sub-section (1), the inspector shall not exercise his power of investigation into, and reporting on, its or his affairs without first having obtained the approval of the Commission, by a properly verified application in which he shall state the facts in detail and the grounds on which he applies for such approval.</del></p>		
206.	268 (Duty of officers to assist the inspect	<p>(1) It shall be the duty of all officers and other employees and agents of the company and all persons who have dealings with the company to give to the inspector all assistance in connection with the investigation <del>which they are reasonably able to give.</del></p> <p>(2) Any such person who makes default in complying with the provisions of sub-section (1)</p>	261 (Duty of officers to assist the inspect	<p>(1) It shall be the duty of all officers and other employees and agents of the company and all persons who have dealings with the company to give to the inspector all assistance in connection with the investigation.</p> <p>(2) Any such person who makes default in complying with the provisions of sub-section (1) shall, without prejudice to any other liability, be punishable in respect of each offence with imprisonment of either description for a term which <u>may extend</u></p>

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	or)	<p>shall, without prejudice to any other liability, be punishable in respect of each offence with imprisonment of either description for a term which may extend to one year and shall also be liable to a fine which may extend to ten thousand rupees.</p> <p>(3) In this section —</p> <p>(a) the expression “agents”, in relation to any company, body corporate or person, includes the bankers, legal advisers and auditors of the company;</p> <p>(b) the expression “officer”, in relation to any company or body corporate, include any trustee for the debenture-holders of such company or body corporate; and</p> <p>(c) any reference to officers and other employees and agents shall be construed as a reference to past as well as present officers and other employees and agents, as the case may be.</p>	or)	<p><u>to two years and shall also be liable to a fine which may extend to one million rupees.</u></p> <p>(3) In this section-</p> <p>(a) the expression “agents”, in relation to any company, body corporate or person, includes the bankers, legal advisers and auditors of the company;</p> <p>(b) the expression “officer”, in relation to any company or body corporate, include any trustee for the debenture-holders of such company or body corporate; and</p> <p>(c) any reference to officers and other employees and agents shall be construed as a reference to past as well as present officers and other employees and agents, as the case may be.</p>

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207.	272 (Effect of courts order)	<p>On the issue of the Court's order under the preceding section removing from office any director, including chief executive, managing agent, or other officer, such director, managing agent or other officer shall be deemed to have vacated his office and-</p> <p>(i) if the Court's order has removed a director, the casual vacancy in the office of director shall be filled in accordance with the relevant provisions contained in the articles of association of the company; and</p> <p>(ii) if the Court's order has removed from office a chief executive, the remaining directors shall elect another person to be the chief executive; and</p> <p>(iii) if the Court's order has removed from office all the directors including the chief executive, a general meeting of the company shall be called forthwith for electing new directors.</p>	265 (Effect of courts order)	<p>On the issue of the Court's order under section 264 removing from office any director, including chief executive or other officer, such director or other officer shall be deemed to have vacated his office and—</p> <p>(a) if the Court's order has removed a director, the casual vacancy in the office of director shall be filled in accordance with the relevant provisions <u>of section 161 of this Ordinance; and</u></p> <p>(b) if the Court's order has removed from office a chief executive, the board shall appoint another person to be the chief executive; and</p> <p>(c) if the Court's order has removed from office all the directors including the chief executive, a general meeting of the company shall be called forthwith for electing new directors.</p>

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208.	277 (Expenses for investigation)	<p>(1) When an investigation is ordered to be made under section 263 or section 265, the expenses of and incidental to the investigation shall in the first instance be defrayed by the Commission; but the following persons shall, to the extent mentioned below, be liable to reimburse the Commission in respect of such expenses, namely: -</p> <p>(a) any person who is convicted on a prosecution instituted in pursuance of section 270 or is ordered to pay damages or restore any property as a result of proceedings under section 276 may in the same proceedings be ordered to pay the said expenses to such extent as may be specified by the Commission or the Court convicting such person or ordering him to pay such damages or restore such property, as the case may be;</p> <p>(b) any company or body corporate in whose name proceedings are brought as aforesaid shall be liable, to the extent of the amount or value of any sums or property recovered by it as a result of the proceedings;</p> <p>(c) where the investigation was ordered by the Commission under clause (c)</p>	270 (Expenses for investigation)	<p>(1) When an investigation is ordered to be made under section 256 or 257 or 258, the expenses of and incidental to the investigation shall in the first instance be defrayed by the Commission; but the following persons shall, to the extent mentioned below, be liable to reimburse the Commission in respect of such expenses, namely-</p> <p>(a) any person who is convicted on a prosecution instituted in pursuance of section 263 or is ordered to pay damages or restore any property as a result of proceedings under section 269 may in the same proceedings be ordered to pay the said expenses to such extent as may be specified by the Commission or the Court convicting such person or ordering him to pay such damages or restore such property, as the case may be;</p> <p>(b) any company or body corporate in whose name proceedings are brought as aforesaid shall be liable, to the extent of the amount or value of any sums or property recovered by it as a result of the proceedings;</p> <p>(c) where the investigation was ordered by the Commission under clause (c) of sub-section (1) of section 256 or 257 or 258, the company or body corporate whose affairs are ordered to be investigated, shall be liable; and</p> <p>(d) where the investigation was ordered under section 256 on an application of the members, the members making the application and the company or body corporate dealt</p>

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		<p>of section 263 or under section 265, the company or body corporate dealt with by the report shall be liable except so far as the Commission otherwise directs; and</p> <p>(d) where the investigation was ordered under section 263 on an application of the members, the members making the application and the company or body corporate dealt with by the report shall be liable to such extent, if any, as the Commission may direct.</p> <p>(2) The amount of expenses which any company, body corporate or person is liable under this section to reimburse to the Commission shall be recoverable from that company, body corporate or person as an arrear of land revenue.</p> <p>(3) For the purposes of this section, any costs or expenses incurred by the Commission in or in connection with proceeding brought by the Commission under section 276 shall be treated as expenses of the investigation giving rise to the proceedings.</p> <p>(4) Any liability to reimburse the Commission imposed by clauses (a)</p>		<p>with by the report shall be liable to such extent, if any, as the Commission may direct.</p> <p>(2) The amount of expenses which any company, body corporate or person is liable under this section to reimburse to the Commission shall be recoverable from that company, body corporate or person as provided under section 486.</p> <p>(3) For the purposes of this section, any costs or expenses incurred by the Commission in or in connection with proceeding brought by the Commission under section 269 shall be treated as expenses of the investigation giving rise to the proceedings.</p> <p>(4) Any liability to reimburse the Commission imposed by clauses (a) and (b) of sub-section (1) shall, subject to satisfaction of the right of the Commission to reimbursement, be a liability also to indemnify all persons against liability under clause (c) of that sub-section.</p> <p>(5) Any such liability imposed by clause (a) of sub-section (1) shall, subject as aforesaid, be a liability also to indemnify all persons against liability under clause (b) of that sub-section.</p> <p>(6) Any person liable under clause (a) or clause (b) or clause (c) of sub-section (1) shall be entitled to contribute from any other person liable under the same clause according to the amount of their respective liabilities thereunder.</p>



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		<p>and</p> <p>(b) of sub-section (1) shall, subject to satisfaction of the right of the Commission to reimbursement, be a liability also to indemnify all persons against liability under clause</p> <p>(c) of that sub-section.</p> <p>(5) Any such liability imposed by clause (a) of sub-section (1) shall, subject as aforesaid, be a liability also to indemnify all persons against liability under clause (b) of that sub-section.</p> <p>(6) Any person liable under clause (a) or clause (b) or clause (c) of sub-section (1) shall be entitled to contribute from any other person liable under the same clause according to the amount of their respective liabilities thereunder.</p> <p>(7) In so far as the expenses to be defrayed by the Commission under this section are not recovered thereunder, they shall be borne by the Federal Government.</p>		<p>(7) In so far as the expenses to be defrayed by the Commission under this section are not recovered thereunder, they shall be borne by <u>the Commission</u>.</p>
209.	279	(1) Where it appears to the Commission in connection with any investigation that there is good reason to find out the relevant facts about any shares, whether issued or to be issued, and the Commission is of opinion that such facts cannot be	272 <b>(Imposition of restrictions on</b>	(1) Where it appears to the Commission in connection with any investigation that there is good reason to find out the relevant facts about any shares, whether issued or to be issued, and the Commission is of the opinion that such facts cannot be found out unless the restrictions specified in sub-section (2) are imposed,

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		<p>found out unless the restrictions specified in sub-section (2) are imposed, the Commission may, by order, direct that the shares shall be subject to the restrictions imposed by sub-section (2) for such period not exceeding one year as may be specified in the order:</p> <p style="padding-left: 40px;">Provided that, before making an order under this sub-section, the Commission shall provide an opportunity of showing cause against the proposed action to the company and the persons likely to be affected by the restriction.</p> <p style="padding-left: 40px;">(2) So long as any shares are directed to be subject to the restrictions imposed by this sub-section,-</p> <p style="padding-left: 80px;">(a) any transfer of those shares shall be void;</p> <p style="padding-left: 80px;">(b) where those shares are to be issued, they shall not be issued; and any issue thereof or any transfer of the right to be issued therewith, shall be void;</p> <p style="padding-left: 80px;">(c) no voting right shall be exercisable in respect of those shares;</p>	<p>shares and debentures and prohibition of transfer of shares or debentures in certain cases)</p>	<p>the Commission may, by order, direct that the shares shall be subject to the restrictions imposed by sub-section (2) for such period not exceeding one year as may be specified in the order:</p> <p style="padding-left: 40px;">Provided that, before making an order under this sub-section, the Commission shall provide an opportunity of showing cause against the proposed action to the company and the persons likely to be affected by the restriction.</p> <p style="padding-left: 40px;">(2) So long as any shares are directed to be subject to the restrictions imposed by this sub-section-</p> <p style="padding-left: 80px;">(a) any transfer of those shares shall be void;</p> <p style="padding-left: 80px;">(b) where those shares are to be issued, they shall not be issued; and any issue thereof or any transfer of the right to be issued therewith, shall be void;</p> <p style="padding-left: 80px;">(c) no voting right shall be exercisable in respect of those shares;</p> <p style="padding-left: 80px;">(d) no further shares shall be issued in right of those shares or in pursuance of any offer made to the holder thereof; and any issue of such shares or any transfer of the right to be issued therewith, shall be void;</p> <p style="padding-left: 80px;">(e) except in a liquidation, no payment shall be made of any sums due from the company on those shares, whether in respect of dividend, capital or otherwise; and</p> <p style="padding-left: 80px;">(f) no change other than a change by operation of law shall</p>

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		<p>(d) no further shares shall be issued in right of those shares or in pursuance of any offer made to the holder thereof; and any issue of such shares or any transfer of the right to be issued therewith, shall be void;</p> <p>(e) except in a liquidation, no payment shall be made of any sums due from the company on those shares, whether in respect of dividend, capital or otherwise; and</p> <p>(f) no change other than a change by operation of law shall be made in the directors, chief executive or the managing agent.</p> <p>(3) Where a transfer of shares in a company has taken place and as a result thereof a change in the directors of the company is likely to take place and the Commission is of opinion that any such change would be prejudicial to the public interest, the Commission may, by order, direct that-</p> <p>(i) the voting rights in respect of those shares shall not be exercisable for such period not exceeding one year as may be specified in the order; and</p>		<p>be made in the directors or the chief executive.</p> <p>(3) Where a transfer of shares in a company has taken place and as a result thereof a change in the directors of the company is likely to take place and the Commission is of opinion that any such change will be prejudicial to the public interest, the Commission may, by order, direct, that-</p> <p>(a) the voting rights in respect of those shares shall not be exercisable for such period not exceeding one year as may be specified in the order; and</p> <p>(b) no resolution passed or action taken to effect a change in the directors before the date of the order shall have effect unless confirmed by the Commission.</p> <p>(4) Where the Commission has reasonable ground to believe that a transfer of shares in a company is likely to take place as a result of which a change in the directors of the company will follow and the Commission is of opinion that any such change will be prejudicial to the public interest, the Commission may, by order, prohibit any transfer of shares in the company during such period not exceeding one year as may be specified in the order.</p> <p>(5) The Commission may, by order, at any time, vary or rescind any order made by it under sub-section (1) or sub-section (3) or sub-section (4).</p>

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		<p>(ii) no resolution passed or action taken to effect a change in the directors before the date of the order shall have effect unless confirmed by the Commission.</p> <p>(4) Where the Commission has reasonable ground to believe that a transfer of shares in a company is likely to take place as a result of which a change in the directors of the company will follow and the Commission is of opinion that any such change would be prejudicial to the public interest, the Commission may, by order, prohibit any transfer of shares in the company during such period not exceeding one year as may be specified in the order.</p> <p>(5) The Commission may, by order, at any time, vary or rescind any order made by it under sub-section (1) or sub-section (3) or sub-section (4).</p> <p>(6) Where the Commission makes an order under sub-section (1) or sub-section (3) or sub-section (4) or sub-section (5) or refuses to rescind any such order, any person aggrieved thereby may apply to the Court and the Court may, if it thinks fit, by order, vacate any such order of the Commission:</p> <p>Provided that no order, whether interim or</p>		<p>(6) Where the Commission makes an order under sub-section (1) or sub-section (3) or sub-section (4) or sub-section (5) or refuses to rescind any such order, any person aggrieved thereby may apply to the Court and the Court may, if it thinks fit, by order, vacate any such order of the Commission:</p> <p>Provided that no order, whether interim or final shall be made by the Court without giving the Commission an opportunity of being heard.</p> <p>(7) Any order of the Commission rescinding an order under sub-section (1), or any order of the Court vacating any such order, which is expressed to be made with a view to permitting a transfer of any shares, may continue the restrictions mentioned in clauses (d) and (e) of sub-section (2), either in whole or in part, so far as they relate to any right acquired, or offer made, before the transfer.</p> <p>(8) Any order made by the Commission under sub-section (5) shall be served on the company within fourteen days of the making of the order.</p> <p>(9) Any person who-</p> <p>(a) exercises or purports to exercise any right to dispose of any shares or of any right to be issued with any such shares, when to his knowledge he is not entitled to do so by reason of any of the restrictions applicable to the case under sub-section (1); or</p>

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		<p>final, shall be made by the Court without giving the Commission an opportunity of being heard.</p> <p>(7) Any order of the Commission rescinding an order under sub-section (1), or any order of the Court vacating any such order, which is expressed to be made with a view to permitting a transfer of any shares, may continue the restrictions mentioned in clauses (d) and (e) of sub-section (2), either in whole or in part, so far as they relate to any right acquired, or offer made, before the transfer.</p> <p>(8) Any order made by the Commission under sub-section (5) shall be served on the company within fourteen days of the making of the order.</p> <p>(9) Any person who-</p> <p>(a) exercises or purports to exercise any right to dispose of any shares or of any right to be issued with any such shares, when to his knowledge he is not entitled to do so by reason of any of the restrictions applicable to the case under sub-section (1); or</p> <p>(b) votes in respect of any shares, whether as holder or proxy, or appoints a proxy to vote in respect</p>		<p>(b) votes in respect of any shares, whether as holder or proxy, or appoints a proxy to vote in respect thereof, when to his knowledge he is not entitled to do so by reason of any of the restrictions applicable to the case under sub-section (2) or by reason of any order made under sub-section (3); or</p> <p>(c) transfers any shares in contravention of any order made under sub-section (4); or</p> <p>(d) being the holder of any shares in respect of which an order under sub-section (2) or sub-section (3) has been made, fails to give notice of the fact of their being subject to any such order to any person whom he does not know to be aware of that fact but whom he knows to be otherwise entitled to vote in respect of those shares, whether as holder or a proxy;</p> <p>shall be punishable with imprisonment for a term which may extend <u>to one year, or with fine which may extend to one million rupees, or with both.</u></p> <p>(10) Any contravention or default in complying with requirements of sub-section (2) shall be an <u>offence liable to a penalty of level 2 on the standard scale.</u></p> <p>(11) A prosecution shall not be instituted under this section except by or with the consent of the Commission.</p>

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		<p>thereof, when to his knowledge he is not entitled to do so by reason of any of the restrictions applicable to the case under sub-section (2) or by reason of any order made under sub-section (3); or</p> <p>(c) transfers any shares in contravention of any order made under sub-section (4); or</p> <p>(d) being the holder of any shares in respect of which an order under sub-section (2) or sub-section (3) has been made, fails to give notice of the fact of their being subject to any such order to any person whom he does not know to be aware of that fact but whom he knows to be otherwise entitled to vote in respect of those shares, whether as holder or a proxy;</p> <p>shall be punishable with imprisonment or a term which may extend to six months, or with fine which may extend to ten thousand rupees, or with both.</p> <p>(10) Where shares in any company are issued in contravention of any restrictions applicable to the case under sub-section (2), the company, and</p>		<p>(12) This section shall also apply in relation to debentures as it applies in relation to shares.</p>

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		<p>every officer of the company who is knowingly and wilfully in default, shall be liable to a fine not exceeding five thousand rupees.</p> <p>(11) A prosecution shall not be instituted under this section except by or with the consent of, the Commission.</p> <p>(12) This section shall also apply in relation to debentures as it applies in relation to shares.</p>		
PART VIII				
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210.	283	<p><b>Power for companies to refer matter to arbitration.</b> - (1) A company may by written agreement refer to arbitration, in accordance with the Arbitration Act, 1940 (X of 1940), <del>an existing or future difference between itself and any other company or person.</del></p> <p>(2) Companies, parties to the arbitration, may delegate to the arbitrator power to settle any term or to determine any matter capable of being lawfully settled or determined by the companies themselves, or by <del>their directors</del> or other managing body.</p>	278	<p><b>Power for companies to refer matter to arbitration.-</b> (1) A company may by written agreement refer <u>any existing or future difference between itself and any other company or person</u> to arbitration, in accordance with the Arbitration Act, 1940 (X of 1940).</p> <p>(2) Companies, parties to the arbitration, may delegate to the arbitrator power to settle any term or to determine any matter capable of being lawfully settled or determined by the companies themselves, or by <u>the board</u> or other managing body.</p> <p>(3) The provisions of the Arbitration Act, 1940 (X of</p>

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		(3) The provisions of the Arbitration Act, 1940 (X of 1940), shall apply to all arbitrations between companies and persons in pursuance of this Ordinance.		1940), shall apply to all arbitrations between companies and persons in pursuance of this Ordinance.
211.	284	<p><b><del>Power to compromise with creditors and members.</del></b></p> <p>(1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them, or between the company and its members or any class of them, <del>the Court may</del>, on the application <del>in a summary way</del> of the company or of any creditor or member of the company or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the member of the company or class of members, as the case may be, to be called, held and conducted in such manner as the <del>Court</del> directs.</p> <p>(2) If a majority in number representing three- fourths in value of the creditors or class of creditors, or members, as the case may be, present and voting either in person or, where proxies are allowed, by proxy at the meeting, agree to any compromise or arrangement, the</p>	279	<p><b>Compromise with creditors and members.-</b></p> <p>(1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them, or between the company and its members or any class of them, <u>the Commission may</u>, on the application of the company or of any creditor or member of the company or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members of the company or class of members, as the case may be, to be called, held and conducted in such manner as the <u>Commission</u> directs.</p> <p>(2) If a majority in number representing three-fourths in value of the creditors or class of creditors, or members, as the case may be, present and voting either in person or, where proxies are allowed, by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the <u>Commission</u> be binding on <u>the company, all its creditors, all the members, the liquidators and the contributories of the company,</u> as the case may be:</p> <p>Provided that no order sanctioning any compromise or arrangement shall be made by the <u>Commission</u> unless the</p>



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		<p>compromise or arrangement shall, if sanctioned by the <del>Court</del> be binding on all the <del>creditors or the class of creditors or on all the members or class of members,</del> as the case may be, <del>and also on the company, or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company:</del></p> <p>Provided that no order sanctioning any compromise or arrangement shall be made by the <del>Court</del> unless the <del>Court</del> is satisfied that the company or any other person by whom an application has been made under sub-section (1) has disclosed to the <del>Court</del>, by affidavit or otherwise, all material facts relating to the company, such as the <del>latest</del> financial position of the company, the <del>latest</del> auditor's report on the accounts of the company, the pendency of any investigation proceedings in relation to the company and the like.</p> <p><del>(3) An order made under sub-section (2) shall have no effect until a certified copy of the order has been filed with the registrar within thirty days and a copy of every such order shall be annexed to every copy of the memorandum of the company issued after the order has been made and filed as</del></p>		<p><u>Commission</u> is satisfied that the company or any other person by whom an application has been made under sub-section (1) has disclosed to the <u>Commission</u>, by affidavit or otherwise, all material facts relating to the company, such as the financial position of the company, the auditor's report on the <u>latest</u> accounts of the company, the pendency of any investigation proceedings in relation to the company and the like.</p> <p><u>(3) A copy of the order under sub-section (2) sanctioning the compromise or arrangement duly certified by an authorised officer of the Commission shall be forwarded to the registrar within seven days from the date of the order.</u></p> <p>(4) A copy of <u>the order under sub-section (2)</u> shall be annexed to every copy of the memorandum of the company issued after the order has been made or in the case of a company not having a memorandum to every copy so issued of the instrument constituting or defining the constitution of the company.</p> <p>(5) The Court may, at any time after an application has been made to <u>Commission</u> under this section, stay the commencement or continuation of any suit or proceeding <u>until final disposal of the application.</u></p> <p>(6) In this section the expression "company" means any company liable to be wound up under this Ordinance and the expression "arrangement" includes a re-organisation of the share-</p>

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		<p><del>aforsaid</del>, or in the case of a company not having a memorandum to every copy so issued of the instrument constituting or defining the constitution of the company.</p> <p>(4) If a company makes default in complying with sub-section (3), the company and every officer of the company who is knowingly wilfully in default shall be liable to a fine which may extend to five thousand rupees for each copy in respect of which default is made.</p> <p>(5) The Court may—at any time after an application has been made to it under this section, stay the commencement or continuation of any suit or proceeding <del>against the company on such terms as it thinks fit and proper until the application is finally disposed of.</del></p> <p>(6) In this section the expression "company" means any company liable to be wound up under this Ordinance and the expression "arrangement" includes a re-organisation of the share-capital of the company by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both those methods, and for the purposes of this section</p>		<p>capital of the company by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both those methods, and for the purposes of this section unsecured creditors who may have filed suits or obtained decrees shall be deemed to be of the same class as other unsecured creditors.</p> <p>(7) <u>Any contravention or default in complying with requirements of sub-section (4) shall be an offence liable to a penalty of level 1 on the standard scale.</u></p>

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		unsecured creditors who may have filed suits or obtained decrees shall be deemed to be of the same class as other unsecured creditors.		
212.	285	<p><b>Power of <del>Court</del> to enforce compromises and arrangements.</b> - (1) Where the <del>Court</del> makes an order under section <del>284</del> sanctioning a compromise or an arrangement in respect of a company, it may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.</p> <p>(2) If the Court is satisfied that a compromise or arrangement sanctioned under section <del>284</del> cannot be worked satisfactorily with or without modification, it may, <del>either of its own motion or on the application of the registrar or any person interested in the affairs of the company, make an order winding up the company, and such an order shall be deemed to be an order made under section 305.</del></p> <p>(3) The provision of this section shall, so far as may be, also apply to a company in</p>	280	<p><b>Power of <u>Commission</u> to enforce compromises and arrangements.</b> - (1) Where the <u>Commission</u> makes an order under section <u>279</u> sanctioning a compromise or an arrangement in respect of a company, it may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.</p> <p>(2) If the <u>Commission</u> is satisfied that a compromise or arrangement sanctioned under section <u>279</u> cannot be worked satisfactorily with or without modification, it may, <u>initiate proceedings for the winding up of the company.</u></p>

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		<del>respect of which an order has been made before the commencement of this Ordinance sanctioning a compromise or an arrangement.</del>		
213.	286	<p><b>Information as to compromises or arrangements with creditors and members. -</b>            (1) where a meeting of creditors or any class of creditors, or of members or any class of members, is called under section <del>284</del>-</p> <p>(a) with every notice calling the meeting which is sent to a creditor or member, there shall be sent also a statement setting forth the terms of the compromise or arrangement and explaining its effect; and in particular, stating any material interest of the directors including the chief executive of the company, whether in their capacity as such or as members or creditors of the company or otherwise, and the effect on those interests, of the compromise or arrangement if, and in so far as, it is different from the effect on the like interest of other persons; and</p> <p>(b) in every notice calling the meeting which is given by advertisement, there shall be included either such a</p>	281	<p><b>Information as to compromises or arrangements with creditors and members.-</b> (1) Where a meeting of creditors or any class of creditors, or of members or any class of members, is called under section <u>279</u>-</p> <p>(a) with every notice calling the meeting which is sent to a creditor or member, there shall be sent also a statement setting forth the terms of the compromise or arrangement and explaining its effect; and in particular, stating any material interest of the directors including the chief executive of the company, whether in their capacity as such or as members or creditors of the company or otherwise, and the effect on those interests, of the compromise or arrangement if, and in so far as, it is different from the effect on the like interest of other persons; and</p> <p>(b) in every notice calling the meeting which is given by advertisement, there shall be included either such a statement as aforesaid or a notification of the place at which and the manner in which creditors or members entitled to attend the meeting may obtain copies of such a statement as aforesaid.</p>

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		<p>statement as aforesaid or a notification of the place at which and the manner in which creditors or members entitled to attend the meeting may obtain copies of such a statement as aforesaid.</p> <p>(2) Where the compromise or arrangement effects the rights of debenture-holders of the company, the said statement shall give the like information and explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.</p> <p>(3) Where a notice given by advertisement includes a notification that copies of a statement setting forth the terms of the compromise or arrangement proposed and explaining its effect can be obtained by creditors or members entitled to attend the meeting, every creditor or member so entitled shall, on making an application in the manner indicated by the notice, be furnished by the company, free of charge, with a copy of the statement.</p> <p>(4) <del>Where default is made in complying with any of the requirements of this section, the company, and every officer</del></p>		<p>(2) Where the compromise or arrangement effects the rights of debenture-holders of the company, the said statement shall give the like information and explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.</p> <p>(3) Where a notice given by advertisement includes a notification that copies of a statement setting forth the terms of the compromise or arrangement proposed and explaining its effect can be obtained by creditors or members entitled to attend the meeting, every creditor or member so entitled shall, on making an application in the manner indicated by the notice, be furnished by the company, free of charge, with a copy of the statement.</p> <p>(4) <u>Any contravention or default</u> in complying with requirements of this section shall be <del>an offence liable to a penalty of level 1 on the standard scale;</del> and for the purpose of this sub-section any liquidator of the company and trustee of a deed for securing the issue of debentures of the company shall be deemed to be an officer of the company:</p> <p>Provided that a person shall not be under this sub-section if he shows that the default was due to the refusal of any other person, being a director, including chief executive or trustee for debenture-holder, to supply the necessary particulars as to his material interests.</p>

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		<p><del>of the company who knowingly and wilfully is in default, shall be liable to fine which may extend to two thousand rupees; and for the purpose of this sub-section any liquidator of the company and trustee of a deed for securing the issue of debentures of the company shall be deemed to be an officer of the company:</del></p> <p>Provided that a person shall not be under this sub-section if he shows that the default was due to the refusal of any other person, being a director, including chief executive, <del>or managing agent</del> or trustee for debenture-holder, to supply the necessary particulars as to his material interests.</p> <p>(5) Every director, including chief executive, <del>or managing agent of the company</del> and every trustee for debenture-holders of the company, shall give notice to the company of such matters relating to himself as may be necessary for the purposes of this section and on the request of the company shall provide such further information as may be necessary for the purposes of this section; and, if he fails to do so within the time allowed by the company, he shall be liable to <del>fine which may extend to one thousand rupees.</del></p>		<p>(5) Every director, including chief executive <u>of the company</u> and every trustee for debenture-holders of the company, shall give notice to the company of such matters relating to himself as may be necessary for the purposes of this section and on the request of the company shall provide such further information as may be necessary for the purposes of this section; and, if he fails to do so within the time allowed by the company, he shall be liable to <u>a penalty of level 1 on the standard scale.</u></p>

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214.	287	<p><del>Provisions for facilitating reconstruction and amalgamation of companies.</del> - (1) Where an application is made to the Court under section <del>284</del> for the <del>sanctioning</del> of a compromise or arrangement proposed <del>between a company and any such person as are mentioned in that section, and it is shown to the Court that the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies or the division of any company into two or more companies, and that under the scheme the whole or any part of the undertaking, property or liabilities of any company concerned in the scheme (in this section referred to as a "transferor company") is to be transferred to another company (in this section referred to as "the transferee company"), the Court may, either by the order sanctioning the compromise or arrangement or by any subsequent order, make provision for all or any of the following matters, namely:-</del></p> <p>(a) the transfer to the transferee company of the whole or any part of the</p>	282	<p><b>Powers of Commission to facilitate reconstruction or amalgamation of companies.</b>— (1) Where an application is made to the Commission under section <u>279</u> to sanction a compromise or arrangement <u>and it is shown that-</u></p> <p>(a) <u>the compromise or arrangement is proposed for the purposes of, or in connection with, a scheme for the reconstruction of any company or companies, or the amalgamation of any two or more companies or division of a company into one or more companies;</u></p> <p>(b) <u>under the scheme the whole or any part of the undertaking or property or liabilities of any company concerned in the scheme ("a transferor company") is to be transferred to another company ("the transferee company") or is proposed to be divided among and transferred to two or more companies; and</u></p> <p>(c) <u>a copy of the scheme drawn up by the applicants has been filed with the registrar;</u></p> <p><u>the Commission may order a meeting of the creditors or class of creditors or the members or class of members, as the case may be, to be called, held and conducted in such manner as the Commission may direct.</u></p> <p>(2) <u>Where an order has been made by the Commission under sub-section (1), merging companies or the company in</u></p>

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		<p>undertaking and of the property or liabilities of any transferor company;</p> <p>(b) the allotment or appropriation by the transferee company of any shares, debentures, policies, or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;</p> <p>(c) the continuation by or against the transferee company of legal proceedings pending by or against any transferor company;</p> <p>(d) the dissolution, without winding up, of any transferor company;</p> <p>(e) the provision to be made for any person who, within such time and in such manner as the <del>Court</del> directs, dissent from the compromise or arrangement; <del>and</del></p> <p>(f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation is fully and effectively carried out.</p>		<p><u>respect of which a division is proposed, shall also be required to circulate the following for the meeting so ordered by the Commission, namely:—</u></p> <p>(a) <u>the draft of the proposed terms of the scheme drawn up and adopted by the board of each of the applicant companies;</u></p> <p>(b) <u>confirmation that a copy of the draft scheme has been filed with the registrar;</u></p> <p>(c) <u>a report adopted by the board of the applicant companies explaining effect of compromise on each class of members, laying out in particular the share swap ratio, specifying any special valuation difficulties;</u></p> <p>(d) <u>the report of the expert with regard to valuation, if any;</u></p> <p>(e) <u>a supplementary accounting statement if the last annual accounts of any of the applicant company relate to a financial year ending more than six months before the first meeting of the company summoned for the purposes of approving the scheme.</u></p> <p>(3) The <u>Commission</u> may, either by the order sanction the compromise or arrangement or by a subsequent order, make provision for all or any of the following matters-</p> <p>(a) the transfer to the transferee company of the whole or</p>



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		<p>(2) <del>Where an order under this section provides for the transfer of property or liabilities, that property shall, by virtue of the order, be transferred to and vest in, and these liabilities shall, by virtue of the order, be transferred to and become the liabilities of, the transferee company, and, in the case of any property, if the order so directs, freed from any charge which is, by virtue of the compromise or arrangement, to cease to have effect.</del></p> <p>(3) <del>Where an order is made under this section, every company in relation to which the order is made shall cause a certified copy thereof to be delivered to the registrar for registration within thirty days after the making of the order, and if default is made in complying with this sub-section, the company and every officer of the company who is knowingly and wilfully in default shall be liable to a fine which may extend to one thousand rupees.</del></p> <p>(4) <del>In this section the expression "property" includes property, rights and powers of every description, and the expression "liabilities" includes duties.</del></p>		<p>any part of the undertaking and of the property or liabilities of any transferor company;</p> <p>(b) the allotment or appropriation by the transferee company of any shares, debentures, policies or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;</p> <p>(c) the continuation by or against the transferee company of <u>any</u> legal proceedings pending by or against any transferor company;</p> <p>(d) the dissolution, without winding up, of any transferor company;</p> <p>(e) the provision to be made for any persons who, within such time and in such manner as the <u>Commission</u> directs, dissent from the compromise or arrangement;</p> <p>(f) such incidental, consequential and supplemental matters as are necessary to secure that the <u>reconstruction, amalgamation or bifurcation</u> is fully and effectively carried out.</p> <p>(4) <u>If an order</u> under this section provides for the transfer of property or liabilities-</p> <p>(a) the property <u>is</u> by virtue of the order <u>stand</u> transferred to,</p>

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		<p>(5) In this section the expression " transferee company" does not include any company other than a company within the meaning of this Ordinance, and the expression "transferor company " includes any body corporate, whether a company within the meaning of this Ordinance or not.</p>		<p>and vests in, <u>the transferee company, and</u></p> <p>(b) <u>the liabilities are, by virtue of the order, stand transferred to and become liabilities of that company.</u></p> <p>(5) <u>Notwithstanding anything contained in the Stamp Act, 1899 or any other law for the time being in force, no stamp duty shall be payable on transfer to the transferee company of the whole or any part of the undertaking and of the property of any transferor company as a result of sanctioning by the Commission, any compromise or arrangement under this Part.</u></p> <p>(6) <u>The property (if the order so directs) vests freed from any charge that is by virtue of the compromise or arrangement to cease to have effect.</u></p> <p>(7) <u>A copy of the order passed by the Commission under this section sanctioning the reconstruction, the amalgamation or division, duly certified by an authorised officer of the Commission shall be forwarded to the registrar within seven days from the date of the order.</u></p> <p>(8) In this section "<b>property</b>" includes property, rights and powers of every description; and "<b>liabilities</b>" includes duties.</p> <p>(9) In this section the expression "<b>transferee company</b>" does not include any company other than a company within the meaning of this Ordinance, and the expression "<b>transferor company</b>" includes any body corporate, whether a company within the meaning of this Ordinance or not.</p>

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215.	288	<p><b>Notice to be given to registrar for applications under section 284 and 287</b></p> <p>The <del>Court</del>—shall give notice of every application made to it under section <del>284 to 287</del>—to the registrar and shall take into consideration the representation if any, made to it by the registrar before passing any order under any of these sections.</p>	283	<p><b>Notice to be given to registrar for applications under section 279 and 282.</b>— The <u>Commission</u> shall give notice of every application made to it under sections <u>279 to 282</u> to the registrar and shall take into consideration the representation if any, made to it by the registrar before passing any order under any of these sections.</p>
216.	289	<p><b>Power and duty to acquire shares of share-holders dissenting from scheme or contract.</b> - (1) Where a scheme or contract involving the transfer of shares or any class of shares in any company (in this section referred to as "the transferor company") to another company (in this section referred to as "transferee company") has, within one hundred and twenty days after the making of the offer in that behalf by the transferee company, been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved (other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary), the transferee company may, at any time within sixty days after the expiry of the said one hundred and twenty days, give notice in the prescribed manner to any dissenting shareholder that it desires to acquire his shares; when such a notice is given the transferee</p>	285	<p><b>Power to acquire shares of members dissenting from scheme or contract.</b>— (1) Where a scheme or contract involving the transfer of shares or any class of shares in any company (in this section referred to as "the transferor company") to another company (in this section referred to as "transferee company") has, within one hundred and twenty days after the making of the offer in that behalf by the transferee company, been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved (other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary), the transferee company may, at any time within sixty days after the expiry of the said one hundred and twenty days, give notice in the specified manner to any dissenting shareholder that it desires to acquire his shares; when such a notice is given the transferee company, shall, unless, on an application made by the dissenting shareholder within thirty days from the date on which the notice was given, the <u>Commission</u> thinks fit to order otherwise, be entitled and bound to acquire</p>

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		<p>company, shall, unless, on an application made by the dissenting shareholder within thirty days from the date on which the notice was given, the <del>Court</del> thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company:</p> <p>Provided that, where shares in the transferor company of the same class as the shares whose transfer is involved are already held as aforesaid by the transferee company to a value greater than one-tenths of the aggregate of the value of all the shares in the company of such class, the foregoing provisions of this sub-section shall not apply, unless-</p> <p>(a) the transferee company offers the same terms to all holders of the shares of that class (other than those already held as aforesaid) whose transfer is involved; and</p> <p>(b) the holders who approve the scheme or</p>		<p>those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company:</p> <p>Provided that, where shares in the transferor company of the same class as the shares whose transfer is involved are already held as aforesaid by the transferee company to a value greater than one-tenths of the aggregate of the value of all the shares in the company of such class, the foregoing provisions of this sub-section shall not apply, unless-</p> <p>(a) the transferee company offers the same terms to all holders of the shares of that class (other than those already held as aforesaid) whose transfer is involved; and</p> <p>(b) the holders who approve the scheme or contract, besides holding not less than nine-tenths in value of the shares (other than those already held as aforesaid) whose transfer is involved, are not less than three-fourths in number of the holders of those shares.</p> <p>(2) Where, in pursuance of any such scheme or contract as aforesaid, shares, or shares of any class, in a company are transferred to another company or its nominee, and those shares together with any other shares or any other shares of the same class, as the case may be, in the first mentioned company held at the date of the transfer by, or by a nominee for, the transferee company or its subsidiary comprise nine-tenth in value of the shares, or shares of that class, as the case may be, in the first-mentioned company, then—</p>

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		<p>contract, besides holding not less than nine-tenths in value of the shares (other than those already held as aforesaid) whose transfer is involved, are not less than three-fourths in number of the holders of those shares.</p> <p>(2) Where, in pursuance of any such scheme or contract as aforesaid, shares, or shares of any class, in a company are transferred to another company or its nominee, and those shares together with any other shares or any other shares of the same class, as the case may be, in the first mentioned company held at the date of the transfer by, or by a nominee for, the transferee company or its subsidiary comprise nine-tenth in value of the shares, or shares of that class, as the case may be, in the first-mentioned company, than-</p> <p>(a) the transferee company shall, within thirty days from the date of the transfer (unless on a previous transfer in pursuance of the</p>		<p>(a) the transferee company shall, within thirty days from the date of the transfer (unless on a previous transfer in pursuance of the scheme or contract it has already complied with this requirement), give notice of that fact in the <u>specified</u> manner to the holders of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract; and</p> <p>(b) any such holder may, within ninety days from the giving of the notice to him, require the transferee company to acquire the shares in question;</p> <p>and where a shareholder gives notice under clause (b) with respect to any shares, the transferee company shall be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders were transferred to it, or on such other terms as may be agreed, or as the <u>Commission</u> on the application of either the transferee company or the shareholders thinks fit to order.</p> <p>(3) Where a notice has been given by the transferee company under sub-section (1) and the <u>Commission</u> has not, on an application made by the dissenting shareholder, made an order to the contrary, the transferee company shall, on the expiration of thirty days from the date on which the notice has been given or, if an application to the <u>Commission</u> by the dissenting shareholder is then pending, after that application has</p>

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		<p>scheme or contract it has already complied with this requirement), give notice of that fact in the <del>prescribed</del> manner to the holders of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract; and</p> <p>(b) any such holder may, within ninety days from the giving of the notice to him, require the transferee company to acquire the shares in question;</p> <p>and where a shareholder gives notice under clause (b) with respect to any shares, the transferee company shall be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders were transferred to it, or on such other terms as may be agreed, or as the <del>Court</del> on the application of either the transferee company or the shareholders thinks fit to order.</p>		<p>been disposed of, transmit a copy of the notice to the transferor company together with an instrument of transfer executed on behalf of the shareholder by any person appointed by the transferee company and on its own behalf by the transferee company and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which, by virtue of this section, that company is entitled to acquire; and the transferor company shall-</p> <p>(a) thereupon register the transferee company as the holders of those shares; and</p> <p>(b) within thirty days of the date of such registration, inform the dissenting shareholders of the fact of such registration and of the receipt of the amount or other consideration representing the price payable to them by the transferee company:</p> <p>Provided that an instrument of transfer shall not be required for any share for which a share warrant is for the time being outstanding.</p> <p>(4) Any sums received by the transferor company under this section shall forthwith be paid into a separate bank account to be opened in a scheduled bank and any such sum and any other consideration so received shall be held by that company in trust for the several persons entitled to the shares in respect of which the said sums or other consideration were or was respectively received.</p>

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		<p>(3) Where a notice has been given by the transferee company under sub-section (1) and the <del>Court</del> has not, on an application made by the dissenting shareholder, made an order to the contrary, the transferee company shall, on the expiration of thirty days from the date on which the notice has been given or, if an application to the <del>Court</del> by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the transferor company together with an instrument of transfer executed on behalf of the shareholder by any person appointed by the transferee company and on its own behalf by the transferee company and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which, by virtue of this section, that company is entitled to acquire; and the transferor company shall-</p> <p style="text-align: center;">(a) thereupon register the transferee company as the holders of those shares; and</p>		<p>(5) The following provisions shall apply in relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company, namely-</p> <p>(a) every such offer or every circular containing such offer or every recommendation to the members of the transferor company by its board to accept such offer shall be accompanied by such information as may be specified;</p> <p>(b) every such offer shall contain a statement by or on behalf of the transferee company disclosing the steps it has taken to ensure that necessary cash will be available;</p> <p>(c) every circular containing or recommending acceptance of, such offer shall be presented to the registrar for registration and no such circular shall be issued until it is so registered;</p> <p>(d) the registrar may refuse to register any such circular which does not contain the information required to be given under clause (a) or which sets out such information in a manner likely to give a misleading, erroneous or false impression; and</p> <p>(e) an appeal shall lie to the Commission against an order of the registrar refusing to register any such circular.</p>

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		<p>(b) within thirty days of the date of such registration, inform the dissenting shareholders of the fact of such registration and of the receipt of the amount or other consideration representing the price payable to them by the transferee company:</p> <p>Provided that an instrument of transfer shall not be required for any share for which a share warrant is for the time being outstanding.</p> <p>(4) Any sums received by the transferor company under this section shall forthwith be paid into a separate bank account to be opened in a scheduled bank and any such sum and any other consideration so received shall be held by that company in trust for the several persons entitled to the shares in respect of which the said sums or other consideration were or was respectively received.</p>		<p>(6) <u>The Commission or any party may make a reference to the Court, on any matter including but not limited to the determination of liabilities of the company or incidental thereto as provided under sections 279 to 285, for necessary orders.</u></p> <p>(7) <u>Whoever issues a circular referred to in clause (c) of sub-section (5) which has not been registered shall be punishable to a penalty of level 1 on the standard scale.</u></p> <p>(8) <u>Notwithstanding anything contained in sections 279 to 283 and 285, the powers of the Commission shall be exercised by the Court for such companies or class of companies or having such capital, as may be notified by the concerned Minister-in-Charge of the Federal Government.</u></p>



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		<p>(5) The following provisions shall apply in relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company, namely:-</p> <p>(a) every such offer or every circular containing such offer or every recommendation to the members of the transferor company by its directors to accept such offer shall be accompanied by such information as may be prescribed;</p> <p>(b) every such offer shall contain a statement by or on behalf of the transferee company disclosing the steps it has taken to ensure that necessary cash will be available;</p> <p>(c) every circular containing or recommending acceptance of, such offer shall be presented to the registrar for registration and no such circular shall be issued until it is so registered;</p> <p>(d) the registrar may refuse to register any such circular which does not contain the information required to be given under clause (a) or which sets out such</p>		

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		<p>information in a manner likely to give a misleading, erroneous or false impression; and</p> <p>(e) an appeal shall lie to the Commission against an order of the registrar refusing to register any such circular.</p> <p>(5) Whoever issues a circular referred to in clause (c) of sub-section (5) which has not been registered shall be punishable <del>with fine which may extend to two thousand rupees.</del></p>		
PART IX				
S. No.	Section No.	Provision	Section No.	Provision
217.	290	<p><b>Application to Court. –</b></p> <p>(1) If any member or members holding not less than <del>twenty</del> per cent of the issued share capital of a company, or a creditor or creditors having interest equivalent in amount to not less than <del>twenty</del> per cent of the paid up capital of the company, complains, or complain, or the registrar is of the opinion, that the affairs of the company are being conducted, or are likely to be conducted, in an unlawful or fraudulent manner, or in a manner not provided for in its memorandum, or in a manner oppressive to the</p>	286	<p><b>Application to Court.-</b></p> <p>(1) If any member or members holding not less than <u>ten</u> percent of the issued share capital of a company, or a creditor or creditors having interest equivalent in amount to not less than <u>ten</u> percent of the paid up capital of the company, complains, or complain, or the Commission or registrar is of the opinion, that the affairs of the company are being conducted, or are likely to be conducted, in an unlawful or fraudulent manner, or in a manner not provided for in its memorandum, or in a manner oppressive to the members or any of the members or the creditors or any of the creditors or are being conducted in a manner that is <u>unfairly</u></p>

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		<p>members or any of the members or the creditors or any of the creditors or are being conducted in a manner prejudicial to the public interest, such member or members or, the creditor or creditors, as the case may be, the registrar may make an application to the Court by petition for an order under this section.</p> <p>(2) If, on any such petition, the Court is of opinion-</p> <p>(a) that the company's affairs are being conducted, or are likely to be conducted, as aforesaid; and</p> <p>(b) that to wind-up the company would unfairly prejudice the members or creditors;</p> <p>the Court may, with a view to bringing to an end the matters complained of, make such order as it think fit, whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any members of the company by other members of the company or by the company and, in the case of purchase by the company, for, the reduction accordingly of the company's capital, or otherwise.</p> <p>(3) Where an order under this section makes any alteration in, or addition to, a company's memorandum or articles, then, notwithstanding</p>		<p>prejudicial to the public interest, such member or members or, the creditor or creditors, as the case may be, the <u>Commission or registrar</u> may make an application to the Court by petition for an order under this section.</p> <p>(2) If, on any such petition, the Court is of opinion-</p> <p>(a) that the company's affairs are being conducted, or are likely to be conducted, as aforesaid; and</p> <p>(b) that to wind-up the company will unfairly prejudice the members or creditors;</p> <p>the Court may, with a view to bringing to an end the matters complained of, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any members of the company by other members of the company or by the company and, in the case of purchase by the company, for, the reduction accordingly of the company's capital, or otherwise.</p> <p>(3) Where an order under this section makes any alteration in, or addition to, a company's memorandum or articles, then, notwithstanding anything in any other provision of this Ordinance, the company shall not have power without the leave of the Court to make any further alteration in or addition to the memorandum or articles inconsistent with the provisions of the order; and the alterations or additions made by the order shall be of the same effect as if duly made by resolution of the company</p>

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		<p>anything in any other provision of this Ordinance, the company shall not have power without the leave of the Court to make any further alteration in or addition to the memorandum or articles inconsistent with the provisions of the order; and the alterations or additions made by the order shall be of the same effect as if duly made by resolution of the company and the provisions of this Ordinance shall apply to the memorandum or articles as so modified accordingly.</p> <p>(4) A copy of any order under this section altering or adding to, or giving leave to alter or add to, a company's memorandum or articles shall, within fourteen days after the making thereof, be delivered by the company to the registrar for registration; and if the company makes default in complying with this sub-section, the company <del>and every officer of the company who is knowingly and wilfully in default shall be liable to fine which may extend to five thousand rupees and to a further fine not exceeding one hundred rupees for every day after the first during which the default continues.</del></p> <p>(5) The provisions of this section shall not prejudice the right of any person to any other remedy or action.</p>		<p>and the provisions of this Ordinance shall apply to the memorandum or articles as so modified accordingly.</p> <p>(4) A copy of any order under this section altering or adding to, or giving leave to alter or add to, a company's memorandum or articles shall, within fourteen days after the making thereof, be delivered by the company to the registrar for registration; and if the company makes default in complying with this sub-section, the company <u>and every officer of the company who is in default shall be liable to a penalty of level 1 on the standard scale.</u></p> <p>(5) The provisions of this section shall not prejudice the right of any person to any other remedy or action.</p>
218.	291	<p><b>Powers of court under section 290. –</b></p> <p>Without prejudice to the generality of the powers of</p>	287	<p><b>Powers of Court under section 286.-</b> Without prejudice to the generality of the powers of the Court under section <u>286</u>, an order under that section may provide for-</p>

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		<p>the Court under section <del>290</del>, an order under that section may provide for-</p> <p>(a) the termination, setting aside or modification of any agreement, however arrived at between the company and any director, including the chief executive, <del>managing agent</del> or other officer, upon such terms and conditions as may, in the opinion of the Court, be just and equitable in all the circumstances;</p> <p>(b) setting aside of any transfer, delivery of goods, payment, execution or other transactions not relating to property made or done by or against the company within three months before the date of the application which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference; and</p> <p>(c) any other matter, including a change in management, for which in the opinion of the Court it is just and equitable that provision should be made.</p>		<p>(a) the termination, setting aside or modification of any agreement, however arrived at between the company and any director, including the chief executive or other officer, upon such terms and conditions as may, in the opinion of the Court be just and equitable in all the circumstances;</p> <p>(b) setting aside of any transfer, delivery of goods, payment, execution or other transactions not relating to property made or done by or against the company within three months before the date of the application which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference; and</p> <p>(c) any other matter, including a change in management, for which in the opinion of the Court it is just and equitable that provision should be made.</p>
219.	295	<p><b>Management by Administrator. –</b></p> <p>(1) If at any time a creditor or creditors having interest equivalent in amount to not less than sixty per cent, of the paid up capital of a company, represents or represent to the Commission that:-</p>	291	<p><b>Management by Administrator</b></p> <p>(1) If at any time <u>the shareholders having not less than sixty percent of the paid up capital of a company</u> or a creditor or creditors having equivalent interest in a company, represents or represent to the Commission that-</p>

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		<p>(i) the market value of its shares as quoted on the <del>stock exchange</del> or the net worth of its share has fallen by more than seventy-five per cent of its par value; or</p> <p>and request the Commission to take action under this section, the Commission may, after giving the company an opportunity of being heard, without prejudice to any other action that may be taken under this <del>Ordinance</del> or any other law, by order in writing, appoint an Administrator, hereinafter referred to as the Administrator within sixty days of the date of receipt of the representation, from a panel maintained by it on the recommendation of the State Bank of Pakistan to manage the affairs of the company subject to such terms and conditions as may be specified in the order:</p> <p>(9) If any person fails to deliver to the Administrator any property, records or documents relating to the company or does not furnish any information required by him or in any way obstructs the Administrator in the management, of the affairs of the company or acts for or represents the company in any way, the Commission may by order in writing, direct that such person shall <del>pay by way of penalty a sum which may extend to one million rupees, and, in the case of a continuing failure or obstruction, a further sum which may extend to ten thousand rupees for every day after the first during which the</del></p>		<p>(d) (i) the market value of its shares as quoted on the <u>securities exchange</u> or the net worth of its share has fallen by more than seventy-five percent of its par value; or</p> <p>and request the Commission to take action under this section, the Commission may, after giving the company an opportunity of being heard, without prejudice to any other action that may be taken under this <u>Act</u> or any other law, by order in writing, appoint an Administrator, hereinafter referred to as the Administrator within sixty days of the date of receipt of the representation, from a panel maintained by it on the recommendation of the State Bank of Pakistan to manage the affairs of the company subject to such terms and conditions as may be specified in the order:</p> <p>(9) If any person fails to deliver to the Administrator any property, records or documents relating to the company or does not furnish any information required by him or in any way obstructs the Administrator in the management, of the affairs of the company or acts for or represents the company in any way, the Commission may by order in writing, direct that such person shall be liable to a penalty of level 3 on the standard scale.</p> <p>(12) The <u>Commission</u> may, make regulations to carry out the purposes of this section.</p>

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		<p><del>failure or obstruction continues.</del></p> <p>(12) The <del>Federal Government</del> may, make regulations to carry out the purposes of this section.</p>		
220.	296	<p><b>Rehabilitation of companies owing sick industrial units.</b></p> <p>(1) The provisions of this section shall apply to a company owning an <del>industrial unit</del> which is facing financial or operational problems and is declared as a sick company by the Federal Government.</p> <p>(2) After a company is declared as a sick company under sub-section (1), any institution, authority, committee or person authorised by the Federal Government in this behalf may draw up a plan for the rehabilitation, reconstruction and reorganisation of such company, hereafter in this section referred to as the rehabilitation plan.</p> <p>3(iv) acquisition or transfer of shares of persons <del>who are or have been sponsors or otherwise managing the affairs of the company</del> on the specified terms and conditions;</p> <p>(4) The rehabilitation plan shall be submitted for approval to the Federal Government which shall, unless it otherwise decides for reasons to be</p>	292	<p><b>Rehabilitation of sick <u>public sector companies</u>.</b></p> <p>(1) The provisions of this section shall apply to a <u>public sector company</u> which is facing financial or operational problems and is declared as a sick company <u>by the concerned Minister-in-Charge of the Federal Government</u>.</p> <p>(2) After a company is declared as a sick company under sub-section (1), any institution, authority, committee or person authorised by <u>the concerned Minister-in-Charge of the Federal Government</u> in this behalf may draw up a plan for the rehabilitation, reconstruction and reorganisation of such company, hereafter in this section referred to as the rehabilitation plan.</p> <p>3(d) acquisition or transfer of shares of the company on the specified terms and conditions.</p> <p>(4) The rehabilitation plan shall be submitted for approval to <u>the concerned Minister-in-Charge of the Federal Government</u> which shall, unless it otherwise decides for reasons to be recorded, cause it to be published in the official Gazette for ascertaining the views of the shareholders, creditors and other persons concerned within a specified period.</p>

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		<p>recorded, cause it to be published in the official Gazette for ascertaining the views of the shareholders, creditors and other persons concerned within a specified period.</p> <p>(5) Before approving the rehabilitation plan, the Federal Government shall take into consideration the views relating thereto received from any quarter within the specified period.</p> <p>(6) On the approval of the rehabilitation plan by the Federal Government, its provisions, with such modification as may be directed by the Federal Government, shall become final and take effect and be implemented and shall be valid, binding and enforceable in all respects notwithstanding anything in this Ordinance or any other law or the memorandum or articles of the company or in any agreement or document executed by it or in any resolution passed by the company in general meeting or by its directors, whether the same be registered, adopted, executed or passed, as the case may be, before or after the commencement of this Ordinance.</p> <p>(9) The Federal Government may vary or rescind rehabilitation plan from time to time and issue such directions as to its implementation and matters ancillary thereto as it may deem expedient.</p>		<p>(5) Before approving the rehabilitation plan, <u>the concerned Minister-in-Charge of the Federal Government</u> shall take into consideration the views relating thereto received from any quarter within the specified period.</p> <p>(6) On the approval of the rehabilitation plan by <u>the concerned Minister-in-Charge of the Federal Government</u>, its provisions, with such modification as may be directed by <u>the concerned Minister-in-Charge of the Federal Government</u>, shall become final and take effect and be implemented and shall be valid, binding and enforceable in all respects notwithstanding anything in this Ordinance or any other law or the memorandum or articles of the company or in any agreement or document executed by it or in any resolution passed by the company in general meeting or by its board, whether the same be registered, adopted, executed or passed, as the case may be, before or after the commencement of this Ordinance.</p> <p>(9) The <u>concerned Minister-in-Charge of the Federal Government</u> may vary or rescind rehabilitation plan from time to time and issue such directions as to its implementation and matters ancillary thereto as it may deem expedient.</p> <p>(10) <u>The concerned Minister-in-Charge of the Federal Government</u> or any authority or other person authorised by <u>the concerned Minister-in-Charge of the Federal Government</u> in this behalf shall supervise the implementation of the rehabilitation plan and may issue such directions to the parties concerned as</p>



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		<p>(10) The Federal Government or any authority or other person authorized by the Federal Government in this behalf shall supervise the implementation of the rehabilitation plan and may issue such directions to the parties concerned as may be deemed necessary by such Government, authority or person, as the case may be.</p> <p>(11) Whosoever fails to give effect, to carry out or implement the rehabilitation plan or any matter provided for therein or any direction issued under sub-section (10), shall be liable to imprisonment of either description for a term which may extend to <del>two</del> years and fine not exceeding <del>one</del> million rupees and, in case of a continuing failure, to a further fine not exceeding <del>five</del> thousand rupees for every day after the first during which the failure or default continues.</p> <p>(12) Until a rehabilitation plan has been approved by the Federal Government and is in operation, the provisions of this section shall not prejudice or affect the power or rights of a company or its shareholders or creditors to enter into, arrive at or make any compromise, arrangement or settlement in any manner authorised by this Ordinance or any other law for the time being in force.</p> <p>(13) The rehabilitation plan approved by the Federal</p>		<p>may be deemed necessary by such Government, authority or person, as the case may be.</p> <p>(11) Whosoever fails to give effect, to carry out or implement the rehabilitation plan or any matter provided for therein or any direction issued under sub-section (10), shall be liable to imprisonment of either description for a term which may extend to <u>three</u> years and fine not exceeding <u>five</u> million rupees and, in case of a continuing failure, to a further fine not exceeding <u>ten</u> thousand rupees for every day after the first during which the failure or default continues.</p> <p>(12) Until a rehabilitation plan has been approved by <u>the concerned Minister-in-Charge of</u> the Federal Government and is in operation, the provisions of this section shall not prejudice or affect the power or rights of a company or its shareholders or creditors to enter into, arrive at or make any compromise, arrangement or settlement in any manner authorised by this Ordinance or any other law for the time being in force.</p> <p>(13) The rehabilitation plan approved by <u>the concerned Minister-in-Charge of</u> the Federal Government and any modification thereof shall, unless otherwise directed by it, be published in the official Gazette and a copy thereof shall be forwarded by <u>the concerned Minister-in-Charge of</u> the Federal Government to the registrar who shall register and keep the same with the documents of the company.</p> <p>(14) <u>The concerned Minister-in-Charge of</u> the Federal</p>

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		<p>Government and any modification thereof shall, unless otherwise directed by it, be published in the official Gazette and a copy thereof shall be forwarded by the Federal Government to the registrar who shall register and keep the same with the documents of the company.</p> <p>(14) The Federal Government may, by notification in the official Gazette, make rules to carry out the purposes of this section.</p>		<p>Government may, by notification in the official Gazette, make rules to carry out the purposes of this section.</p>
<b>Part X-XII</b>				
221.	299	<p><b>Liability of directors whose liability is unlimited. –</b></p> <p>In the winding up of a limited company any director, whether past or present, whose liability is, in pursuance of this Ordinance, unlimited, shall, in addition to his ability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were, at the commencement of the winding up, a member of an unlimited company: Provided that-</p> <p>(i) a past director shall not be liable to make such further contribution if he has ceased to hold office for a year or upwards before the commencement of the winding up;</p> <p>(ii) a past director shall not be liable to make such further contribution in respect of any debt or liability of the company contracted after he ceased to hold office;</p>	295	<p><b>Liability of directors whose liability is unlimited. —</b></p> <p>In the winding up of a limited company any director, whether past or present, whose liability is, in pursuance of this Ordinance, unlimited, shall, in addition to his ability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were, at the commencement of the winding up, a member of an unlimited company: Provided that—</p> <p>(a) a past director shall not be liable to make such further contribution if he has ceased to hold office for a year or upwards before the commencement of the winding up;</p> <p>(b) A past director shall not be liable to make such further contribution in respect of any debtor liability of the company contracted after he ceased to hold office;</p> <p>subject to the articles, a director shall not be liable to make such further contribution unless the Court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company, and the costs, charges and expenses of</p>

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		(iii) subject to the articles, a director shall not be liable to make such further contribution unless the Court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company, and the costs, charges and expenses of the winding up.		the winding up
222.	300	<p><b>Definition of "contributory". –</b></p> <p>The term "contributory" means every person liable to contribute to the assets of a company in the event of its being wound up, and includes the holder of any shares which are fully paid up; and, in all proceedings for determining, and all proceedings prior to the final determination of, the persons who are to be deemed contributories, includes any person alleged to be a contributory.</p>	296	<p><b>Definition of "contributory".—</b></p> <p>The term "contributory" means a person liable to contribute towards the assets of the company in the event of its being wound up.</p> <p><b>Explanation.</b>— For the purposes of this section, it is hereby clarified that a person holding fully paid-up shares in a company shall be considered as a contributory but shall have no liabilities of a contributory under this Ordinance whilst retaining rights of such a contributory.</p>
223.	301	<p><b>Nature of liability of contributory. –</b></p> <p>(1) The liability of a contributory shall create a debt accruing due from him at the time when his liability commenced, but payable at the time specified in calls made on him for enforcing the liability.</p> <p>(2) <del>No claim founded on the liability of a contributory shall be cognizable by any Court of Small Causes.</del></p>	297	<p><b>Nature of liability of contributory.—</b></p> <p>The liability of a contributory shall create a debt accruing due from him at the time when his liability commenced, but payable at the time specified in calls made on him for enforcing the liability.</p>
224.	302	<b>Contributories in case of death of member. –</b>	298	<b>Contributories in case of death of member.—</b>

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		<p>(1) If a contributory dies either before or after he has been placed on the list of contributories, his legal representatives shall be liable, in a due course of administration, to contribute to the assets of the company in discharge of his liability, and shall be contributories accordingly.</p> <p>(2) If the legal representatives make default in paying any money ordered to be paid by them, proceedings may be taken for administering the property of the deceased contributory, and of compelling payment <del>thereout</del> of the money due.</p>		<p>If a contributory dies, whether before or after being placed on the list of contributories of a company:</p> <p>(a) his legal representatives shall be liable, in due course of administration, to contribute to the assets of the company in discharge of his liability, and shall be contributories accordingly; and</p> <p>(b) if the legal representatives make default in paying any money ordered to be paid by them, proceedings may be initiated for administering the property of the deceased contributory, and of compelling payment of the money due, <u>out of assets of the deceased</u>.</p>
225.		<p><b>Contributory in case of insolvency of member. –</b></p> <p>If a contributory is adjudged insolvent either before or after he has been placed on the list of contributories, then-</p> <p>(a) his assignees in insolvency shall represent him for all the purposes of the winding up, and shall be contributories accordingly, and may be called on to admit to proof against the estate of the insolvent, or otherwise to allow to be paid out of his assets in due course of law, any money due from the insolvent in respect of his liability to contribute to the assets of the company; and</p>	299	<p><b>Contributory in case of insolvency of member.—</b></p> <p>If a contributory is adjudged insolvent whether before or after he has been placed on the list of contributories <u>of a company</u>, then—</p> <p>(a) his assignees in insolvency shall represent him for all the purposes of the winding up, and shall be contributories accordingly, and may be called on to admit to proof against the estate of the insolvent, or otherwise to allow to be paid out of his assets in due course of law, any money due from the insolvent in respect of his liability to contribute to the assets of the company; and</p> <p>(b) there may be proved against the estate of the insolvent the</p>

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		(b) there may be proved against the estate of the insolvent the estimated value of his liability to future calls as well as calls already made.		estimated value of his liability to further calls as well as calls already made.
226.	304	<p><b>Contributories in case of winding up of a body corporate which is a member. –</b></p> <p>If a body corporate which is a contributory is ordered to be wound up, either before or after it has been placed on the list of contributories, -</p> <p>(a) the liquidator of the body corporate shall represent it for all purposes of the winding up of the company and shall be a contributory accordingly, and may be called on to proof against the assets of the body corporate, or otherwise to allow to be paid out of its assets in due course of law, any money due from the body corporate in respect of its liability to contribute to the assets of the company; and</p> <p>(b) there may be proved against the assets of the body corporate the estimated value of its liability to future calls as well as calls already made.</p>	300	<p><b>Contributories in case of winding up of a body corporate which is a member.—</b></p> <p>If a body corporate which is a contributory is ordered to be wound up, whether before or after it has been placed on the list of contributories <u>of a company</u>—</p> <p>(a) the liquidator of the body corporate shall represent it for all purposes of the winding up of the company and shall be a contributory accordingly, and may be called on to admit to proof against the assets of the body corporate, or otherwise to allow to be paid out of its assets in due course of law, any money due from the body corporate in respect of its liability to contribute to the assets of the company; and</p> <p>(b) there may be proved against the assets of the body corporate the estimated value of its liability to future calls as well as calls already made.</p>
Winding Up By Court				

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227.	305	<p><b>Circumstances in which company may be wound up by Court. –</b></p> <p>A company may be wound up by the Court-</p> <p>(a) if the company has, by special resolution, resolved that the company be wound up by the Court;</p> <p>(b) if default is made in delivering the statutory report to the registrar or in holding the statutory meeting or any two consecutive annual general meetings;</p> <p>(c) <del>if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;</del></p> <p>(d) if the number of members is reduced, in the case of private company, below two or, in the case of any other company, below seven;</p> <p>(e) if the company is unable to pay its debts;</p> <p>(f) if the company is-</p> <p>(i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; (ii) carrying on business not authorised by the memorandum;</p> <p>(iii) conducting its business in a manner oppressive to any of its members or persons concerned with the formation or promotion of the company or the minority shareholders;</p> <p>(iv) run and managed by persons who fail to maintain proper and true accounts, or commit fraud,</p>	301	<p><b>Circumstances in which a company may be wound up by Court.—</b></p> <p>A company may be wound up by the Court—</p> <p>(a) if the company has, by special resolution, resolved that the company be wound up by the Court; or</p> <p>(b) if default is made in delivering the statutory report to the registrar or in holding the statutory meeting; or</p> <p>(c) if default is made in holding any two consecutive annual general meetings; or</p> <p>(d) <u>if the company has made a default in filing with the registrar its financial statements or annual returns for immediately preceding two consecutive financial years; or</u></p> <p>(e) <u>if the company has acted against the interest, sovereignty and integrity of Pakistan, the security of the State and friendly relations with foreign states; or</u></p> <p>(f) if the number of members is reduced, in the case of public company, below three and in the case of a private company below two; or</p> <p>(g) if the company is unable to pay its debts; or</p> <p>(h) if the company is—</p> <p>(i) <u>conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or</u></p> <p>(ii) <u>carrying on business prohibited by any law for the time being in force in Pakistan; or restricted by any law, rules or regulations for the time being in force in Pakistan unless the required licence, permission or approval, as the case may be, has been obtained from the respective competent authority; or</u></p>

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		<p>misfeasance or malfeasance in relation to the company; or</p> <p>(v) managed by persons who refuse to act according to the requirements of the memorandum or articles or the provisions of this Ordinance or fail to carry out the directions or decisions of the Court or the registrar or the Commission given in the exercise of powers under this Ordinance;</p> <p>(g) if, being a listed company, it ceases to be such company; 1 [...]</p> <p>(h) if the Court is of opinion that it is just and equitable that the company should be wound up; 2 [or]</p> <p>(i) if the company ceases to have a member.]</p> <p><b>Explanation I:-</b> The promotion or the carrying on of any scheme or business, except the business carried on under the provisions of the Insurance Act, 1938 (IV of 1938), howsoever described, whereby, in return for a deposit or contribution, whether periodically or otherwise, of a sum of money in cash or by means of coupons, certificates, tickets or other documents, payment, at future date or dates of money or grant of property, right or benefit, directly or indirectly, and whether with or without any other right or benefit, determined by chance or lottery or any other like manner, is assured or promised shall be deemed to be an unlawful activity.</p>		<p>(iii) conducting its business in a manner oppressive to the minority members or persons concerned with the formation or promotion of the company; or</p> <p>(iv) run and managed by persons who fail to maintain proper and true accounts, or commit fraud, misfeasance or malfeasance in relation to the company; or</p> <p>(v) managed by persons who refuse to act according to the requirements of the memorandum or articles or the provisions of this Ordinance or failed to carry out the directions or decisions of the Commission or the registrar given in the exercise of powers under this Ordinance; or</p> <p>(i) if, being a listed company, it ceases to be such company; or</p> <p>(j) if the Court is of opinion that it is just and equitable that the company should be wound up; or</p> <p>(k) <u>if a company ceases to have a member; or</u></p> <p>(1) <u>if a company ceases to operate consequent upon revocation of a licence granted by the Commission or any other licencing authority; Or</u></p> <p>(m) <u>if a licence granted under section 42 to a company has been revoked or such a company has failed to comply with any of the provisions of section 43 or where a company licenced under section 42 is being wound up voluntarily and its liquidator has failed to complete the winding up proceedings within a period of one year from the date of commencement of its winding up.</u></p> <p><b>Explanation 1.—</b> The promotion or the carrying on of any scheme or business,</p>

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		<p><b>Explanation II:-</b> "Minority shareholders" means shareholders together holding not less than twenty per cent of the equity share capital of the company.</p>		<p>howsoever described—            (a) whereby, in return for a deposit or contribution, whether periodically or otherwise, of a sum of money in cash or by means of coupons, certificates, tickets or other documents, payment, at future date or dates of money or grant of property, right or benefit, directly or indirectly, and whether with or without any other right or benefit, determined by chance or lottery or any other like manner, is assured or promised; or            (b) raising unauthorised deposits from the general public, indulging in referral marketing, multi-level marketing (MLM), Pyramid and Ponzi Schemes, locally or internationally, directly or indirectly; or            (c) any other business activity notified by the Commission to be against public policy or a moral hazard; shall be deemed to be an unlawful activity</p> <p><b>Explanation 11.—</b>            "Minority members" means members together holding not less than ten percent of the equity share capital of the company.</p>
228.	306	<p><b>Company when deemed unable to pay its debts. –</b>            (1) A company shall be deemed to be unable to pay its debts-</p> <p>(a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding <del>one per cent of its paid-up capital or fifty thousand rupees,</del> whichever is less, then due, has served on the company, by causing the same to be delivered by</p>	302	<p><b>Company when deemed unable to pay its debts.—</b>            (1) A company shall be deemed to be unable to pay its debts—</p> <p>(a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding <u>one hundred thousand rupees</u>, then due, has served on the company, by causing the same to be delivered by registered post or otherwise, at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for thirty</p>



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		<p>registered post or otherwise, at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for thirty days thereafter neglected to pay the sum, or to secure or compound for it to the reasonable satisfaction of the creditor; or</p> <p>(b) if execution or other process issued on a decree or order of any court or any other competent authority in favour of a creditor of the company is returned unsatisfied in whole or in part; or</p> <p>(c) if it is proved to the satisfaction of the Court that the company is unable to pay its debts, and, in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company.</p> <p>(2) The demand referred to in clause (a) of sub-section (1) shall be deemed to have been duly given under the hand of the creditor if it is signed by an agent or legal adviser duly authorised on his behalf, or in the case of a firm if it is signed by such agent or legal adviser or by any member of the firm on behalf of the firm.</p>		<p>days thereafter neglected to pay the sum, or to secure or compound for it to the reasonable satisfaction of the creditor; or</p> <p>(b) if execution or other process issued on a decree or order of any Court or any other competent authority in favour of a creditor of the company is returned unsatisfied in whole or in part; or</p> <p>(c) if it is proved to the satisfaction of the Court that the company is unable to pay its debts, and, in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company.</p> <p>(2) The demand referred to in clause (a) of sub-section (1) shall be deemed to have been duly given under the hand of the creditor if it is signed by an agent or legal adviser duly authorised on his behalf.</p>
229.	307	<p><b>Transfer of proceedings to other courts. –</b></p> <p>Where the High Court makes an order for winding up a company under this Ordinance, it may, if it thinks fit, direct all subsequent proceedings to be had in a</p>	303	<p><b>Transfer of proceedings to other Courts. –</b></p> <p>Where the Court makes an order for winding up a company under this Ordinance, it may, if it thinks fit, direct all subsequent proceedings to be held in any other High Court, with the consent</p>

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	308	<p>civil court empowered by the Federal Government under sub-section (1) of section 7 or, with the consent of any other High Court, in such High Court or in a civil court subordinate thereto; and thereupon, for the purposes of the winding up of the company, such High Court or civil court, as the case may be, shall be deemed to be the "Court" within the meaning of this Ordinance and shall have all the powers and jurisdiction of the Court thereunder.</p> <p><b>Withdrawal and transfer of winding up from one Court to another. –</b>            If, during the progress of a winding up in a civil court, it is made to appear to the High Court that the same could be more conveniently proceeded within the High Court or in any civil court empowered by the Federal Government under sub-section (1) of section 7, the High Court may, as the case may require,-            (a) withdraw the case and proceed with the winding up itself; or            (b) transfer the case to such civil court, and thereafter the winding up shall proceed in such civil court.</p>		<p>of such court and thereupon, for the purposes of the winding up of the company, such Court shall be deemed to be the "Court" within the meaning of this Ordinance and shall have all the powers and jurisdiction of the Court thereunder.</p>
230.	309	<p><b>Provisions as to applications for winding up. –</b>            An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company,</p>	304	<p><b>Provisions as to applications for winding up. –</b>            An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including</p>

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		<p>or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately, or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf:</p> <p>Provided that-</p> <p>(a) a contributory shall not be entitled to present a petition for winding up a company unless-</p> <p>(i) either the number of members is reduced, in the case of a private company, below two, or, in the case of any other company, below seven; or</p> <p>(ii) the shares in respect of which he is a contributory or some of them either were originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months before the commencement of the winding up, or have devolved on him through the death of a former holder;</p> <p>(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition:</p> <p>Provided that no such sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;</p> <p>(c) the Commission or a person authorised by the Commission in that behalf shall not be entitled to present a petition for the winding up of a company</p>		<p>any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf:</p> <p>Provided that—</p> <p>(a) a contributory shall not be entitled to present a petition for winding up a company unless—</p> <p>(i) either the number of members is reduced, in the case of a private company, below two, or, in the case of public company, below three; and</p> <p>(ii) the shares in respect of which he is a contributory or some of them either were originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months before the commencement of the winding up, or have or devolved on him through the death of a former holder;</p> <p>(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition:</p> <p>Provided that no such sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;</p> <p>(c) the Commission or a person authorised by the Commission in that behalf shall not be entitled to present a petition for the winding up of a company unless an investigation into the affairs of the company has revealed that it was formed for any fraudulent or unlawful purpose or that it is carrying on a business not authorised by its memorandum or that its business is being</p>

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		<p>unless an investigation into the affairs of the company has revealed that it was formed for any fraudulent or unlawful purpose or that it is carrying on a business not authorised by its memorandum or that its business is being conducted in a manner oppressive to any of its members or persons concerned in the formation of the company or that its management has been guilty of fraud, misfeasance or other misconduct towards the company or towards any of its members; and such petition shall not be presented or authorised to be presented by the Commission unless the company has been afforded an opportunity of making a representation and of being heard;</p> <p>(d) the Court shall not give a hearing to a petition for winding up a company by a contingent or prospective creditor until such security for costs has been given as the Court thinks reasonable and until a prima facie case for winding up has been established to the satisfaction of the Court;</p> <p>(e) the Court shall not give a hearing to a petition for winding up a company by the company until the company has furnished with its petition, in the prescribed manner, the particulars of its assets and liabilities and business operations and the suits or proceedings pending against it.</p>		<p>conducted in a manner oppressive to any of its members or persons concerned in the formation of the company or that its management has been guilty of fraud, misfeasance or other misconduct towards the company or towards any of its members; and such petition shall not be presented or authorised to be presented by the Commission unless the company has been afforded an opportunity of making a representation and of being heard:</p> <p><u>Provided that if a licence granted by the Commission under this Ordinance or any other licencing authority is revoked, no investigation into the affairs of the company shall be required to present the petition for winding up of the company;</u></p> <p>(d) the Court shall not give a hearing to a petition for winding up a company by a contingent or prospective creditor until such security for costs has been given as the Court thinks reasonable and until a prima facie case for winding up has been established to the satisfaction of the Court;</p> <p>(e) the Court shall not give a hearing to a petition for winding up a company by the company until the company has furnished with its petition, in the prescribed manner, the particulars of its assets and liabilities and business operations and the suits or proceedings pending against it</p>
231.	310	<b>Right to present winding up petition where</b>	305	<b>Right to present winding up petition where company is being</b>

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		<p><b>company is being wound up voluntarily or subject to Court's supervision.-</b></p> <p>(1) Where a company is being wound up voluntarily or subject to the supervision of the Court, a petition for its winding up by the Court may be presented by any person authorised to do so under section 309 and subject to the provisions of that section.</p> <p>(2) The Court shall not make a winding up order on a petition presented to it under sub-section (1) unless it is satisfied that the voluntary winding up or winding up subject to the supervision of the Court cannot be continued with due regard to the interests of the creditors or contributories or both.</p>		<p><b>wound up voluntarily or subject to Court's supervision.—</b></p> <p>(1) Where a company is being wound up voluntarily or subject to the supervision of the Court, a petition for its winding up by the Court may be presented by any person authorised to do so under section 304 and subject to the provisions of that section.</p> <p>(2) The Court shall not make a winding up order on a petition presented to it under sub-section (1) unless it is satisfied that the voluntary winding up or winding up subject to the supervision of the Court cannot be continued with due regard to the interests of the creditors or contributories or <u>both</u> or it is in the <u>public interest so to do.</u></p>
232.	311	<p><b>Commencement of winding up by Court. –</b></p> <p>A winding up of a company by the Court shall be deemed to commence at the time of the presentation of the petition for the winding up.</p>	306	<p><b>Commencement of winding up by Court.-</b></p> <p>A winding up of a company by the Court shall be deemed to commence at the time of the presentation of the petition for the winding up.</p>
233.	312	<p><b>Hearing of winding up petition by the Court. –</b></p> <p>A petition for winding up of a company shall come up for regular hearing, be proceeded with and decided in the manner laid down in section 9.</p>		

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234.	313	<p><b>Court may grant injunction. –</b></p> <p>The Court may, at any time after presentation of the petition for winding up a company under this Ordinance, and before making an order for its winding up, upon the application of the company itself or of any its creditors or contributories, restrain further proceedings in any suit or proceeding against the company, upon such terms as the Court thinks fit</p>	307	<p><b>Court may grant injunction.—</b></p> <p>The Court may, at any time after presentation of the petition for winding up a company under this Ordinance, and before making an order for its winding up, upon the application of the company itself or of any its creditors or contributories, restrain further proceedings in any suit or proceeding against the company, upon such terms as the Court thinks fit.</p>
235.	314	<p><b>Powers of Court on hearing petition. –</b></p> <p>(1) On hearing a winding up petition the Court may dismiss it with or without costs, or adjourn the hearing conditionally or unconditionally subject to the limitation imposed in section 9 or make any interim order, or an order for winding up the company or any other order that it deems just; but the Court shall not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged to an amount equal to or in excess of those assets, or that the company has no assets.</p> <p>(2) Where the petition is presented on the ground that it is just and equitable that the company should be wound up, the Court may refuse to make an order of winding up, if it is of opinion that some other remedy is available to the petitioners and that they</p>	308	<p><b>Powers of Court on hearing petition.—</b></p> <p>(1) <u>The Court may, on receipt of a petition for winding up under section 304 pass any of the following orders, namely—</u></p> <p><u>(a) dismiss it, with or without costs;</u></p> <p><u>(b) make any interim order as it thinks fit;</u></p> <p><u>(c) appoint a provisional manager of the company till the making of a winding up order;</u></p> <p><u>(d) make an order for the winding up of the company with or without costs; or</u></p> <p><u>(e) any other order as it thinks fit:</u></p> <p><u>Provided that an order under this sub-section shall be made within ninety days from the date of presentation of the petition:</u></p> <p><u>Provided further that before appointing a provisional manager under clause (c), the Court shall give notice to the company and afford a reasonable opportunity to it to make its representations, if any, unless for special reasons to be recorded in writing, the Court thinks fit to dispense with such notice: Provided also that</u></p>

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		<p>are acting unreasonably in seeking to have the company wound up instead of pursuing that other remedy.</p> <p><del>(3) Where the petition is presented on the ground of default in delivering the statutory report or in holding the statutory meeting or any two consecutive annual general meetings, the Court may, instead of making a winding up order, direct that the statutory report shall be delivered or that a meeting shall be held, and order the costs to be paid by any persons who, in the opinion of the Court, are responsible for the default.</del></p> <p><del>(4) If, on hearing a petition, the Court is of opinion that, although the facts would justify the making of a winding up order, the making of such order would unfairly prejudice the members or the creditors, the Court may, instead of making an order for winding up the company, make such order as it thinks fit in the circumstances for regulating the conduct of the affairs of the company and bringing to an end the matters complained of, including an order for a change in the management of the company</del></p> <p>(5) Where the Court makes an order for the winding up of a company, it shall forthwith cause intimation thereof to be sent to the official liquidator appointed by it and to the registrar.</p>		<p>the Court shall not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged for an amount equal to or in excess of those assets, or that the company has no assets.</p> <p>(2) Where a petition is presented on the ground that it is just and equitable that the company should be wound up, the Court may refuse to make an order of winding up, if it is of the opinion that some other remedy is available to the petitioners and that they are acting unreasonably in seeking to have the company wound up instead of pursuing the other remedy.</p> <p>(3) Where the Court makes an order for the winding up of a company, it shall forthwith cause intimation thereof to be sent to the official liquidator appointed by it and to the registrar.</p>

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236.	315	<p><b>Copy of winding up order to be filed with registrar. –</b></p> <p>(1) Within fifteen days from the date of the making of the winding up order, the petitioner in the winding up proceedings and the company shall file a certified copy of the order with the registrar.</p> <p>(2) If default is made in complying with the foregoing provision, the petitioner or, as the case may require, the company, and every officer of the company who is in default, shall be <del>punishable with fine which may extend to one hundred rupees for each day during which the default continues.</del></p> <p>(3) On the filing of a certified copy of a winding up order, the registrar shall forthwith make a minute thereof in his books relating to the company, and shall simultaneously notify in the official Gazette that such an order has been made.</p> <p>(4) Such order shall be deemed to be notice of discharge to the servants of the company, except when the business of the company is continued</p>	309	<p><b>Copy of winding up order to be filed with registrar.—</b></p> <p>(1) Within fifteen days from the date of the making of the winding up order, the petitioner in the winding up proceedings and the company shall file a certified copy of the order with the registrar.</p> <p>(2) If default is made in complying with the foregoing provision, the petitioner or, as the case may require, the company, and every officer of the company who is in default, shall be <u>liable to a penalty of level 1 on the standard scale.</u></p> <p>(3) On the filing of a certified copy of a winding up order, the registrar shall forthwith make a minute thereof in his books relating to the company, and shall simultaneously notify in the official Gazette that such an order has been made.</p> <p>(4) Such order shall be deemed to be notice of discharge to the employees of the company, except when the business of the company is continued</p>
237.	316	<p><b>Suits stayed on winding up order.-</b></p> <p>(1) When a winding up order has been made or a provisional manager has been appointed, no suit or other legal proceeding shall be proceeded with or</p>	310	<p><b>Suits stayed on winding up order.—</b></p> <p>(1) When a winding up order has been made or a provisional manager has been appointed, no suit or other legal proceeding</p>



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		<p>commenced against the company except by leave of the Court, and subject to such terms as the Court may impose.</p> <p>(2) The Court which is winding up the company shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain, or dispose of, any suit or proceeding by or against the company.</p> <p>(3) Any suit or proceeding by or against the company which is pending in any court other than that in which the winding up of the company is proceeding may, notwithstanding anything contained in any other law for the time being in force, be transferred to and disposed of by the Court.</p>		<p>shall be proceeded with or commenced against the company except by leave of the Court, and subject to such terms as the Court may impose.</p> <p>(2) The Court which is winding up the company shall, notwithstanding anything contained in any other law for the time being in force, have jurisdiction to entertain, or dispose of, any suit or proceeding by or against the company.</p> <p>(3) Any suit or proceeding by or against the company which is pending in any court other than that in which the winding up of the company is proceeding may, notwithstanding anything contained in any other law for the time being in force, be transferred to and disposed of by the Court.</p>
238.	317	<p><b>Court may require expeditious disposal of suits, etc.-</b></p> <p>(1) Notwithstanding anything contained in any other law,-</p> <p>(a) If any suit or proceedings, including an appeal, by or against the company which is allowed to be proceeded with in any court other than the Court in which winding up of the company is proceeding, the Court may issue directions to that other court if that court is subordinate to it and, in any other case, make a request to that other court for expeditious disposal of the pending suit or proceedings by or against the</p>	311	<p><b>Court may require expeditious disposal of suits. —</b></p> <p>(1) Notwithstanding anything contained in any other law,</p> <p>(a) If any suit or proceedings, including an appeal, by or against the company which is allowed to be proceeded with in any Court other than the Court in which winding up of the company is proceeding, the Court may issue directions to that other Court if that Court is subordinate to it and, in any other case, make a request to that other Court for expeditious disposal of the pending suit or proceedings by or against the company; and</p> <p>(b) If any proceedings, including proceedings for assessment or</p>

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		<p>company; and</p> <p>(b) If any proceedings, including proceedings for assessment or recovery of any tax, duty or levies or appeal or review petitions against any order is pending or is likely to be instituted, before any officer, tribunal, authority or other body, the Court may issue directions to that officer, <del>tribunal</del>, authority or other body for expeditious action and disposal of the said proceedings.</p> <p>(2) Upon issue of a direction or making of a request as aforesaid, the court, officer, <del>tribunal</del>, authority or body to whom the same is addressed shall, notwithstanding anything contained in any other law, proceed to dispose of the said suit or other proceedings expeditiously by according it special priority and adopting such measures as may be necessary in this behalf, and shall inform the Court issuing the direction or making the request of the action taken.</p>		<p>recovery of any tax, duty or levies or appeal or review petitions against any order is pending or is likely to be instituted, before any officer, authority or other body, the Court may issue directions to that officer, authority or other body for expeditious action and disposal of the said proceedings.</p> <p>(2) Upon issue of a direction or making of a request as aforesaid, the Court, officer, authority or body to whom the same is addressed shall, notwithstanding anything contained in any other law, proceed to dispose of the said suit or other proceedings expeditiously by according it special priority and adopting such measures as may be necessary in this behalf, and shall inform the Court issuing the direction or making the request of the action taken.</p>
239.	318	<p><b>Effect of winding up order. –</b></p> <p>An order for winding up a company shall operate in favour of all the creditors and of all the contributories of the company as if made on the joint petition of a creditor and of a contributory.</p>	312	<p><b>Effect of winding up order. –</b></p> <p>An order for winding up a company shall operate in favour of all the creditors and of all contributories of the company as if made on the joint petition of a creditor and of a contributory</p>

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240.	319	<p><b>Power of Court to stay winding up, etc.-</b></p> <p>(1) The Court may at any time after an order for winding up, on the application of any creditor or contributory or of the registrar or the Commission or a person authorised by it, and on proof to the satisfaction of the Court that all proceedings in relation to the winding up ought to be stayed, withdrawn, cancelled or revoked, make an order accordingly, on such terms and conditions as the Court thinks fit.</p> <p>(2) On any application under sub-section (1), the Court may, before making an order, require the official liquidator to furnish to the Court a report with respect to any facts or matters which are in his opinion relevant to the application.</p> <p>(3) A copy of every order made under sub-section (1) shall forthwith be forwarded by the Court to the registrar, who shall make a minute of the order in his books relating to the company.</p>	313	<p><b>Power of Court to stay winding up.—</b></p> <p>(1) The Court may at any time not later than three years after an order for winding up, on the application of any creditor or contributory or of the registrar or the Commission or a person authorised by it, and on proof to the satisfaction of the Court that all proceedings in relation to the winding up ought to be stayed, withdrawn, cancelled or revoked, make an order accordingly, on such terms and conditions as the Court thinks fit.</p> <p>(2) On any application under sub-section (1), the Court may, before making an order, require the official liquidator to furnish to the Court a report with respect to any facts or matters which are in his opinion relevant to the application.</p> <p>(3) A copy of every order made under sub-section (1) shall forthwith be forwarded by the Court to the registrar, who shall make a minute of the order in his books relating to the company</p>
241.	320	<p><b>Court to have regard to wishes of creditors or contributories. –</b></p> <p>The Court shall, as to all matters relating to a winding up, have regard to the wishes of the creditors or contributories as proved to it by any sufficient</p>	314	<p><b>Court may ascertain wishes of creditors or contributories.—</b></p> <p>(1) In all matters relating to the winding up of a company, the Court may—</p> <p>(a) have regard to the wishes of creditors or contributories of the company, as proved to it by any sufficient evidence in a manner</p>

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		evidence.		<p>as provided under this Ordinance;</p> <p>(b) if it thinks fit for the purpose of ascertaining their wishes, order meetings of the creditors or contributories to be called, held and conducted in such manner as may be directed; and</p> <p>(c) appoint a person to act as chairman of any such meeting and to submit a report in this regard.</p> <p>(2) While ascertaining the wishes of creditors or contributories under sub-section (1), regard shall be had to the value of each debt of the creditor or the voting power exercised by each contributory, as the case may be.</p>
242.	321	<p><b>Appointment of official liquidator. –</b></p> <p>(1) For the purposes of this Ordinance, so far as it relates to the winding up of companies by the Court, the Court shall maintain, <del>from amongst persons recommended by the Commission,</del> a panel of persons from whom it shall appoint a provisional manager or official liquidator of a company ordered to be wound up <del>by the Court</del></p> <p>(2) <del>In the order winding up a company the Court shall appoint one or more of the persons on the panel maintained as aforesaid to act as official liquidator of the company and thereupon such person or persons shall, unless, within three days of the communication of the order, he or they informs or inform the Court of his or their inability to act as such, forthwith start</del></p>	315	<p><b>Appointment of official liquidator.—</b></p> <p>(1) For the purpose of the winding up of companies by the Court, the Commission shall maintain a panel of persons from whom the Court shall appoint a provisional manager or official liquidator of a company ordered to be wound up.</p> <p>(2) A person shall not be appointed as provisional manager or official liquidator of more than three companies at one point of time.</p> <p>(3) <u>The panel for the purpose of sub-section (1) shall consist of chartered accountants, advocates, company secretaries, cost and management accountants, retired public servants having relevant experience and such other persons as may be specified by the Commission, having at least ten years' professional experience.</u></p>

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		<p><del>performing the duties and functions of official liquidator in relation to that company and continue to perform such duties and functions till the conclusion of winding up proceedings: 1 [Provided that no person shall be appointed as liquidator of more than three companies at one point of time.]</del></p> <p><del>(3) If more persons than one are appointed to the office of official liquidator, the Court shall declare whether any act by this Ordinance required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons.</del></p> <p><del>(4) The Court may determine whether any, and what, security is to be given by any official liquidator on his appointment.</del></p> <p><del>(5) Any vacancy in the office of an official liquidator shall be filled up by the Court by the appointment of another person on the panel referred to in sub-section (1).</del></p> <p><del>(6) Notwithstanding anything contained in sub-section (1) or sub-section (5), the Court may, if it considers it necessary so to do for reasons to be recorded, or on the application of creditors to whom amounts not less than sixty per cent of the issued share capital of the company being wound up are due, after notice to the registrar, appoint a person</del></p>		<p><u>(4) Where a provisional manager is appointed by the Court, the Court may limit and restrict his powers by the order appointing him or by a subsequent order, but otherwise he shall have the same powers as a liquidator.</u></p> <p><u>(5) On appointment as provisional manager or official liquidator, as the case may be, such liquidator shall file a declaration within seven days from the date of appointment in the specified form disclosing conflict of interest or lack of independence in respect of his appointment, if any, with the Court and such obligation shall continue throughout the term of his appointment.</u></p> <p><u>(6) While passing a winding up order, the Court may appoint a provisional manager, if any, appointed under clause (c) of sub-section (1) of section 308, as the official liquidator for the conduct of the proceedings for the winding up of the company.</u></p> <p><u>(7) If more persons than one are appointed to the office of official liquidator, the Court shall declare whether any act by this Ordinance required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons: Provided that in case of any dispute or any varying stance amongst the liquidators, the matter shall be referred to the Court for an appropriate order in chambers in the presence of the parties concerned.</u></p> <p><u>(8) The Court may determine whether any, and what, security is to be given by any official liquidator on his appointment.</u></p>

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		<del>(other than the official receiver) whose name does not appear on the panel maintained for the purpose, to be the official liquidator.</del>		<p><u>(9) Notwithstanding anything contained in sub-section (1), the Court may, on the application of creditors to whom amounts not less than sixty percent of the issued share-capital of the company being wound up are due, after notice to the registrar, appoint a person whose name does not appear on the panel maintained for the purpose, to be the official liquidator.</u></p> <p><u>(10) An official liquidator shall not resign or quit his office before conclusion of the liquidation proceedings except for reasons of personal disability to the satisfaction of the Court.</u></p> <p><u>(11) Any casual vacancy in the office of an official liquidator occurred due to his death, removal or resignation, shall be filled up by the Court by the appointment of another person from the panel maintained under sub-section (1): Provided that in case of resignation, the outgoing official liquidator shall, unless the Court directs otherwise, continue to act until the person appointed in his place takes charge.</u></p> <p><u>(12) The Commission may of its own, remove the name of any person from the panel maintained under sub-section (1) on the grounds of misconduct, fraud, misfeasance, breach of duties or professional incompetence: Provided that the Commission before removing him from the panel shall give him a reasonable opportunity of being heard.</u></p> <p><u>(13) The person appointed on the panel under this section shall be subject to such code of conduct and comply with the requirement of any professional accreditation programs as may</u></p>

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				<u>be specified by the Commission</u>
243.	322	<p><b>Resignation, removal, filling up vacancies, etc., of official liquidator. –</b></p> <p><del>(1) An official liquidator shall not resign or quit his office as official liquidator before conclusion of the winding up proceedings except for reasons of personal disability to the satisfaction of the Court: Provided that an official liquidator may at any time be removed by the Court for reasons to be recorded.</del></p> <p><del>(2) Any vacancy in the office of an official liquidator shall be filled up by the Court by the appointment of another person from the panel maintained under section 321; and, until the person so appointed in his stead takes charge, the outgoing official liquidator shall, unless the Court directs otherwise, continue to act as the official liquidator.</del></p>	316	<p><b>Removal of official liquidator. –</b></p> <p><u>(1) The Court may, on a reasonable cause being shown including but not limited to lack of independence or lack of impartiality, remove the provisional manager or the official liquidator, as the case may be, on any of the following grounds, namely:—</u></p> <p><u>(a) misconduct;</u></p> <p><u>(b) fraud or misfeasance;</u></p> <p><u>(c) professional incompetence or failure to exercise due care and diligence in performance of the powers and functions;</u></p> <p><u>(d) inability to act as provisional manager or official liquidator, as the case maybe;</u></p> <p><u>(e) conflict of interest during the term of his appointment that will justify removal.</u></p> <p><u>(2) Where the Court is of the opinion that any liquidator is responsible for causing any loss or damage to the company due to fraud or misfeasance or failure to exercise due care and diligence in the performance of his powers and functions, the Court may recover or cause to be recovered such loss or damage from the provisional manager or official liquidator, as the case may be, and pass such other orders as it may think fit.</u></p>
244.	323	<b>Remuneration of official liquidator. –</b>	317	<b>Remuneration of official liquidator. –</b>

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		<p>(1) An official liquidator, <del>not being a salaried officer of Government or of the Court</del>, shall be entitled to such remuneration by way of percentage of the amount realised by him by disposal of assets or otherwise as may be fixed by the Court having regard to the amount and nature of the work actually done and subject to such limits as may be prescribed: Provided that different percentage rates may be fixed for different types of assets and items.</p> <p>(2) In addition to the remuneration payable under sub-section (1), the Court may permit payment of a monthly allowance to the official liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of the winding up order.</p> <p>(3) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the Court at any time.</p> <p>(4) If the official liquidator resigns, is removed from office or otherwise ceases to hold office before conclusion of the winding up proceedings, he shall not be entitled to any remuneration and the remuneration already received by him, if any, shall be refunded by him to the company.</p> <p>(5) No remuneration shall be payable to an official</p>		<p>(1) <u>The terms and conditions of appointment of a provisional manager or official liquidator and the fee payable to him shall be fixed by the Court on the basis of task required to be performed, experience, qualification of such liquidator and size of the company.</u></p> <p>(2) An official liquidator, shall also be entitled to such remuneration by way of percentage of the amount realised by him by disposal of assets as may be fixed by the having regard to the amount and nature of the work actually done and subject to such limits as may be prescribed: Provided that different percentage rates may be fixed for different types of assets and items.</p> <p>(3) In addition to the remuneration payable under sub-section (2), the Court may permit payment of a monthly allowance to the official liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of the winding up order.</p> <p>(4) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the Court at any time.</p> <p>(5) If the official liquidator resigns, is removed from office or otherwise ceases to hold office before conclusion of the winding up proceedings, he shall not be entitled to any remuneration and the remuneration already received by him, if any, shall be refunded by him to the company.</p>



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		liquidator who fails to complete the winding up proceedings within the prescribed period.]		(6) No remuneration shall be payable to official liquidator who fails to complete the winding up proceedings within the prescribed period or such extended time as may be allowed by the Court.
245.	324	<p><b>Style of official liquidator. –</b></p> <p>An official liquidator shall be described by the style of the official liquidator of the particular company in respect of which he acts, and not by his individual name.</p>	318	<p><b>Style and title of official liquidator.—</b></p> <p>The official liquidator shall be described by the style of "the official liquidator" of the particular company in respect of which he acts, and in no case he shall be described by his individual name.</p>
246.	325	<p><b>Appointment and powers of provisional manager. –</b></p> <p>(1) At any time after the presentation of winding up petition and before the making of a winding up order, the Court may appoint a person eligible for appointment as official liquidator under section 321 to be provisional manager.</p> <p>(2) Before appointing a provisional manager, the Court shall give notice to the company and afford to it a reasonable opportunity to make its representations, if any, unless, for special reasons to be recorded, the Court thinks fit to dispense with such notice.</p> <p>(3) Where a provisional manager is appointed by the Court, the Court may limit and restrict his powers by the order appointing him or by a subsequent order;</p>		

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		<p>but otherwise he shall have the same powers as a liquidator.</p> <p>(4) Unless the Court directs otherwise the provisional manager shall cease to hold office as provisional manager on the winding up order being made.</p>		
247.	326	<p><b>General provisions as to liquidators.-</b></p> <p>(1) The official liquidator shall conduct the proceedings in winding up the company and perform such duties in reference thereto as the Court may impose.</p> <p>(2) The acts of a liquidator shall be valid, notwithstanding any defect that may afterwards be discovered in his appointment or qualification: Provided that nothing in this sub-section shall be deemed to give validity to acts done by a liquidator after his appointment has been shown to be invalid.</p> <p>(3) <del>The winding up proceedings shall be completed by the official liquidator within a period of one year from the date of commencement of winding up: Provided that the Court may, on the application of the official liquidator, grant extension by one month at any one time but the extensions so granted shall not exceed a period of six months in all and shall be allowed only for the reason that any proceedings for or against the</del></p>	319	<p><b>General provisions as to liquidators.—</b></p> <p>(1) The official liquidator shall conduct the proceedings in winding up the company and perform such duties in reference thereto as the Court may impose.</p> <p>(2) The acts of a liquidator shall be valid, notwithstanding any defect that may afterwards be discovered in his appointment or qualification: Provided that nothing in this sub-section shall be deemed to give validity to acts done by a liquidator after his appointment has been shown to be invalid.</p> <p>(3) <u>The winding up proceedings shall be completed by the official liquidator within a period as determined by the Court under section 322.</u></p> <p>(4) If an official liquidator is convicted of misfeasance, or breach of duty or other lapse or default in relation to winding up proceedings of a company, he shall cease to be the official liquidator of the company and shall also become disqualified, for a period of five years from such conviction, from being the liquidator or to hold any other office including that of a director,</p>

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		<p><del>company are pending in a court superior to the Court in which liquidation proceedings are in progress.</del></p> <p>(4) If an official liquidator is convicted of misfeasance, or breach of duty or other lapse or default in relation to winding up proceedings of a company, he shall cease to be the official liquidator of the company and shall also become disqualified, for a period of five years from such conviction, from being the liquidator or to hold any other office including that of a director, in any company and if he already holds any such office he shall forthwith be deemed to have ceased to hold such office.</p> <p>(5) The registrar and the Commission shall take cognizance of any lapse, delay or other irregularity on the part of the official liquidator and may, without prejudice to any other action under the law, report the same to the Court.</p>		<p>in any company and if he already holds any such office he shall forthwith be deemed to have ceased to hold such office.</p> <p>(5) The registrar or the Commission shall take cognizance of any lapse, delay or other irregularity on the part of the official liquidator and may, without prejudice to any other action under the law, report the same to the Court.</p>
248.	327	<p><b>Receiver not to be appointed of assets with liquidator. –</b></p> <p>A receiver shall not be appointed of assets in the hands of a liquidator except by, or with the leave of, the Court.</p>		
249.	328	<p><b>Statement of affairs to be made to official liquidator. –</b></p>	320	<p><b>Statement of affairs to be made to official liquidator.—</b></p>

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		<p>(1) Where the Court has <del>made a winding up order or</del> appointed an official liquidator or provisional manager, there shall be made out and submitted to the official liquidator or provisional manager a statement as to the affairs of the company in the prescribed form, verified by an affidavit, and containing the following particulars, namely: -</p> <p>(a) the assets of the company, stating separately the cash balance in hand and at the bank, if any, and the negotiable securities, if any, held by the company;</p> <p>(b) <del>the debts and liabilities of the company;</del></p> <p>(c) the names, residences and occupations of the creditors of the company, stating separately the amount of secured debts and unsecured debts, and, in the case of secured debts, particulars of the securities given, their value and the dates when they were given;</p> <p>(d) the debts due to the company and the names, residences and occupations of the persons from whom they are due and the amount likely to be realised therefrom;</p> <p>(e) where any property of the company is not in its custody or possession, the place where and the person in whose custody or possession such property is;</p> <p>(f) full address of the places where the business of the company was conducted during the six months</p>		<p>(1) Where the Court has appointed a provisional manager or made a winding up order and appointed an official liquidator, there shall be made out and submitted to the provisional manager or official liquidator, a statement as to the affairs of the company in the prescribed form, verified by an affidavit, and containing the following particulars, namely—</p> <p>(a) particulars of the company's assets, debts and liabilities;</p> <p>(b) the detail of cash balance in hand and at the bank;</p> <p>(c) the names and addresses of the company's creditors stating separately the amount of secured debts and unsecured debts, and, in the case of secured debts, particulars of the securities given, their value and the dates when they were given.</p> <p>(d) the names, residential addresses and occupations of the persons from whom debts of the company are due and the amount likely to be realised therefrom;</p> <p>(e) where any property of the company is not in its custody or possession, the place where and the person in whose custody or possession such property is;</p> <p>(f) full address of the places where the business of the company was conducted during the six months preceding the relevant date and the names and particulars of the persons incharge of the same;</p> <p>(g) details of any pending suits or proceedings in which the company is a party; and</p> <p>(h) such other particulars as may be prescribed or as the Court may order or the provisional manager or official liquidator may require in writing, including any information relating to secret reserves and personal assets of directors.</p>

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		<p>preceding the relevant date and the names and particulars of the persons incharge of the same; (g) details of any pending suits or proceedings in which the company is a party; and (h) such other particulars as may be prescribed or as the Court may order or the official liquidator or provisional manager may require in writing, including any information relating to secret reserves and personal assets of directors.</p> <p>(2) The statement shall be submitted and verified by persons who are at the relevant date the directors and by the persons who are at that date the chief executive and secretary of the company, <del>or by such of the persons hereafter in this sub-section mentioned as the official liquidator or provisional manager, subject to the direction of the Court, may require to submit and verify the statement, that is to say, persons-</del></p> <p>(a) who are or have been directors, chief executives or officers of the company within one year from the relevant date; (b) who have taken part in the formation of the company at any time within one year before the relevant date; (c) who are in the employment of the company, or have been in the employment of the company within the said year, and are in the opinion of the official liquidator or provisional manager capable of giving</p>		<p>(2) <u>The statement shall be submitted and verified by persons who are at the relevant date the directors, chief executive, chief financial officer and secretary of the company.</u></p> <p>(3) The provisional manager or official liquidator, subject to the direction of the Court, may also require to make out and submit to him a statement in the prescribed form as to the affairs of the company by some or all of the persons— (a) who have been directors, chief executives, chief financial officer, secretary or other officers of the company within one year from the relevant date; (b) who have taken part in the formation of the company at any time within one year before the relevant date; (c) who are in the employment of the company, or have been in the employment of the company within the said year, and are in the opinion of the official liquidator or provisional manager capable of giving the information required <u>and to whom the statement relates;</u></p> <p>(4) The statement shall be submitted within fifteen days from the relevant date, or within such extended time not exceeding forty-five days from that date as the official liquidator or provisional manager or the Court may, for special reasons, appoint.</p> <p>(5) Any person making the statement required by this section shall be entitled to and be paid by the official liquidator or the provisional manager, as the case may be, the reasonable expenses incurred in preparation of such statement.</p>

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		<p>the information required;</p> <p>(d) who are or have been within the said year officers of, or in the employment of, a company which is, or within the said year was, an officer of the company to which the statement relates.</p> <p>(3) The statement shall be submitted within twenty-one days from the relevant date, or within such extended time not exceeding forty-five days from that date as the official liquidator or provisional manager or the Court may, for special reasons, appoint.</p> <p>(4) Any person making, or concurring in making, the statement and affidavit required by this section shall be allowed, and shall be paid by the official liquidator or provisional manager, as the case may be, out of the assets of the company, such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the official liquidator or provisional manager may consider reasonable, subject to an appeal to the Court.</p> <p>(5) If any person, without reasonable excuse, makes default in complying with the requirements of this section, he shall be liable to a <del>fine not exceeding five hundred rupees for every day during which the default continues.</del></p>		<p>(6) Any contravention or default in complying with requirements of this section shall be an offence <u>liable to a daily penalty of level 2 on the standard scale.</u></p> <p>(7) Without prejudice to the operation of any provisions imposing penalties In respect of any such default as aforesaid, the Court which makes the winding up order or appoints a provisional manager may take cognizance of an offence under sub-section (6) and try the offence itself in accordance with the procedure laid down in the Code of Criminal Procedure, 1898 (Act V of 1898), for the trial of cases by Magistrates and further direct the persons concerned to comply with the provisions of this section within such times as may be specified by it.</p> <p>(8) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement submitted in pursuance of this section, and to a copy thereof or extract therefrom.</p> <p>(9) Any person untruthfully so stating himself to be a creditor or contributory shall be guilty of an offence under section 182 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and shall, on the application of the official liquidator or provisional manager, be punishable accordingly.</p> <p>(10) In this section, the expression "the relevant date" means, in a case where a provisional manager is appointed, the date of his appointment, and, in a case where no such appointment is made,</p>

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		<p>(6) Without prejudice to the operation of any provisions imposing penalties in respect of any such default as aforesaid, the Court which makes the winding up order or appoints a provisional manager may take cognizance of an offence under sub-section (5) and try the offence itself in accordance with the procedure laid down in the Code of Criminal Procedure, 1898 (Act V of 1898), for the trial of cases by Magistrates and further direct the persons concerned to comply with the provisions of this section within such time as may be specified by it.</p> <p>(7) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement submitted in pursuance of this section, and to a copy thereof or extract therefrom.</p> <p>(8) Any person untruthfully so stating himself to be a creditor or contributory shall be guilty of an offence under section 182 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and shall, on the application of the official liquidator or provisional manager, be punishable accordingly.</p> <p>(9) In this section, the expression "the relevant date" means, in a case where a provisional manager is appointed, the date of his appointment, and, in a</p>		the date of the winding up order.

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		case where no such appointment is made, the date of the winding up order.		
250.	329	<p><b>Report by official liquidator. –</b></p> <p>(1) In a case where a winding up order is made, the official liquidator shall, as soon as practicable after receipt of the statement to be submitted under section 328 and not later than thirty days, or such further period not exceeding thirty days as the Court may allow, from the date of the winding up order submit a preliminary report to the Court –</p> <p>(a) as to the amount of capital issued, subscribed, and paid up, and the estimated amount of assets and liabilities, giving separately, under the heading of assets, particulars of-</p> <p>(i) cash, bank balances and negotiable securities;</p> <p>(ii) debts due from contributories;</p> <p>(iii) debts due to the company and securities, if any, available in respect thereof;</p> <p>(iv) movable and immovable properties belonging to the company;</p> <p>(v) unpaid calls; and</p> <p>(b) <del>if the company has failed, as to the causes of the failure; and</del></p>	321	<p><b>Report by official liquidator.—</b></p> <p>(1) Where the Court has made a winding up order and appointed an official liquidator, such liquidator shall, as soon as practicable after receipt of the statement to be submitted under section 320 and not later than sixty days, from the date of the winding up order submit a report to the Court, containing the following particulars, namely</p> <p>(a) <u>the nature and details of the assets of the company including their location and current value duly ascertained by a registered value;</u></p> <p>(b) the cash balance in hand and in the bank, if any, and the negotiable securities, if any, held by the company;</p> <p>(c) the amount of authorised and paid up capital;</p> <p>(d) the existing and contingent liabilities of the company indicating particulars of the creditors, stating separately the amount of secured and unsecured debts, and in the case of secured debts, particulars of the securities given;</p> <p>(e) the debts due to the company and the names, addresses and occupations of the persons from whom they are due and the amount likely to be realised on account thereof;</p> <p>(f) <u>debts due from contributories;</u></p> <p>(g) <u>details of trademarks and intellectual properties, if any, owned by the company;</u></p>



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		<p><del>(c) whether in his opinion further inquiry is desirable as to any matter relating to the promotion, formation, or failure of the company, or the conduct of its business.</del></p> <p>(2) The official liquidator may also, if he thinks fit, make a further report, or further reports, stating the manner in which the company was promoted or formed and whether in his opinion any fraud has been committed by any person in its promotion or formation, or by any director or other officer of the company in relation to the company since its formation, and any other matter which, in his opinion, it is desirable to bring to the notice of the Court.</p> <p><del>(3) If the official liquidator states in any such report or further report that in his opinion a fraud has been committed as aforesaid, the Court shall have the further power provided in sections 351, 352 and 353.</del></p> <p>(4) A certified copy of the reports aforesaid shall also be sent to the registrar simultaneously with their submission to the Court</p>		<p><del>(h) details of subsisting contracts, joint ventures and collaborations, if any;</del></p> <p><del>(i) details of holding and subsidiary companies, if any;</del></p> <p><del>(j) details of legal cases filed by or against the company;</del></p> <p><del>(k) any other information which the Court may direct or the official liquidator may consider necessary to include.</del></p> <p>(2) The official liquidator shall also include in his report the manner in which the company was promoted or formed and whether in his opinion any fraud has been committed by any person in its promotion or formation, or by any director or other officer of the company in relation to the company since its formation.</p> <p>(3) <u>The official liquidator shall also make a report on the viability of the business of the company or the steps which, in his opinion, are necessary for maximising the value of the assets of the company.</u></p> <p>(4) The official liquidator may also, if he thinks fit or upon directions of the Court, make any further report or reports.</p> <p>(5) A certified copy of the reports aforesaid shall also be sent to the registrar simultaneously with their submission to the Court</p>
251.			322	<p><b>Court directions on report of official liquidator.—</b></p> <p>(1) The Court shall, on consideration of the report of the official liquidator, fix a time limit within which the entire proceedings</p>

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				<p>shall be completed and the company be dissolved: Provided that the Court may, if it is of the opinion, at any stage of the proceedings, or on examination of the reports submitted to it by the official liquidator and after hearing the official liquidator, creditors or contributories or any other interested person, that it will not be advantageous or economical to continue the proceedings, revise the time limit within which the entire proceedings shall be completed and the company be dissolved.</p> <p>(2) The Court may, on examination of the reports submitted to it by the official liquidator and after hearing the official liquidator, creditors or contributories or any other interested person, order sale of the company as a going concern or its assets or part thereof: Provided that the Court may where it considers fit, appoint a sale committee comprising such creditors, promoters and officers of the company as the Court may decide to assist the official liquidator in sale under this sub-section.</p> <p>(3) Where a report is received from the official liquidator or the Commission or any person that a fraud has been committed in respect of the company, the Court shall, without prejudice to the process of winding up, order for investigation under section 257, and on consideration of the report of such investigation it may pass order and give directions under sections 391 or 392 or direct the official liquidator to file a criminal complaint against persons who were involved in the commission of fraud.</p> <p>(4) The Court may order for taking such steps and measures, as may be necessary, to protect, preserve or enhance the value of</p>

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				the assets of the company.  (5) The Court may pass such other order or give such other directions as it considers fit.
252.			323	<b>Settlement of list of contributories and application of assets.—</b>  (1) As soon as may be after making a winding up order, the Court shall settle a list of contributories, with power to rectify the register of members and shall cause the assets of the company to be collected and applied in discharge of its liabilities: Provided that, where it appears to the Court that it will not be necessary to make calls on or adjust the rights of contributories, the Court may dispense with the settlement of a list of contributories.  (2) In settling the list of contributories, the Court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of, or liable for the debts of, others
253.	330	<b>Custody of company's property. –</b>  (1) <del>The provisional manager or official liquidator, as the case may be, shall take into his custody or under his control, all the books and papers, property, effects and actionable claims belonging to or to which the company is or appears to be entitled; and all persons who are or have been directors, chief executives, managers, officers, servants, bankers,</del>	324	<b>Custody of company's properties. —</b>  (1) <u>Where a winding up order has been made or where a provisional manager has been appointed, the official liquidator or the provisional manager, as the case may be, shall, on the order of the Court, forthwith take into his custody or control all the property, effects and actionable claims to which the company is or appears to be entitled to and take such steps and measures, as may be necessary, to protect and preserve the properties of the</u>

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		<p><del>auditors or agents of the company and who may be having in their knowledge, custody, control or charge, directly or under them any such books or papers, property, effects and actionable claims, shall forthwith report and hand over or cause to be handed over possession to the liquidator of all such items and furnish to the liquidator such information and explanations as he may require and any default or failure on their part shall be punishable with imprisonment of either description which may extend to one year and with fine which may extend to ten thousand rupees and the Court may direct the books or papers, property and effects to be delivered to the liquidator in case of default or failure, and in the event of noncompliance with the directive, to order the person in default to pay further amount by way of compensation equal to the value of the property as the Court may determine.</del></p> <p>(2) <del>For the purpose of enabling the provisional manager or the official liquidator, as the case may be, to take into his custody or under his control any property, effects, actionable claims or books of account or other documents to which the company is or appears to be entitled, the provisional manager or the official liquidator, as the case may be, may by writing request the District Magistrate within whose jurisdiction such property, effects, or actionable claims or books of account or other documents may</del></p>		<p><del>company.</del></p> <p><u>(2) On an application by the official liquidator or otherwise, the Court may, at any time after the making of a winding up order, require any contributory for the time being on the list of contributories, and any trustee, receiver, banker, agent, officer or other employee of the company, to pay, deliver, surrender or transfer forthwith, or within such time as the Court directs, to the official liquidator, any money, property or books and papers in his custody or under his control to which the company is or appears to be entitled.</u></p> <p><u>(3) The promoters, directors, officers and employees, who are or have been in employment of the company or acting or associated with the company shall extend full cooperation to the official liquidator in discharge of his functions and duties.</u></p> <p><u>(4) Notwithstanding anything contained in sub-section (1), all the property and effects of the company shall be deemed to be in the custody of the Court from the date of the appointment of the Provisional manager or the passing of order for the winding up of the company as the case may be. (5) Where any person, without reasonable cause, fails to discharge his obligations under sub-sections (2) or (3), he shall be punishable with imprisonment which may extend to two years or with fine which may extend to five hundred thousand rupees, or with both</u></p>

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		<p><del>be found to take possession thereof and the District Magistrate shall thereupon, after such notice as he may think fit to give to any party, take possession of such property, effects, actionable claims, books of account or other documents and deliver possession thereof to the provisional manager or the official liquidator, as the case may be.</del></p> <p><del>(3) For the purpose of securing compliance with the provisions of subsection (2), the District Magistrate may take or cause to be taken such steps, and use or caused to be used such force, as may in his opinion be necessary.</del></p> <p><del>(4)-All the property and effects of the company shall be deemed to be in the custody of the Court as from the date of the order for the winding up of the company.</del></p>		
254.	331	<p><b>Committee of inspection in compulsory winding up.</b></p> <p>–</p> <p>(1) When a winding up order has been made by the Court, the liquidator shall within thirty days summon separate meetings of the creditors and contributories of the company for the purpose of determining whether or not an application is to be made to the Court for the appointment of a committee of inspection to act with the liquidator, and who are to be the members of the committee if appointed:</p>		

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		<p>Provided that, where the winding up order has been made on the ground that the company is unable to pay its debts, it shall not be necessary for the liquidator to summon a meeting of the contributories.</p> <p>(2) The Court may make any appointment and order required to give effect to any such determination, and if there is a difference between the determinations of the meetings of the creditors and contributories in respect of the matters aforesaid the Court shall decide the difference and make such order thereon as the Court may think fit.</p>		
255.	332	<p><b>Constitution and proceedings of committee of inspection. –</b></p> <p>(1) A committee of inspection appointed under section 331 shall consist of creditors and contributories of the company or persons holding general powers of attorney from creditors or contributories in such proportions as may be agreed on by the meetings of creditors and contributories or as, in case of difference, may be determined by the Court: Provided that, where a winding up order has been made on the ground that a company is unable to pay its debts, the committee shall consist of creditors or persons holding general powers of attorney from creditors.</p>		

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		<p>(2) The committee shall meet at such times as it may from time to time appoint, and, failing such appointment, at least once a month, and the liquidator or any member of the committee may also call a meeting of the committee as and when he thinks necessary.</p> <p>(3) The committee may act by a majority of its members present at a meeting but shall not act unless a majority of the members of the committee are present.</p> <p>(4) A member of the committee may resign by notice in writing signed by him and delivered to the liquidator.</p> <p>(5) If a member of the committee becomes bankrupt or compounds or arranges with his creditors or is absent from five consecutive meetings of the committee without the leave of those members who together with himself represent the creditors or contributories, as the case may be, his office shall thereupon become vacant.</p> <p>(6) A member of the committee may be removed by an ordinary resolution at a meeting of creditors, if he represents creditors, or at a meeting of contributories, if he represents contributories, of</p>		

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		<p>which seven days' notice has been given, stating the object of the meeting.</p> <p>(7) On a vacancy occurring in the committee the official liquidator shall forthwith summon a meeting of creditors or of contributories, as the case may require, to fill the vacancy, and the meeting may, by resolution, reappoint the same or appoint another creditor or contributory to fill the vacancy: Provided that, if the official liquidator, having regard to the position in the winding up, is of the opinion that it is unnecessary for the vacancy to be filled, he may apply to the Court and the Court may make an order that the vacancy shall not be filled, or shall not be filled except in such circumstances as may be specified in the order. (8) The continuing members of the committee, if not less than two, may act notwithstanding any vacancy in the committee.</p>		



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256.			325	<p><b>Power to require delivery of property.—</b></p> <p>Without prejudice to the obligation imposed under any other provisions, the Court may, at any time after making a winding up order, require any contributory for the time being on the list of contributories and any trustee, receiver, banker, agent, officer or employee or past officer or employee or auditor of the company to pay, deliver, convey, surrender or transfer forthwith, or within, such time as the Court directs, to the official liquidator any money, property or books and papers including documents in his hands to which the company is prima facie entitled</p>
257.			326	<p><b>Power to summon persons suspected of having property of company.—</b></p> <p>(1) The Court may, at any time after the appointment of a provisional manager or the making of winding up order, summon before it any officer of the company or person known or suspected to have in his possession any property or books or papers of the company, or known or suspected to be indebted to the company, or any person whom the Court deems capable of giving information concerning the promotion, formation, trade, dealings, books or papers, affairs or property of the company.</p> <p>(2) The Court may examine a person summoned under subsection (1) on oath concerning the matters aforesaid, either by word of mouth or on written interrogatories, and may reduce his</p>

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				<p>answers to writing and require him to sign them.</p> <p>(3) The Court may require a person summoned under sub-section (1) to produce any books and papers in his custody or power relating to the company, but, where he claims any lien on books or papers produced by him, the production shall be without prejudice to that lien, and the Court shall have jurisdiction in the winding up to determine all questions relating to that lien.</p> <p>(4) If any person so summoned, after being paid or tendered a reasonable sum for his expenses, fails to come before the Court at the time appointed, not having a lawful impediment made known to the Court at the time of its sitting and allowed by it, the Court may cause him to be apprehended and brought before the Court for examination.</p> <p>(5) If, on his examination, any officer or person so summoned admits that he is indebted to the company, the Court may order him to pay to the provisional manager or, as the case may be, the liquidator, at such time and in such manner as the Court may direct, the amount in which he is indebted, or any part thereof, either in full discharge of the whole amount or not, as the Court thinks fit, with or without costs of the examination.</p> <p>(6) If, on his examination, any such officer or person admits that he has in his possession any property belonging to the company, the Court may order him to deliver to the provisional manager or, as the case may be, the liquidator that property or any part thereof, at such time, in such manner and on such terms as the Court may direct.</p>

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				<p>(7) Orders made under sub-sections (5) and (6) shall be executed in the same manner as decrees for the payment of money or for the delivery of property under the Code of Civil Procedure, 1908 (Act V of 1908), respectively.</p> <p>(8) Any person making any payment or delivery in pursuance of an order made under sub-section (5) or sub-section' (6) shall by such payment or delivery be, unless otherwise directed by such order, discharged from all liability whatsoever in respect of such debt or property</p>
258.			327	<p><b>Power to order public examination of promoters, directors.—</b></p> <p>(1) When an order has been made for winding up a company by the Court, and the official liquidator has made a report to the Court stating that in his opinion a fraud or other actionable irregularity has been committed by any person in the promotion or formation of the company or by any director or other officer of the company in relation to the company since its formation, the Court may, after consideration of the report, direct that such person, director or other officer shall attend before the Court on a day appointed by the Court for that purpose, and-he publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as director, manager or other officer thereof. •</p> <p>(2) The official liquidator shall take part in the examination, and</p>

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				<p>for that purpose may, if specially authorised by the Court in that behalf, employ such legal assistance as may be sanctioned by the Court.</p> <p>(3) Any creditor or contributory may also take part in the examination either personally or by any person entitled to appear before the Court.</p> <p>(4) The Court may put such questions to the person examined as the Court thinks fit.</p> <p>(5) The person examined shall be examined on oath, and shall answer all such questions as the Court may put or allow to be put to him.</p> <p>(6) A person ordered to be examined under this section— (a) shall, before his examination, be furnished at his own cost with a copy of the official liquidator's report; and (b) may at his own cost employ any person entitled to appear before the Court, who shall be at liberty to put to him such questions as the Court may deem just for the purpose of enabling him to explain or qualify any answer given by him: Provided that if he is, in the opinion of the Court, exculpated from any charges made or suggested against him, the Court may allow him such costs as in its discretion it may think fit.</p> <p>(7) If any such person applies to the Court to be exculpated from any charges made or suggested against him, it shall be the duty of the official liquidator to appear on the hearing of the application</p>

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				<p>and call the attention of the, Court to any matters which appear to the official liquidator to be relevant, and if the Court, after hearing any evidence given or witnesses called by the official liquidator, grants the application, the Court may allow the applicant such costs as it may think fit.</p> <p>(8) Notes of the examination shall be taken down in writing and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him and shall be open to the inspection of any creditor or contributory at all reasonable times.</p> <p>(9) The Court may, if it thinks fit, adjourn the examination from time to time.</p> <p>(10) An examination under this section may, if the Court so directs, and subject to any rules in this behalf, be held before any officer of the Court, being an official referee, registrar, additional registrar or deputy registrar.</p> <p>(11) The powers of the Court under this section as to the conduct of the examination, but not as to costs may be exercised by the person before whom the examination is held by virtue of a direction under sub-section (10)</p>
259.			328	<b>Power to arrest absconding contributory.—</b>

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				The Court, at any time either before or after making a winding up order, on proof of probable cause for believing that a contributory is about to quit Pakistan or otherwise to abscond, or to remove or conceal any of his property, for the purpose of evading payment of calls or of avoiding examination respecting the affairs of the company, may cause the contributory to be arrested and his books and papers and movable property to be seized, and him and them to be safely kept until such time as the Court may order
260.			329	<p>Power to order payment of debts by contributory.—</p> <p>(1) The Court may, at any time after making a winding up order, make an order on any contributory for the time being settled on the list of contributories to pay, in manner directed by the order, any money due from him or from the estate of the person whom he represents to the company, exclusive of any money payable by him or the estate by virtue of any call in pursuance of this Ordinance.</p> <p>(2) The Court in making such an order may—</p> <p>(a) in the case of an unlimited company, allow to the contributory by way of set-off, any money due to him or to the estate which he represents from the company on any independent dealing or contract with the company, but not any money due to him as a member of the company in respect of any dividend or profit; and</p> <p>(b) in the case of a limited company, make to any director whose liability is unlimited or to his estate the like allowance.</p>

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				(3) In the case of any company, whether limited or unlimited, when all the creditors are paid in full, any money due on any account whatever to a contributory from the company may be allowed to him by way of set-off against any subsequent call.
261.			330	<p><b>Power of Court to make calls.—</b></p> <p>(1) The Court may, at any time after making a winding up order, and either before or after it has ascertained the sufficiency of the assets of the company, make calls on and order payment thereof by all or any of the contributories for the time being settled on the list of the contributories to the extent of their liability, for payment of any money which the Court considers necessary to satisfy the debts and liabilities of the company, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.</p> <p>(2) In making the call the Court may take into consideration the probability that some of the contributories may partly or wholly fail to pay the call.</p>
262.			331	<p><b>Power to order payment into bank.—</b></p> <p>(1) The Court may order , any contributory, purchaser or other person from whom any money is due to the company to pay the same into the account of the official liquidator in a scheduled bank instead of to the official liquidator, and any such order may</p>

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				<p>be enforced in the same manner as if it had directed payment to the official liquidator.</p> <p>(2) Information about the amount deposited shall be sent by the person paying it to the official liquidator within three days of the date of payment.</p>
263.			332	<p><b>Regulation of account with Court.—</b></p> <p>All moneys, bills, notes and other securities paid and delivered into the scheduled bank where the official liquidator of the company may have his account, in the event of a company being wound up by the Court, shall be subject in all respect to the orders of the Court.</p>
264.			333	<p><b>Order on contributory conclusive evidence.—</b></p> <p>(1) An order made by the Court on a contributory shall, subject to any right of appeal, be conclusive evidence that the money, if any, thereby appearing to be due or ordered to be paid is due.</p> <p>(2) All other pertinent matters stated in the order shall be taken to be truly stated as against all persons, and in all proceedings whatsoever.</p>
265.			334	<p><b>Power to exclude creditors not proving in time.—</b></p> <p>The Court may fix a time or times within which creditors are to prove their debts or claims, or to be excluded from the benefit of</p>



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				any distribution made before those debts are proved.
266.			335	<p><b>Adjustment of rights of contributories.—</b></p> <p>The Court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitled thereto.</p>
267.			336	<p><b>Power to order costs.—</b></p> <p>The Court may, in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charges and expenses incurred in the winding up in such order of priority as the Court thinks just.</p>
268.	333	<p><b>Powers of official liquidator. –</b></p> <p>(1) The liquidator in a winding up by the Court shall have power, with the sanction either of the Court or of the committee of inspection, -</p> <p>(a) <del>to institute or defend any suit, action, prosecution or other legal proceeding, civil or criminal, in the name and on behalf of the company;</del></p> <p>(b) to carry on the business of the company so far as may be necessary for the beneficial winding up thereof;</p> <p>(c) <del>to pay any classes of creditors in full;</del></p> <p>(d) <del>to make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim,</del></p>	337	<p><b>Powers and duties of official liquidator.—</b></p> <p>(1) Subject to directions by the Court, if any, in this regard, the official liquidator, in a winding up of a company, shall have the power—</p> <p>(a) to carry on the business of the company so far as may be necessary for the beneficial winding up of the company;</p> <p>(b) <u>to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents, and for that purpose, to use, when necessary, the company's seal;</u></p> <p>(c) to sell the immovable and movable property and actionable claims of the company by public auction or private contract, with power to transfer such property to any person or body corporate;</p> <p>(d) <u>to sell whole of the undertaking of the company as a going concern;</u></p>

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		<p><del>present or future, certain or contingent, ascertained or sounding only in damages against the company, or whereby the company may be rendered liable;</del></p> <p><del>(e) to compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such calls, debt, liability or claim and give a complete discharge in respect thereof;</del></p> <p><del>(f) to sell the movable and immovable property and things in action of the company by public auction or private contract, with power to transfer the whole thereof to any person or company or to sell the same in parcels.</del></p> <p><del>(2) Subject to any general or special direction of the Court or of the committee of inspection, the liquidator in winding up by the Court shall have power:-</del></p> <p><del>(a) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents, and for that purpose to use, when necessary, the company's seal;</del></p>		<p><u>(e) to institute or defend any suit, prosecution or other legal proceeding, civil or criminal, in the name and on behalf of the company;</u></p> <p><u>(f) to invite and settle claim of creditors, employees or any other claimant and distribute sale proceeds in accordance with priorities established under this Ordinance;</u></p> <p><u>(g) to draw, accept, make and endorse any negotiable instruments in the name and on behalf of the company, with the same effect with respect to the liability of the company as if such instruments had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business;</u></p> <p><u>(h) to obtain any professional assistance from any person or appoint any professional, in discharge of his duties, obligations and responsibilities and for protection of the assets of the company, appoint an agent to do any business which the official liquidator is unable to do himself;</u></p> <p><u>(i) to appoint an Advocate entitled to appear before the Court or such person as may be prescribed to assist him in the performance of his duties;</u></p> <p><u>(j) to take all such actions, steps, or to sign, execute and verify any paper, deed, document, application, petition, affidavit, bond or instrument as may be necessary—</u></p> <p><u>(i) for winding up of the company;</u></p> <p><u>(ii) for distribution of assets;</u></p> <p><u>(iii) in discharge of his duties and obligations and functions as official liquidator; and</u></p> <p><u>(k) to apply to the Court for such orders or directions as may be necessary for the winding up of the company.</u></p>

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		<p><del>(b) to prove, rank and claim in the bankruptcy, insolvency or sequestration of any contributory for any balance against his estate, and to receive dividends in the bankruptcy, insolvency or sequestration in respect of that balance, as a separate debt due from the bankrupt or insolvent, and ratably with the other separate creditors;</del></p> <p><del>(c) to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note had been drawn, accepted, made or endorsed by or on behalf of the company in the course of its business;</del></p> <p><del>(d) to raise on the security of the assets of the company any money requisite;</del></p> <p><del>(e) to take out in his official name letters of administration to any deceased contributory, and to do in his official name any other act necessary for obtaining payment of any money due from a contributory or his estate which cannot be conveniently done in the name of the company; and in all such cases the money due shall, for the purposes of enabling the liquidator to take out the letters of administration or recover the money, be deemed to be due to the liquidator himself;</del></p> <p><del>(f) to appoint an agent to do any business which the liquidator is unable to do himself ; and</del></p> <p><del>(g) to do all such other acts and things as may be</del></p>		<p><u>(2) The exercise of powers by the official liquidator under sub-section (1) shall be subject to the overall control of the Court, and any creditor or contributory or the registrar may apply to the Court with respect to any exercise or proposed exercise of any of the said powers.</u></p> <p><u>(3) Notwithstanding the provisions of sub-section (1), the official liquidator shall perform such other duties as the Court may specify in this behalf.</u></p>

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		<p>necessary for winding up the affairs of the company and distributing its assets.</p> <p><del>(3) The exercise by the liquidator in a winding up by the Court of the powers conferred by this section shall be subject to the control of the Court, and any creditor or contributory or the registrar may apply to the Court with respect to any exercise or proposed exercise of any of the said powers.</del></p>		
269.	334	<p><b>Discretion of official liquidator. –</b></p> <p>The Court may provide by any order that the official liquidator may, where there is no committee of inspection, exercise any of the powers mentioned in paragraph (a) or paragraph (b) of sub-section (1) of section 333 without the sanction or intervention of the Court.</p>		
270.	335	<p><b>Provision for assistance to official liquidator. –</b></p> <p>The official liquidator may, with the sanction of the committee of inspection or, where there is no committee of inspection, with the sanction of the Court, appoint a person entitled to appear before the Court or such person as may be prescribed to assist him in the performance of his duties: Provided that,</p>		

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		where the official liquidator is an advocate, he shall not appoint his partner unless the latter consents to act without remuneration.		
271.	336	<p><b>Liquidator to keep books containing proceedings of meetings, etc.-</b></p> <p><del>The official liquidator of a company which is being wound up by the Court shall keep, in the manner prescribed, proper books and papers in which he shall cause to be made entries or minutes of proceedings at meetings and of such other matters as may be prescribed, and any creditor or contributory may, subject to the control of the Court, personally or by his agent inspect any such books.</del></p>	338	<p><b>Liquidator to keep books containing proceedings of meetings.—</b></p> <p><u>The official liquidator of a company which is being wound up by the Court shall, in order to reflect a correct and fair view or the administration of the company's affairs, maintain proper books of accounts and also keep the following books—</u></p> <p><u>(a) register showing the dates at which notices were issued to the creditors and contributories;</u></p> <p><u>(b) minutes book of all proceedings and resolutions passed at any meeting of the contributories or the creditors;</u></p> <p><u>(c) register containing particulars of all transactions and negotiations made by him in relation to the winding up of the company and the connected matters.</u></p>
272.	337	<p><b>Liquidator's account. –</b></p> <p><del>(1) Every official liquidator shall, at such times as may be prescribed but not less than twice in each year during his tenure of office, present to the Court an account of his receipts and payments and dealings as liquidator, together with such further information as may be prescribed.</del></p> <p><del>(2) The account and information as aforesaid shall be in the prescribed form, shall be made in duplicate,</del></p>	339	<p><b>Liquidator's account.—</b></p> <p><u>(1) The official liquidator shall,</u></p> <p><u>(a) maintain proper and regular books of accounts including accounts of receipts and payments made by him in such form and manner as may be prescribed;</u></p> <p><u>(b) at the end of six months from the date of winding up order, prepare a report consisting of account of his receipts and payments and dealings as liquidator, together with such further information as may be prescribed, which shall be subjected to a limited scope review by the company's auditor;</u></p>

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		<p>and shall be verified by a declaration in the prescribed form.</p> <p>(3) The Court shall cause the account and the books and papers of the official liquidator to be audited in such manner as it thinks fit and for the purpose of the audit the liquidator shall furnish the Court with such books and papers and information as the Court may require, and the Court may at any time require the production of an inspect or cause to be inspected any books or papers kept by the liquidator-</p> <p>(4) When the account and the books and papers have been audited, one copy thereof along with the auditor's report shall be filed and kept by the Court, and the other copy along with the auditor's report shall be delivered to the registrar for filing; and each copy shall be open to the inspection of any person on payment of prescribed fee.</p> <p>(5) The official liquidator shall cause a copy of the account when audited or a summary thereof to be sent by post to every creditor and contributory.</p> <p>(6) The Federal Government may, by notification in the official Gazette, require that the accounts and information referred to in sub-section (1) shall be furnished to an officer to be designated by it for the purpose and that such officer shall cause the</p>		<p><u>(c) present to the Court and file with the registrar a certified copy of such accounts within thirty days from the close of half year. Such copies shall be open to the inspection of any person on payment of prescribed fee;</u></p> <p><u>(d) where the winding up is not concluded within one year from the date of winding up order, within two months after the close of each year, prepare a statement of financial position and the receipt and payment accounts, get it audited by the company's auditor and lay before the contributories in the general meeting in the same manner as the annual accounts of a company are laid before the annual general meeting, in terms of section 223 of this Ordinance.</u></p> <p>(2) The account and information as aforesaid shall be in the prescribed form, shall be made in duplicate, and shall be verified by a declaration in the prescribed form.</p> <p>(3) When the account and the books and papers have been audited, one copy thereof along with the auditor's report shall be filed and kept by the Court, and the other copy along with the auditor's report shall be delivered to the registrar for filing; and each copy shall be open to the inspection of any person. on payment of prescribed fee.</p> <p>(4) The official liquidator shall cause a copy of the account to be sent by post to every creditor and contributory: (a) <u>within thirty days in case of half yearly accounts, referred in clause (b) of sub-section (1); and (b) at least fifty days before the date of general meeting in case of clause (d) of sub-section (1).</u></p>

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		accounts to be audited; and, upon the publication of such notification, reference to "Court" in the preceding provisions of this section shall be construed as a reference to such officer.		(5) The concerned Minister-in-Charge of the Federal Government may, by notification in the official Gazette require that the accounts and information referred to in sub-section (1) shall be furnished to an officer to be designated by it for the purpose and that such officer shall cause the accounts to be audited; and, upon the publication of such notification, reference to "Court" in the preceding provisions of this section shall be construed as a reference to such officer.
273.	338	<p><b>Exercise and control of liquidator's powers. –</b></p> <p>(1) Subject to the provisions of this Ordinance, the official liquidator of a company which is being wound up by the Court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of the creditors or contributories at any general meeting <del>or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict be deemed to override any directions given by the committee of inspection.</del></p> <p>(2) The official liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and it shall be his duty to summon meetings at such times as the creditors or contributories, by resolution, may direct, or whenever requested in writing to do so by one-</p>	340	<p><b>Exercise and control of liquidator's powers.—</b></p> <p>(1) Subject to the provisions of this Ordinance, the official liquidator of a company which is being wound up by the Court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of the creditors or contributories at any general meeting.</p> <p>(2) The official liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and it shall be his duty to summon meetings at such times as the creditors or contributories, by resolution, may direct, or whenever requested in writing to do so by one-tenth in value of the creditors or contributories, as the case may be.</p> <p>(3) Subject to the provisions of this Ordinance, the official liquidator shall use his own discretion in the administration of the assets of the company and in the distribution thereof among the creditors.</p>

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		<p>tenth in value of the creditors or contributories, as the case may be.</p> <p>(3) <del>The official liquidator may apply to the Court for directions in relation to any particular matter arising in the winding up.</del></p> <p>(4) Subject to the provisions of this Ordinance, the official liquidator shall use his own discretion in the administration of the assets of the company and in the distribution thereof among the creditors.</p> <p>(5) If any person is aggrieved by any act or decision of the official liquidator, that person may apply to the Court, and the Court may confirm, reverse or modify the act or decision complained of, and make such order as it thinks just in the circumstances.</p>		<p>(4) If any person is aggrieved by any act or decision of the official liquidator, that person may apply to the Court, and the Court may confirm, reverse or modify the act or decision complained of, and make such order as it thinks just in the circumstances.</p>
274.			341	<p><b>Distribution by official liquidator. —</b></p> <p>Subject to any directions given. by the Court, the official liquidator shall, within thirty days of the coming into his hands of funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Ordinance, distribute in accordance with the provisions of this Ordinance:</p> <p>Provided that in case of company licenced under section 42 of this Ordinance, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to</p>



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				<p>another company licenced under section 42 of this Ordinance, preferably having similar or identical objects to those of the company in the manner as may be prescribed and subject to such conditions as. the Court may impose:</p> <p>Provided further that such portion of the funds as may be required for meeting any claim against the company which may be subjudice or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:</p> <p>Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates and the same shall be deposited by him with the Court and the distribution thereof shall be made by him after the pending claims are settled:</p> <p>Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any • reason, all such assets shall be sold and proceeds thereof credited to the Investor Education and Awareness Fund formed under section 245.</p>
275.			342	<p><b>Dissolution of company.—</b></p> <p>(1) When the affairs of a company have been completely wound up, or when the Court is of the opinion that the official liquidator cannot proceed with the winding up of the company for want of funds and assets or any other reason whatsoever and it is just and reasonable in the circumstances of the case that an order of</p>

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				<p>dissolution of the company be made, the Court shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly:</p> <p>Provided that such dissolution of the company shall not extinguish and right of, or debt due to the company against or from any person.</p> <p>(2) A copy of the order shall, within fifteen days of the making thereof, be forwarded by the official liquidator to the registrar, who shall make in his books a minute of the dissolution of the company and shall publish a notice in the Official Gazette that the company is dissolved.</p> <p>(3) If the official liquidator makes default in complying with the requirements of this section, he shall be. liable to a daily penalty of level I on the standard scale.</p>
276.			343	<p><b>Saving of other proceedings.—</b></p> <p>Any powers conferred on the Court by this Ordinance shall be in addition to, and not in derogation of, any existing power of instituting proceedings against any contributory or debtor of the company, or the estate of any contributory or debtor, for the recovery of any call or other sums.</p>
277.	339	<b>Settlement of list of contributories and application of assets. —</b>		

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		<p>(1) As soon as may be after making a winding up order, the Court shall settle a list of contributories, with power to rectify the register of members in all cases where rectification is required in pursuance of this Ordinance and shall cause the assets of the company to be collected and applied in discharge of its liabilities: Provided that, where it appears to the Court that it will not be necessary to make calls on or adjust the rights of contributories, the Court may dispense with the settlement of a list of contributories.</p> <p>(2) In settling the list of contributories, the Court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of, or liable for the debts of, others.</p>		
278.	340	<p><b>Power to require delivery of property. –</b></p> <p>Without prejudice to the obligation imposed under any other provisions, the Court may, at any time after making a winding up order, require any contributory for the time being on the list of contributories and any trustee, receiver, banker, agent, officer or employee or past officer or employee or auditor of the company to pay, deliver, convey, surrender or transfer forthwith, or within such time as the Court directs, to the official liquidator any money, property</p>		

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		or books and papers including documents in his hands to which the company is prima facie entitled.		
279.	341	<p><b>Power to order payment of debts by contributory. –</b></p> <p>(1) The Court may, at any time after making a winding up order, make an order on any contributory for the time being settled on the list of contributories to pay, in manner directed by the order, any money due from him or from the estate of the person whom he represents to the company, exclusive of any money payable by him or the estate by virtue of any call in pursuance of this Ordinance.</p> <p>(2) The Court in making such an order may:</p> <p>(a) in the case of an unlimited company, allow to the contributory by way of set-off, any money due to him or to the estate which he represents from the company on any independent dealing or contract with the company, but not any money due to him as a member of the company in respect of any dividend or profit; and</p> <p>(b) in the case of a limited company, make to any director whose liability is unlimited or to his estate the like allowance.</p> <p>(3) In the case of any company, whether limited or unlimited, when all the creditors are paid in full, any money due on any account whatever to a contributory from the company may be allowed to</p>		

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		him by way of set-off against any subsequent call.		
280.	342	<p><b>Power of Court to make calls. –</b></p> <p>(1) The Court may, at any time after making a winding up order, and either before or after it has ascertained the sufficiency of the assets of the company, make calls on and order payment thereof by all or any of the contributories for the time being settled on the list of the contributories to the extent of their liability, for payment of any money which the Court considers necessary to satisfy the debts and liabilities of the company, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.</p> <p>(2) In making the call the Court may take into consideration the probability that some of the contributories may partly or wholly fail to pay the call.</p>		
281.	343	<p><b>Power to order payment into bank. –</b></p> <p>(1) The Court may order any contributory, purchaser or other person from whom any money is due to the company to pay the same into the account of the official liquidator in a scheduled bank instead of to the official liquidator, and any such order may be enforced in the same manner as if it had directed</p>		

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		<p>payment to the official liquidator.</p> <p>(2) Information about the amount deposited shall be sent by the person paying it to the official liquidator within three days of the date of payment.</p>		
282.	344	<p><b>Regulation of account with Court. –</b></p> <p>All moneys, bills, hundis, notes and other securities paid and delivered into the scheduled bank where the official liquidator of the company may have his account, in the event of a company being wound up by the Court, shall be subject in all respects to the orders of the Court.</p>		
283.	345	<p><b>Order on contributory conclusive evidence. –</b></p> <p>(1) An order made by the Court on a contributory shall, subject to any right of appeal, be conclusive evidence that the money, if any, thereby appearing to be due or ordered to be paid is due.</p> <p>(2) All other pertinent matters stated in the order shall be taken to be truly stated as against all persons, and in all proceedings whatsoever.</p>		
284.	346	<p><b>Power to exclude creditors not proving in time. –</b></p> <p>The Court may fix a time or times within which</p>		

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		creditors are to prove their debts or claims, or to be excluded from the benefit of any distribution made before those debts are proved.		
285.	347	<p><b>Adjustment of rights of contributories. –</b></p> <p>The Court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitled thereto.</p>		
286.	348	<p><b>Power to order costs. –</b></p> <p>The Court may, in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charges and expenses incurred in the winding up in such order of priority as the Court thinks just.</p>		
287.	349	<p><b>Distribution by official liquidator. –</b></p> <p>Subject to any directions given by the Court, the official liquidator shall, within thirty days of the coming into his hands of funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Ordinance, distribute in accordance with the provisions of this Ordinance:</p>		

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		<p>Provided that such portion of the funds as may be required for meeting any claim against the company which may be subjudice or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:</p> <p>Provided further that any amounts retained as aforesaid shall be invested by the official liquidator in Khas Deposit Certificates and the same shall be deposited by him with the Court and the distribution thereof shall be made by him after the pending claims are settled.</p>		
288.	350	<p><b>Dissolution of company. –</b></p> <p>(1) When the affairs of a company have been completely wound up, or when the Court is of the opinion that the official liquidator cannot proceed with the winding up of the company for want of funds and assets or any other reason whatsoever and it is just and reasonable in the circumstances of the case that an order of dissolution of the company be made, the Court shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly: Provided that such dissolution of the company shall not extinguish any right of, or debt due to, the company against or from any person.</p>		



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		<p>(2) A copy of the order shall, within fifteen days of the making thereof, be forwarded by the official liquidator to the registrar, who shall make in his books a minute of the dissolution of the company.</p> <p>(3) If the official liquidator makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding one hundred rupees for every day during which he is in default.</p>		
289.	351	<p><b>Power to summon persons suspected of having property of company. –</b></p> <p>(1) The Court may, at any time after the appointment of a provisional manager or the making of winding up order, summon before it any officer of the company or person known or suspected to have in his possession any property or books or papers of the company, or known or suspected to be indebted to the company, or any person whom the Court deems capable of giving information concerning the promotion, formation, trade, dealings, books or papers, affairs or property of the company.</p> <p>(2) The Court may examine a person summoned under sub-section (1) on oath concerning the matters aforesaid, either by word of mouth or on written interrogatories, and may reduce his answers to</p>		

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		<p>writing and require him to sign them.</p> <p>(3) The Court may require a person summoned under sub-section (1) to produce any books and papers in his custody or power relating to the company, but, where he claims any lien on books or papers produced by him, the production shall be without prejudice to that lien, and the Court shall have jurisdiction in the winding up to determine all questions relating to that lien.</p> <p>(4) If any person so summoned, after being paid or tendered a reasonable sum for his expenses, fails to come before the Court at the time appointed, not having a lawful impediment made known to the Court at the time of its sitting and allowed by it, the Court may cause him to be apprehended and brought before the Court for examination.</p> <p>(5) If, on his examination, any officer or person so summoned admits that he is indebted to the company, the Court may order him to pay to the provisional manager or, as the case may be, the liquidator, at such time and in such manner as the Court may direct, the amount in which he is indebted, or any part thereof, either in full discharge of the whole amount or not, as the Court thinks fit, with or without costs of the examination.</p>		

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		<p>(6) If, on his examination, any such officer or person admits that he has in his possession any property belonging to the company, the Court may order him to deliver to the provisional manager or, as the case may be, the liquidator, that property or any part thereof, at such time, in such manner and on such terms as the Court may direct.</p> <p>(7) Orders made under sub-sections (5) and (6) shall be executed in the same manner as decrees for the payment of money or for the delivery of property under the Code of Civil Procedure, 1908 (Act V of 1908), respectively.</p> <p>(8) Any person making any payment or delivery in pursuance of an order made under sub-section (5) or sub-section (6) shall by such payment or delivery be, unless otherwise directed by such order, discharged from all liability whatsoever in respect of such debt or property</p>		
290.	352	<p><b>Power to order public examination of promoters, directors, etc.-</b></p> <p>(1) When an order has been made for winding up a company by the Court, and the official liquidator has made a report to the Court stating that in his opinion a fraud or other actionable irregularity has been</p>		

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		<p>committed by any person in the promotion or formation of the company or by any director or other officer of the company in relation to the company since its formation, the Court may, after consideration of the report, direct that such person, director or other officer shall attend before the Court on a day appointed by the Court for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as director, manager or other officer thereof.</p> <p>(2) The official liquidator shall take part in the examination, and for that purpose may, if specially authorised by the Court in that behalf, employ such legal assistance as may be sanctioned by the Court.</p> <p>(3) Any creditor or contributory may also take part in the examination either personally or by any person entitled to appear before the Court.</p> <p>(4) The Court may put such questions to the person examined as the Court thinks fit.</p> <p>(5) The person examined shall be examined on oath, and shall answer all such questions as the Court may put or allow to be put to him.</p> <p>(6) A person ordered to be examined under this</p>		

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		<p>section-</p> <p>(a) shall, before his examination, be furnished at his own cost with a copy of the official liquidator's report; and</p> <p>(b) may at his own cost employ any person entitled to appear before the Court, who shall be at liberty to put to him such questions as the Court may deem just for the purpose of enabling him to explain or qualify any answer given by him: Provided that if he is, in the opinion of the Court, exculpated from any charges made or suggested against him, the Court may allow him such costs as in its discretion it may think fit.</p> <p>(7) If any such person applies to the Court to be exculpated from any charges made or suggested against him, it shall be the duty of the official liquidator to appear on the hearing of the application and call the attention of the Court to any matters which appear to the official liquidator to be relevant, and if the Court, after hearing any evidence given or witnesses called by the official liquidator, grants the application, the Court may allow the applicant such costs as it may think fit.</p> <p>(8) Notes of the examination shall be taken down in writing and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him and shall be open to the inspection of any creditor or contributory at all</p>		

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		<p>reasonable times.</p> <p>(9) The Court may, if it thinks fit, adjourn the examination from time to time.</p> <p>(10) An examination under this section may, if the Court so directs, and subject to any rules in this behalf, be held before any officer of the Court, being an Official Referee, Master, Registrar, Additional Registrar or Deputy Registrar.</p> <p>(11) The powers of the Court under this section as to the conduct of the examination, but not as to costs, may be exercised by the person before whom the examination is held by virtue of a direction under sub-section (10).</p>		
291.	353	<p><b>Power to arrest absconding contributory. –</b></p> <p>The Court, at any time either before or after making a winding up order, on proof of probable cause for believing that a contributory is about to quit Pakistan or otherwise to abscond, or to remove or conceal any of his property, for the purpose of evading payment of calls or of avoiding examination respecting the affairs of the company, may cause the contributory to be arrested and his books and papers and movable property to be seized, and him and them to be safely</p>		

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		kept until such time as the Court may order		
292.	354	<p><b>Saving of other proceedings. –</b></p> <p>Any powers conferred on the Court by this Ordinance shall be in addition to, and not in derogation of, any existing power of instituting proceedings against any contributory or debtor of the company, or the estate of any contributory or debtor, for the recovery of any call or other sums.</p>		
293.	355	<p><b>Power to enforce orders. –</b></p> <p>All orders made by a Court under this Ordinance may be enforced in the same manner in which decrees of such Court made in any suit may be enforced</p>	344	<p><b>Power to enforce orders.—</b></p> <p>All orders made by a Court under this Ordinance may be enforced in the same manner in which decrees of such Court made in any suit may be enforced</p>
294.	356	<p><b>Order made by any Court to be enforced by other courts. –</b></p> <p>Any order made by a Court for, or in the course of, winding up of a company shall be enforceable in any place in Pakistan, and in the same manner in all respects as if such order had been made by a court having jurisdiction in respect of that company or a court to whom the Court refers the order for enforcement.</p>	345	<p><b>Order made by any Court to be enforced by other Courts.—</b></p> <p>Any order made by a Court for, or in the course of, winding up of a company shall be enforceable in any place in Pakistan, and in the same manner in all respects as in such order had been made by a Court having jurisdiction in respect of that company or a Court to whom the Court refers the order for enforcement</p>
295.	357	<p><b>Mode of dealing with orders to be enforced by other courts.-</b></p>	346	<p><b>Mode of Dealing with Orders to be enforced by other Courts.—</b></p>

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		Where any order made by one court is to be enforced by another court, a certified copy of the order so made shall be produced to the proper officer of the court required to enforce the same, and the production of such certified copy shall be sufficient evidence of such order having been made; and thereupon the last-mentioned court shall take the requisite steps in the matter for enforcing the order, in the same manner as if it were the order of the court enforcing the same.		Where any order made by one Court is to be enforced by another Court, a certified copy of the order so made shall be produced to the proper officer of the Court required to enforce the same, and the production of such certified copy shall be sufficient evidence of such order having been made; and thereupon the last mentioned Court shall take the requisite steps in the matter for enforcing the order, in the same manner as if it were the order of the Court enforcing the same.
296.	358	<p><b>Circumstances in which company may be wound up voluntarily. –</b></p> <p>A company may be wound up voluntarily-</p> <p>(a) when the period (if any) fixed for the duration of the company by the articles expires, or the event (if any) occurs, on the occurrence of which the articles provide that the company is to be dissolved and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily;</p> <p>(b) if the company resolves by special resolution that the company be wound up voluntarily; and, in the subsequent provisions of this Part, the expression "resolution for voluntary winding up" means a resolution passed under clause (a) or clause (b).</p>		<p><b>Circumstances in which company may be wound up voluntarily.—</b></p> <p>A company may be wound up voluntarily—</p> <p>(a) if the company in general meeting passes a resolution requiring the company to be wound up voluntarily as a result of the expiry of the period for its duration, if any, fixed by its articles or on the occurrence of any event in respect of which the articles provide that the company should be dissolved; or</p> <p>(b) if the company passes a special resolution that the company be wound up voluntarily; and, in the subsequent provisions of this Part, the expression "resolution for voluntary winding up" means a resolution passed under clause (a) or clause (b).</p>



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297.	359	<p><b>Commencement of voluntary winding up. –</b></p> <p>A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntary winding up.</p>	348	<p><b>Commencement of voluntary winding up.—</b></p> <p>A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntary winding up.</p>
298.	360	<p><b>Effect of voluntary winding up on status of company. –</b></p> <p>In the case of voluntary winding up, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof: Provided that the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles, continue until it is dissolved.</p>	349	<p><b>Effect of voluntary winding up on status of company.—</b></p> <p>In the case of voluntary winding up, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof: Provided that the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles, continue until it is dissolved.</p>
299.	361	<p><b>Notice of resolution to wind up voluntarily. –</b></p> <p>(1) Notice of any resolution for winding up a company voluntarily shall be given by the company within ten days of the passing of the same by advertisement * [] in a newspaper circulating in the Province where the registered office of the company is situate and, in the case of a listed company, such notice shall also be published at least in one issue of a daily newspaper in the English language and a daily newspaper in the Urdu language having circulation in the Province in which the stock exchange on which it is listed is</p>	350	<p><b>Notice of resolution to wind up voluntarily.—</b></p> <p>(1) Notice of any resolution for winding up a company voluntarily shall be given by the company within ten days of the passing of the same by Advertisement in a newspaper in English and Urdu languages at least in one issue each of a daily newspaper of respective language <u>having wide circulation and a copy thereof shall be sent to the registrar immediately thereafter.</u></p> <p>(2) <u>Any contravention or default in complying with requirement of this section shall be an offence liable to a daily penalty of level 1 on the standard scale.</u> (3) For the purpose of this section, a</p>

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		<p><del>situate and a copy thereof shall be sent to the registrar immediately thereafter.</del></p> <p><del>(2) If a company makes default in complying with the requirements of subsection (1), it shall be liable to a fine not exceeding one hundred rupees for every day during which the default continues; and every officer of the company who without reasonable excuse authorises or permits the default or is a party to the default shall be liable to a like penalty.</del></p> <p><del>(3) For the purpose of this section, a liquidator of a company shall be deemed to be an officer of the company</del></p>		<p><u>liquidator of a company shall be deemed to be an officer of the company.</u></p>
300.	362	<p><b>Declaration of solvency in case of proposal to wind up voluntarily. –</b></p> <p>(1) Where it is proposed to wind up a company voluntarily, its directors, or in case the company has more than three directors, the majority of the directors, including the chief executive, may, at a meeting of the board of directors make a declaration verified by an affidavit to the effect that they have made a full inquiry into the affairs of the company, and that having done so, they have formed the opinion that the company has no debts, or that it will</p>	351	<p><b>Declaration of solvency in case of proposal to wind up voluntarily.—</b></p> <p>(1) Where it is proposed to wind up a company voluntarily, its directors, or in case the company has more than three directors, the majority of the directors, including the/ chief executive, may, at a meeting of the board make a declaration verified by an affidavit to the effect that they have made a full inquiry into the affairs of the company, and that having done so, they have formed the opinion that the company has no debts, or that it will be able to pay all its debts in full from the proceeds of assets within such period not exceeding twelve months from the</p>

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		<p>be able to pay all its debts in full within such period not exceeding twelve months from the commencement of the winding up, as may be specified in the declaration.</p> <p>(2) A declaration made as aforesaid shall have no effect for the purposes of this Ordinance, unless—</p> <p>(a) it is made within the five weeks immediately preceding the date of the passing of the resolution for winding up the company and is delivered to the registrar for registration before that date; and</p> <p>(b) it is accompanied by a copy of the report of the auditors of the company, prepared, so far as the circumstances admit, in accordance with the provisions of this Ordinance, on the profit and loss account of the company for the period commencing from the date up to which the last such account was prepared and ending with the latest practicable date immediately before the making of the declaration and the balance-sheet of the company made out as on the last mentioned date and also embodies a statement of the company's assets and liabilities as at that date</p> <p>(3) Any director of a company making a declaration under this section without having reasonable grounds for the opinion that the company will be able to pay its debts in full within the period specified in the declaration shall be punishable with imprisonment</p>		<p>commencement of the winding up, as may be specified in the declaration.</p> <p>(2) A declaration made as aforesaid shall have no effect for the purposes of this Ordinance, unless—</p> <p>(a) it is made within the five weeks immediately preceding the date of the passing of the resolution for winding up the company and is delivered to the registrar for registration before that date; and</p> <p>(b) <u>it contains a declaration that the company is not being wound up to defraud any person or persons;</u></p> <p>(c) it is accompanied by a copy of the report of the auditors of the company, prepared, so far as the circumstances admit, in accordance with the provisions of this Ordinance, on the statement of financial position and profit and loss accounts of the company for the period commencing from the date up to which the last such accounts were prepared and ending with the latest practicable date immediately before the making of the declaration.</p> <p>(3) Where the company is wound up in pursuance of a resolution passed within the period of five weeks after the making of the declaration, but its debts are not paid or provided for in full within the period specified in the declaration; it shall be presumed, until the contrary is shown, that the director did not have reasonable grounds for his opinion.</p> <p>(4) Any director of a company making a declaration under this section without having reasonable grounds for the opinion that</p>

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		<p>for a term which may extend to six months, or with fine which may extend to ten thousand rupees, or with both.</p> <p>(4) If the company is wound up in pursuance of a resolution passed within the period of five weeks after the making of the declaration, but its debts are not paid or provided for in full within the period specified in the declaration; it shall be presumed, until the contrary is shown, that the director did not have reasonable grounds for his opinion.</p> <p>(5) <del>A winding up in the case of which a declaration has been made and delivered in accordance with this section is in this Ordinance referred to as "a members' voluntary winding up", and a winding up in the case of which a declaration has not been so made and delivered is in this Ordinance referred to as "a creditors' voluntary winding up".</del></p> <p><del>(6) Sub-sections (1) to (3) shall not apply to a winding up commenced before the commencement of this Ordinance, in which case the provisions applicable immediately before such commencement shall apply.</del></p>		<p>the company will be able to pay its debts in full from the proceeds of assets within the period specified in the declaration shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to five hundred thousand rupees, or with • both</p>
301.			352	<p><b>Distinction between "members'" and "creditors' voluntary winding up.—</b></p> <p>A winding up in the case of which a declaration under section 351</p>

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				has been made is a "members' voluntary winding up"; and a winding up in the case of which such a declaration has not been made is a "creditors' voluntary winding up".
302.	363	<p><b>Provisions applicable to members' voluntary winding up. –</b></p> <p>The provisions contained in sections 364 to 370, both inclusive, shall, subject to the provisions of section 371 apply in relation to a members' voluntary winding up.</p>		
303.	364	<p><b>Appointment of liquidators. –</b></p> <p>(1) The company in general meeting shall appoint one or more liquidators, whose written consent to act as such has been obtained in advance, for the purpose of winding up the affairs and distributing the assets of the company.</p> <p>(2) The liquidator or liquidators shall be entitled to such remuneration by way of percentage of the amount realised by him or them by disposal of assets or otherwise, as the company in general meeting may fix having regard to the amount and nature of the work to be done and subject to the prescribed limits: Provided that different percentage rates may be fixed for different types of assets and items.</p>	353	<p><b>Appointment of liquidator. —</b></p> <p>(1) In a members' voluntary winding up, the company in general meeting shall appoint one or more liquidators, whose written consent to act as such has been obtained in advance, for the purpose of winding up the company's affairs and distributing its assets.</p> <p>(2) On the appointment of a liquidator all the powers of the board shall cease, except for the purpose of giving notice of resolution to wind up the company and appointment of liquidator and filing of consent of liquidator in pursuance of sections 351 and 363 or in so far as the company in general meeting, or the liquidator sanctions the continuance thereof.</p> <p>(3) The liquidator shall subject to the specified limits be entitled to such remuneration by way of percentage of the amount</p>

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		<p>(3) In addition to the remuneration payable under sub-section (2), the company in general meeting may authorise payment of a monthly allowance to the liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of the commencement of winding up.</p> <p>(4) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the Court at any time.</p> <p>(5) If the liquidator resigns, is removed from office or otherwise ceases to hold office before conclusion of winding up, he shall not be entitled to any remuneration and remuneration already received by him, if any, shall be refunded by him to the company.</p> <p>(6) On the appointment of a liquidator all the powers of the directors, chief executive and other officers shall cease, except for the purpose of giving notice of resolution to wind up the company and appointment of liquidator and filing of consent of liquidator in pursuance of sections 361 and 366 or in so far as the company in general meeting, or the liquidator sanctions the continuance thereof.</p> <p>(7) The liquidator shall not resign or quit his office as liquidator before conclusion of the winding up proceedings except for reasons of personal disability</p>		<p>realised by him by disposal of assets or otherwise, as the company in general meeting may fix having regard to the nature of the work done, experience, qualification of such liquidator and size of the company: Provided that different percentage rates may be fixed for different types of assets and items.</p> <p>(4) In addition to the remuneration payable under sub-section (3), the company in general meeting may authorise payment of a monthly allowance to the liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of the commencement of winding up. (</p> <p>5) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the Court at any time.</p> <p>(6) If the liquidator resigns, is removed from office or otherwise ceases to hold office before conclusion of winding up, he shall not be entitled to any remuneration and remuneration already received by him, if any, shall be refunded by him to the company.</p> <p>(7) The liquidator shall not resign or quit his office as liquidator before conclusion of the winding up proceedings except for reasons of personal disability to the satisfaction of the members and also be <u>removed by a resolution in general meeting.</u></p> <p>(8) No remuneration shall be payable to liquidator who fails to complete the winding up proceedings within the prescribed period.</p>

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		to the satisfaction of the Court and may also be removed by the Court for reasons to be recorded.  [(8) No remuneration shall be payable to a liquidator who fails to complete the winding up proceedings within the prescribed period.]		
304.	365	<p><b>Power to fill vacancy in office of liquidator. –</b></p> <p>(1) If a vacancy occurs by death, resignation or otherwise in the office of any liquidator appointed by the company, the company in general meeting may, subject to any arrangement with its creditors, fill the vacancy by appointing a person who has given his written consent to act as liquidator.</p> <p>(2) For that purpose a general meeting shall be convened by the out-going liquidator before he ceases to act as liquidator except where the vacancy occurs by death, or where there were more liquidators than one, by the continuing liquidator, and failing that may be convened by any contributory, or by the Court on the application of the registrar or any person interested in the winding up of the company.</p> <p>(3) The meeting shall be held in the manner provided by this Ordinance or by the articles or in such manner</p>	354	<p><b>Power to fill vacancy in office of liquidator.—</b></p> <p>(1) If a vacancy occurs by death, resignation or otherwise in the office of any liquidator appointed by the company, the company in general meeting may fill the vacancy by appointing a person who has given his written consent to act as liquidator.</p> <p>(2) For that purpose a general meeting shall be convened by the outgoing liquidator before he ceases to act as liquidator except where the vacancy occurs by death, or where there were more liquidators than one, by the continuing liquidator, and failing that may be convened by any contributory, or by the Commission on the application of any person interested in the winding up of the company.</p> <p>(3) The meeting shall be held in the manner provided by this Ordinance or in such manner as may, on application by any contributory or by the continuing liquidator, or any person interested in the winding up be determined by the Commission.</p> <p>(4) If default is made in complying with the provisions of this</p>

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		<p>as may, on application by any contributory or by the continuing liquidators, be determined by the Court.</p> <p>(4) If default is made in complying with the provisions of this section, every person, including the outgoing liquidator, who is in default shall be punishable with fine which may extend to one hundred rupees for every day during which the default continues.</p>		<p>section, every person, including the outgoing liquidator, who is in default, shall be liable to a daily penalty of level 1 on the standard scale.</p>
305.	366	<p><b>Notice of appointment of liquidator to be given to registrar along with his consent. –</b></p> <p>(1) <del>The company shall give notice to the registrar of the appointment of a liquidator or liquidators made by it under sections 364 and 375, of every vacancy occurring in the office of liquidator, and of the name of the liquidator or liquidators appointed to fill every such vacancy under section 365 or a change made under section 368 and shall send therewith the consent of the liquidator to act as such where any appointment is made.</del></p> <p>(2) The notice aforesaid shall be given by the company within ten days of the event to which it relates.</p> <p>(3) If default is made in complying with sub-section (1) or sub-section (2) <del>the company, and every officer</del></p>	355	<p><b>Notice by liquidator of his appointment. –</b></p> <p>(1) <del>The liquidator shall</del>, within ten days after his appointment, file with the registrar for registration a notice of his appointment in the specified form.</p> <p>(2) If the liquidator fails to comply with this section, he shall be liable to a daily penalty of level 1 on the standard scale.</p>



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		of the company (including every liquidator or outgoing or continuing liquidator) who is in default, shall be punishable with fine which may extend to one hundred rupees for every day during which the default continues.		

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306.	367	<p><b>Power of liquidator to accept shares, etc., as consideration for sale of property of company. –</b></p> <p>(1) Where-</p> <p>(a) a company (in this section called the "transferor company") is proposed to be, or is in the course of being, wound up altogether voluntarily; and</p> <p>(b) the whole or a part of its business or property is proposed to be transferred or sold to another body corporate, whether a company within the meaning of this Ordinance or not (in this section called "the transferee company"), the liquidator of the transferor company may, with the sanction of a special resolution of that company conferring on the liquidator either a general authority or an authority in respect of any particular arrangement,-</p> <p>(i) receive, by way of compensation or part compensation for the transfer or sale, shares, policies, or other like interests in the transferee company, for distribution among the members of the transferor company; or</p> <p>(ii) enter into any other arrangement whereby the members of the transferor company may, in lieu of receiving cash, shares, policies, or other like interests or in addition thereto, participate in the profits of, or receive any other benefit from, the transferee company.</p> <p>(2) Any sale or arrangement in pursuance of this</p>	356	<p><b>Power of liquidator to accept shares as consideration for sale of property of company. —</b></p> <p>(1) Where—</p> <p>(a) a company (in this section called the "transferor company") is proposed to be, or is in the course of being, wound up altogether voluntarily; and</p> <p>(b) the whole or a part of its business or property is proposed to be transferred or sold to another body corporate, whether a company within the meaning of this Ordinance or not (in this section called "the transferee company"), the liquidator of the transferor company may, with the sanction of a special resolution of that company conferring on the liquidator either a general authority or an authority in respect of any particular arrangement—</p> <p>(i) receive, by way of compensation or part compensation for the transfer or sale, shares, policies, or other like interests in the transferee company, for distribution among the members of the transferor company; or</p> <p>(ii) enter into any other arrangement whereby the members of the transferor company may, in lieu of receiving cash, shares, policies, or other like interests or in addition thereto, participate in the profits of, or receive any other benefit from, the transferee company.</p> <p>(2) Any sale or arrangement in pursuance of this section shall be binding on the members of the transferor company.</p> <p>(3) If any member of the transferor company who did not vote in</p>

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		<p>section shall be binding on the members of the transferor company.</p> <p>(3) If any member of the transferor company who did not vote in favour of the special resolution expresses his dissent therefrom in writing addressed to the liquidator and left at the registered office of the company within seven days after the passing of the special resolution, he may require the liquidator either-</p> <p>(a) to abstain from carrying the resolution into effect; or</p> <p>(b) to purchase his interest at a price to be determined by agreement or by arbitration in the manner hereafter provided.</p> <p>(4) If the liquidator elects to purchase the member's interest, the purchase money shall be paid before the company is dissolved, and be raised by the liquidator in such manner as may be determined by special resolution.</p> <p>(5) A special resolution shall not be invalid for the purpose of this section by reason only that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators; but, if an order is made within a year for winding up the company by or subject to the supervision of the Court, the special resolution shall not be valid unless</p>		<p>favour of the special resolution expresses his dissent therefrom in writing addressed to the liquidator and left at the registered office of the company within seven days after the passing of the special resolution, he may require the liquidator either—</p> <p>(a) to abstain from carrying the resolution into effect; or</p> <p>(b) to purchase his interest at a price to be determined by agreement or by arbitration in the manner hereafter provided.</p> <p>(4) If the liquidator elects to purchase the member's interest, the purchase money shall be paid before the company is dissolved, and be raised by the liquidator in such manner as may be determined by special resolution.</p> <p>(5) A special resolution shall not be invalid for the purpose of this section by reason only that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators; but if an order is made within a Year for winding up the company by or subject to the supervision of the Court, the special resolution shall not be valid unless it is sanctioned by the Court.</p> <p>(6) The provisions of the Arbitration Act, 1940 (X of 1940), other than those restricting the application of this Ordinance in respect of the subject-matter of the arbitration, shall apply to all arbitrations in pursuance of this section.</p>

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		<p>it is sanctioned by the Court.</p> <p>(6) The provisions of the Arbitration Act, 1940 (X of 1940), other than those restricting the application of this Ordinance in respect of the subject-matter of the arbitration, shall apply to all arbitrations in pursuance of this section</p>		
307.	368	<b>Duty of liquidator to call creditors' meeting in case of insolvency. –</b>	357	<p><b>Duty of liquidator where company turns out to be insolvent.—</b></p> <p>(1) Where the liquidator is of the opinion that the company will</p>

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		<p>(1) If, in the case of a winding up commenced after the commencement of this Ordinance, the liquidator is at any time of opinion that the company will not be able to pay its debts in full within the period stated in the declaration under section 362, or that period has expired without the debts having been paid in full, he shall forthwith summon a meeting of the creditors and shall lay before the meeting a statement of the assets and liabilities of the company and such other particulars as may be prescribed.</p> <p>(2) Where sub-section (1) becomes applicable, the creditors may in their meeting held as aforesaid appoint a different liquidator who has consented to act as such and in that case the person so appointed shall be the liquidator unless otherwise directed by the Court.</p> <p>(3) A return of convening the creditors meeting as aforesaid along with a copy of the notice thereof and a statement of assets and liabilities of the company and the minutes of the meeting shall be filed with the registrar within ten days of the date of the meeting.</p> <p>(4) If the liquidator fails to comply with any of the requirements of this section, he shall be punishable with fine which may extend to five thousand rupees and in the case of a continuing failure, to a further fine <del>not exceeding one hundred rupees for every day</del></p>		<p>be unable to pay its debts in full within the period stated in the directors' declaration under section 351 or that period has expired without the debts having been paid in full, he shall forthwith' summon a meeting of the creditors and shall lay before the meeting a statement of the assets and liabilities of the company and such other particulars as may be specified.</p> <p>(2) Where sub-section (1) becomes applicable, the creditors may in their meeting held as aforesaid decide to continue with the existing liquidator or appoint a different person as liquidator who has consented to act as such and in that case the person so appointed shall be the liquidator.</p> <p>(3) <u>In the case of a different person being nominated, any director, member of the company may, within fifteen days after the date on which the nomination was made by the creditors, apply to the Court for an order either—</u>  <u>(a) directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors, or</u>  <u>(b) appointing some other person to be liquidator instead of the person nominated by the creditors.</u></p> <p>(4) A return of convening the creditors meeting as aforesaid along with a copy of the notice thereof and a statement of assets and liabilities of the company and the minutes of the meeting shall be filed with the registrar within ten days of the date of the meeting.</p> <p>(5) If the liquidator fails to comply with any of the requirements</p>

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		<del>after the first during which the failure continues.</del>		of this section, <u>he shall be liable to a penalty of level 1 on the standard scale</u>
308.	369	<p><b>Duty of liquidator to call general meeting at the end of each year. –</b></p> <p>(1) Subject to the provisions of section 371, in the event of the winding up continuing for more than one year, the liquidator shall-</p> <p>(a) summon a general meeting of the company at the end of the first year from the commencement of the winding up and, if the proceedings are not concluded during the first year and extension is granted under section 387, <del>within 30 days</del> of such extended period;</p> <p>(b) lay before the meeting an audited account of his receipts and payments and acts and dealings and of the conduct of the winding up during the preceding year together with a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in and position of the liquidation, including reasons for the delay in finalisation of the winding up, steps taken and being taken to expedite it and the time required for the purpose; and</p> <p>(c) forward by post to every contributory a copy of the account and statement referred to in clause (b) together with the auditor's report and notice of the meeting at least ten days before the meeting required to be held under this section.</p>	358	<p><b>Duty of liquidator to call general meetings.—</b></p> <p>(1) The liquidator shall-</p> <p>(a) summon and hold annual general meeting of the company within a period of <u>two months</u> from the close of first year after the commencement of winding up, in the manner provided under section 132;</p> <p>(b) lay before the meeting audited accounts consisting of statement of financial position and the receipt and payment accounts, auditors' report and the liquidator's report on the acts, dealings and the conduct of the company's winding up during the preceding period from the date of winding up; and</p> <p>(c) forward by post to every contributory a copy of the accounts and the reports, as referred to in clause (b).</p> <p>(2) A return of convening of each general meeting together with a copy of the notice, accounts and the reports as aforesaid, the list of contributories as on the date of the meeting and the minutes of the meeting shall be filed by the liquidator with the registrar within fifteen days of the date of the meeting.</p> <p>(3) If the liquidator fails to comply with this section, he shall be liable, in respect of each failure, to a penalty of level 1 on the standard scale.</p>

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		<p>(2) A return of convening of each general meeting together with a copy of the notice, account and statement as aforesaid and the minutes of the meeting shall be filed by the liquidator with the registrar within ten days of the date of the meeting.</p> <p>(3) If the liquidator fails to comply with this section, he shall be liable, in respect of each failure, to a fine not exceeding five thousand rupees and, in the case of a continuing failure, to a further <del>fine not exceeding one hundred rupees</del> for every day after the first during which the failure continues.</p>		
309.	370	<p><b>Final meeting and dissolution. –</b></p> <p>(1) Subject to the provisions of section 371, as soon as the affairs of the company are fully wound up, the liquidator shall-</p> <p>(a) make up a report and account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of and such other particulars as may be prescribed; and</p> <p>(b) call a general meeting of the company for the purpose of laying the report and account before it, and giving any explanation thereof.</p> <p>(2) The account referred to in clause (a) of sub-section (1) shall be audited and a copy thereof</p>	359	<p><b>Final meeting and dissolution.—</b></p> <p>(1) As soon as the affairs of a company are fully wound up, the liquidator shall—</p> <p>(a) prepare final accounts of the company, get the same audited; and also prepare a report of the winding up, showing that the property and assets of the company have been disposed of and its debts fully discharged and such other particulars; as may be specified; and</p> <p>(b) call a general meeting of the company for the purpose of laying the report and accounts before it, and giving any explanation therefor.</p> <p>(2) A copy of the report and accounts together with a copy of the auditor's report and notice of meeting shall be sent by post or</p>

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		<p>together with a copy of the auditor's report and notice of meeting shall be sent by post to each contributory of the company at least ten days before the meeting required to be held under this section.</p> <p>(3) The notice of the meeting specifying the time, place and object of the meeting shall also be published at least ten days before the date of the meeting in the manner specified in sub-section (1) of section 361 for publication of a notice under that sub-section.</p> <p>(4) Within one week after the meeting, the liquidator shall send to the registrar a copy of his report and account, and shall make a return to him of the holding of the meeting along with the minutes of the meeting in the prescribed manner.</p> <p>(5) If a quorum is not present at the meeting, the liquidator shall, in lieu of the return referred to in sub-section (4), make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made within one week after the date fixed for the meeting along with a copy of his report and account in the prescribed manner, the provisions of sub-section (4) as to the making of the return shall be deemed to have been complied with.</p>		<p>courier or through electronic mode to each contributory of the company at least twenty-one days before the meeting required to be held under this section.</p> <p>(3) The notice of the meeting specifying the time, place and object of the meeting shall also be published at least twenty-one days before the date of the meeting in the manner specified in section 350</p> <p>(4) Within one week after the meeting, the liquidator shall file with the registrar his final report in the specified form.</p> <p>(5) If a quorum is not present at the meeting, the liquidator shall in lieu of the return referred to in sub-section (4), make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made within one week after the date fixed for the meeting along with a copy of his report and account in the specified manner, the provision of sub-section (4) as to the making of the return shall be deemed to have been complied with.</p> <p>(6) The registrar, on receiving the report and account and either the return mentioned in sub-section (4) or the return mentioned in sub-section (5), shall, after such scrutiny as he may deem fit, register them, and on the expiration of three months from such registration, the company shall be deemed to be dissolved: Provided that, if on his scrutiny the registrar considers that the affairs of the company or the liquidation proceedings have been conducted in a manner prejudicial to its interest or the interests</p>



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		<p>(6) The registrar, on receiving the report and account and either the return mentioned in sub-section (4) or the return mentioned in sub-section (5), shall, after such scrutiny as he may deem fit, register them, and on the expiration of three months from such registration, the company shall be deemed to be dissolved: Provided that, if on his scrutiny the registrar considers that the affairs of the company or the liquidation proceedings have been conducted in a manner prejudicial to its interest or the interests of its creditors and members or that any actionable irregularity has been committed, he may take action in accordance with the provisions of this Ordinance: Provided further that the Court, may on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect, for such time as the Court thinks fit.</p> <p>(7) It shall be the duty of the person on whose application an order of the Court under the foregoing proviso is made, within fourteen days after the making of the order, to deliver to the registrar a certified copy of the order for registration, and, if that person fails so to do, he shall be liable to a fine <del>not exceeding one hundred rupees for every day during which the default continues.</del></p>		<p>of its creditors and members or that any actionable irregularity has been committed, he may take action in accordance with the provisions of this Ordinance: Provided further that the Court may on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect, for such time as the Court thinks fit.</p> <p>(7) It shall be the duty of the person on whose application an order of the Court under the foregoing proviso is made, within fourteen days after the making of the order, to deliver to the registrar a certified copy of the order for registration, and, if that person fails so to do, he shall be liable to a <u>daily penalty of level 1 on the standard scale.</u></p> <p>(8) If the liquidator fails to comply with any requirements of this section, <u>he shall be liable to a penalty of level 1 on the standard scale.</u></p>

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		(8) If the liquidator fails to comply with any requirements of this section, he shall be punishable with fine which may extend to five thousand rupees and, in the case of a continuing failure, to a further fine <del>which may extend to one hundred rupees for every day after the first during which the failure continues.</del>		
310.	371	<p><b>Alternative provisions as to annual and final meetings in case of insolvency.-</b></p> <p>Where section 368 has effect, sections 381 and 382 shall apply to the winding up, to the exclusion of sections 369 and 370 as if the winding up were creditors' voluntary winding up and not a members' voluntary winding up: Provided that the liquidator shall not be required to summon a meeting of creditors under section 381 at the end of the first year from the commencement of the winding up, unless the meeting held under section 368 has been held more than three months before the end of the year.</p>	360	<p><b>Alternative provisions as to annual and final meetings in case of insolvency.—</b></p> <p>Where section 357 has effect, sections 368 and 369 shall apply to the winding up, to the exclusion of sections 358 and 359 as if the winding up were creditors' voluntary winding up and not a members' voluntary winding up: Provided that the liquidator shall not be required to summon a meeting of creditors under section 368 at the end of the first year from the commencement of the winding up, unless the meeting held under section 362 has been held more than three months before the end of the year.</p>
311.	372	<p><b>Provisions applicable to creditors' voluntary winding up.-</b></p> <p>The provisions contained in sections 373 to 382, both inclusive, shall apply in relation to creditors' voluntary winding up.</p>	361	<p><b>Provisions applicable to creditors' voluntary winding up.—</b></p> <p>The provisions contained in sections 355 to 369, both inclusive, shall apply in relation to creditors' voluntary winding up</p>

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312.	373	<p><b>Meeting of creditors. –</b></p> <p>(1) The company shall cause a meeting of the creditors of the company to be summoned for the day, or the day next following the day, on which there is to be held the general meeting of the company at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of the said meeting of creditors to be sent by post to the creditors <del>simultaneously</del> with the sending of the notices of the general meeting of the company.</p> <p>(2) The company shall cause notice of the meeting of the creditors to be advertised in the manner specified in sub-section (1) of section 361 for the publication of a notice under that sub-section.</p> <p>(3) The directors <del>and chief executive of the company</del> shall-</p> <p>(a) cause a full statement of the position of the company's affairs and assets and liabilities together with a list of the creditors of the company and the estimated amount of their claims to be laid before the meeting of creditors to be held as aforesaid; and</p> <p>(b) appoint one of their number to preside at the said meeting.</p> <p>(4) It shall be the duty of the director appointed to</p>	362	<p><b>Meeting of creditors.—</b></p> <p>(1) The company shall—</p> <p>(a) cause a meeting of its creditors to be summoned for a day not later than the fourteenth day after the day on which there is to be held the company meeting at which the resolution for voluntary winding up is to be proposed;</p> <p>(b) cause the notices of the creditors' meeting to be sent by post to the creditors not less than <u>seven days</u> before the day on which that meeting is to be held; and</p> <p>(c) cause notice of the creditors' meeting to be advertised in a newspaper in English and Urdu languages at least in one issue each of respective language having wide circulation and a copy thereof shall simultaneously be sent to the registrar.</p> <p>(2) The directors of the company shall—</p> <p>(a) make out a statement of the position of the company's affairs and assets and liabilities together with a list of the creditors of the company, details of securities held by them respectively along with the dates when such securities were held, the estimated amount of their claims to be laid before the meeting of creditors and such other information as may be specified; and</p> <p>(b) appoint one of their numbers to preside at the said meeting.</p> <p>(3) It shall be the duty of the director appointed to preside at the meeting of creditors to attend the meeting and preside thereat.</p> <p>(4) Any contravention or default in complying with requirements</p>

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		<p>preside at the meeting of creditors to attend the meeting and preside thereat.</p> <p><del>(5) If the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors, held in pursuance of subsection (1) of this section, shall have effect as if it had been passed immediately after the passing of the resolution for winding up the company.</del></p> <p><del>(6) If default is made-</del></p> <p><del>(a) by the company in complying with sub-sections (1) and (2);</del></p> <p><del>(b) by the directors and chief executive of the company in complying with sub-section(3);</del></p> <p><del>(c) by any director of the company in complying with sub-section(4); the company, each of the directors or the director or the chief executive, as the case may be, shall be punishable with fine which may extend to five thousand rupees and, in the case of a continuing default, to a further fine which may extend to one hundred rupees for every day after the first during which the default continues and, in the case of default by the company, every officer of the company who is in default shall be liable to the like punishment. officer of the company who is in default shall be liable to the like punishment.</del></p>		<p>of this section shall be an offence liable to a penalty of level 1 on the standard scale.</p>

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313.	374	<p><b>Notice of resolution passed by creditors' meeting to be given to registrar. –</b></p> <p>(1) Notice of any resolution passed at a creditors' meeting in pursuance of section 373 shall be given by the company to the registrar, along with the consent of the liquidator to act as such, within ten days of the passing thereof.</p> <p>(2) If default is made in complying with sub-section (1), the company and every officer of the company who is in default shall be punishable with fine which may extend to two hundred rupees for every day during which the default continues.</p> <p>(3) For the purpose of this section, a liquidator of the company shall be deemed to be an officer of the company.</p>		
314.	375	<p><b>Appointment of liquidator. –</b></p> <p>(1) The creditors and the company at their respective meetings mentioned in sections 368 and 373 may nominate a person, who has given his written consent to act as such, to be liquidator for the purpose of winding up the affairs and distributing the</p>	363	<p><b>Appointment of liquidator.—</b></p> <p>(1) The creditors and the company at their respective meetings mentioned in sections 357 and 362 may nominate a person, who has given his written consent to act as such, to be liquidator for the purpose of winding up the affairs and distributing the assets of the company.</p>

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		<p>assets of the company.</p> <p>(2) If the creditors and company nominate different persons, the person nominated by the creditors shall be liquidator: Provided that any director, member or creditor of the company may, within seven days after the date on which the nomination was made by the creditors, apply to the Court for an order either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors, or appointing some other person to be liquidator instead of the person appointed by the creditors.</p> <p>(3) If no person is nominated by the creditors, the person, if any, nominated by the company shall be liquidator.</p> <p>(4) If no person is nominated by the company, the person, if any, nominated by the creditors shall be the liquidator.</p> <p>(5) The liquidator shall not resign or quit his office as liquidator before conclusion of the winding up proceedings except for reasons of personal disability to the satisfaction of the Court and may also be removed by the Court for reasons to be recorded.</p>		<p>(2) If the creditors and company nominate different persons, the persons nominated by the creditors shall be liquidator: Provided that any director, member or creditor of the company may, within fifteen days after the date on which the nomination was made by the creditors, apply to the Court for an order either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors or appointing some other person to be liquidator instead of the person appointed by the creditors.</p> <p>(3) If no person is nominated by the creditors, the person, if any, nominated by the company shall be liquidator.</p> <p>(4) If no person is nominated by the company, the person, if any, nominated by the creditors shall be the liquidator.</p> <p>(5) The liquidator shall not resign or quit his office as liquidator before' conclusion of the winding up proceedings except for reasons of personal disability to the satisfaction of the Court and may also be removed by the Court for reasons to be recorded.</p> <p>(6) <u>Notice of appointment of liquidator as well as the resolution passed at a creditors' meeting in pursuance of section 362 shall be given by the company to the registrar, along with the consent of the liquidator to act as such, within ten days of the passing thereof</u></p>

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315.	376	<p><b>Appointment of committee of inspection.-</b></p> <p>(1) The creditors at the meeting to be held in pursuance of section 368 or 373 or at any subsequent meeting may, if they think fit, appoint a committee of inspection consisting of not more than five persons.</p> <p>(2) If such a committee is appointed, the company may either at the meeting at which the resolution for voluntary winding up is passed or at any subsequent general meeting, appoint such number of persons, not exceeding five, as they think fit to act as members of the committee: Provided that the creditors may, if they think fit, resolve that all or any of the person so appointed by the company ought not to be member of the committee of inspection.</p> <p>(3) If the creditors so resolve, the person mentioned in the resolution shall not, unless the Court otherwise directs, be qualified to act as a member of the committee.</p> <p>(4) On any application to the Court for a direction under sub-section (3), the Court may, if it thinks fit, appoint other persons to act as such members in place of the persons mentioned in the creditors' resolution.</p> <p>(5) Subject to the provisions of sub-sections (2) to (4)</p>		

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		and to such rules as may be prescribed, the provisions of section 332, except sub-section (1) thereof, shall apply with respect to a committee of inspection appointed under this section as they apply with respect to a committee of inspection appointed in a winding up by the Court.		
316.	377	<p><b>Fixing of liquidator's remuneration.-</b></p> <p>(1) The liquidator shall be entitled to such remuneration by way of percentage of the amount realised by him by disposal of assets or otherwise as the committee of inspection, or if there is no such committee, the creditors may fix having regard to the amount and nature of the work to be done and not exceeding the prescribed limits: Provided that different percentage rates may be fixed for different types of assets and items.</p> <p>(2) In addition to the remuneration payable under sub-section (1), the committee of inspection or the creditors, as the case may be, may authorise payment of a monthly allowance to the liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of commencement of winding up.</p> <p>(3) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the</p>	364	<p><b>Fixing of liquidator's remuneration.—</b></p> <p>(1) The liquidator shall subject to the specified limits be entitled to such remuneration by way of percentage of the amount realised by him by disposal of assets or otherwise, as the creditors in their meeting or the Court in terms of proviso to sub-section (2) of section 317 as the case may be, may fix having regard to the nature of the work done, experience, qualification of such liquidator and size of the company: Provided that different percentage rates may be fixed for different types of assets and items.</p> <p>(2) In addition to the remuneration payable under sub-section (1), the creditors in their meeting or the Court may authorise payment of a monthly allowance to the liquidator for meeting the expenses of the winding up for a period not exceeding twelve months from the date of the commencement of winding up.</p> <p>(3) The remuneration fixed as aforesaid shall not be enhanced subsequently but may be reduced by the Court at any time.</p> <p>(4) If the liquidator resigns, is removed from office or otherwise</p>



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		<p>Court at any time.</p> <p>(4) If the liquidator resigns, is removed from office or otherwise ceases to hold office before conclusion of winding up, he shall not be entitled to any remuneration and the remuneration already received by him, if any, shall be refunded by him to the company.</p>		<p>ceases to hold office before conclusion of winding up, he shall not be entitled to any remuneration and the remuneration already received by him, if any, shall be refunded by him to the company</p>
317.	378	<p><b>Director's powers to cease on appointment of liquidator. –</b></p> <p>On the appointment of a liquidator, all the powers of the directors, chief executive and other officers shall cease, except for the purpose of giving notice of resolution to wind up and appointment of the liquidator and filing of consent of the liquidator as required under this Ordinance and except so far as the committee of inspection or if there is no such committee, the creditors, in general meeting may sanction the continuance thereof.</p>	365	<p><b>Cessation of boards' powers.—</b></p> <p>On the appointment of a liquidator, all the powers of the board, chief executive and other officers shall cease, except for the purpose of giving notice of resolution to wind up and appointment of the liquidator and filing of consent of the liquidator as required under this Ordinance, the creditors, in general meeting may sanction the continuance thereof.</p>
318.	379	<p><b>Power to fill vacancy in office of liquidator. –</b></p> <p>If a vacancy occurs, by death, resignation or otherwise, in the office of a liquidator, other than a liquidator appointed by or by the direction of, the Court, the creditors in general meeting may fill the vacancy by appointing a person who has given his</p>	366	<p><b>Power to fill vacancy in office of liquidator.—</b></p> <p>If a vacancy occurs, by death, resignation or otherwise, in the office of a liquidator, other than a liquidator appointed by or by the direction of, the Court, the creditors in their meeting may fill the vacancy by appointing a person who has given his written consent to act as liquidator, and for this purpose the provisions of</p>

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		written consent to act as liquidator, and for this purpose the provisions of section 365 shall mutatis mutandis apply.		section 354 shall mutatis mutandis apply
319.	380	<p><b>Application of section 367 to a creditors' voluntary winding up. –</b></p> <p>The provisions of section 367 shall apply in the case of a creditors' voluntary winding up as in the case of a members' voluntary winding up with the modification that the powers of the liquidator under the said section shall not be exercised except with the sanction either of the Court or of the committee of inspection</p>	367	<p><b>Application of section 356 to a creditor's voluntary winding up.—</b></p> <p>The provisions of section 356 shall apply in the case of a creditor's voluntary winding up as in the case of member's voluntary winding up with the modification that the powers of the liquidator under the said section shall not be exercised except with the sanction of the Court.</p>
320.	381	<p><b>Duty of liquidator to call meetings of company and of creditors at the end of every year. –</b></p> <p>(1) In the event of the winding up continuing for more than one year, the liquidator shall-</p> <p>(a) summon a general meeting of the company and a meeting of creditors at the end of the first year from the commencement of the winding up and, if the proceedings are not concluded during the first year and extension is granted under section 387, within thirty days of such extended period;</p> <p>(b) lay before the meetings an audited account of his receipts and payments and acts and dealings and of the conduct of winding up during the preceding year</p>	368	<p><b>Duty of liquidator to call meeting of company and of creditors.—</b></p> <p>(1) The liquidator shall—</p> <p>(a) summon and hold annual general meeting of the company and a meeting of the creditors within a period of two months from the close of its financial year in the manner provided under section 132;</p> <p>(b) lay before the meetings mentioned in clause (a), audited accounts consisting of statement of financial position and the receipt and payment accounts, auditors' report and the liquidator's report on the acts, dealings and the conduct of the company's winding up during the preceding period from the date of winding up; and</p> <p>(c) forward by post to every contributory a copy of the accounts</p>

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		<p>together with a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings and position of liquidation including reasons for the delay in finalisation of the winding up, steps taken and being taken to expedite it and the time required for the purpose; and</p> <p>(c) forward by post to every creditor and to every contributory a copy of the account and statement referred to in clause (b) <del>together with the auditors' report and notice of the meeting at least ten days before the meeting required to be held under this section.</del></p> <p>(2) A return of convening of each general meeting and creditors' meeting together with a copy each of the notices, accounts and statement as aforesaid and the minutes of the meetings shall be filed with the registrar within <u>ten days</u> of the date of the meeting.</p> <p>(3) If the liquidator fails to comply with this section, he shall be liable in respect of each failure to a fine which may extend to five thousand rupees and, in the case of a continuing failure, <del>to a further fine which may extend to one hundred rupees for every day after the first during which the failure continues.</del></p>		<p>and the reports, as referred to in clause (b).</p> <p>(2) A return of convening of each general meeting together with a copy of the notice, accounts and the reports as aforesaid, the list of contributories as on the date of the meeting and the minutes of the meeting shall be filed by the liquidator with the registrar within <u>fifteen days</u> of the date of the meeting.</p> <p>(3) If the liquidator fails to comply with this section, he shall be liable to a <u>penalty of level 1 on the standard scale</u></p>
321.	382	<p><b>Final meeting and dissolution. –</b></p> <p>(1) As soon as the affairs of the company are fully</p>	369	<p><b>Final meeting and dissolution.—</b></p> <p>(1) As soon as the affairs of a company are fully wound up, the</p>

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		<p>wound up, the liquidator shall-</p> <p>(a) make up a report and account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of and such other particulars as may be prescribed; and</p> <p>(b) call a general meeting of the company and a meeting of the creditors for the purpose of laying the report and account before the meetings and giving any explanation thereof.</p> <p>(2) The account referred to in clause (a) of sub-section (1) shall be audited and a copy thereof together with a copy of the auditor's report and notice of the meeting shall be sent by post to each contributory and creditor of the company at least ten days before the meetings required to be held under this section.</p> <p>(3) The notice of the meetings referred to in this section specifying the time, place and object thereof shall also be published at least ten days before the meeting in the manner specified in sub-section (1) of section 361 for the publication of a notice under that sub-section.</p> <p>(4) Within one week after the date of the meetings, or if the meetings are not held on the same date, after the date of the latter meeting, the liquidator shall send to the registrar a copy of his report and</p>		<p>liquidator shall</p> <p>(a) prepare final accounts of the company, get the same audited; and also prepare a report of the winding up, showing that the property and assets of the company have been disposed of and its debts fully discharged and such other particulars; as may be specified;</p> <p>(b) summon and hold general meeting of the company and a meeting of the creditors within a period of two months from the close of its financial year in the manner provided under section 132; and</p> <p>(c) <u>lay before the meetings mentioned in clause (a), audited accounts consisting of statement of financial position and the receipt and payment accounts, auditors' report and the liquidator's report on the acts, dealings and the conduct of the company's winding up during the preceding period from the date of winding up.</u></p> <p>(2) A copy of the report and accounts together with a copy of the auditor's report and notice of meeting shall be sent by post or courier or through electronic mode to each contributory of the company at least twenty-one days before the meeting required to be held under this section.</p> <p>(3) The notice of the meeting specifying the time, place and object of the meeting shall also be published at least twenty-one days before the date of the meeting in the manner specified in section 350.</p> <p>(4) Within one week after the meeting, the liquidator shall file</p>

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		<p>account, and shall make a return to him of the holding of the meetings along with the minutes of the meetings in the prescribed manner.</p> <p>(5) If a quorum (which for the purpose of this section shall be two persons) is not present at either of such meetings, the liquidator shall, in lieu of the return referred to in sub-section (4), make a return that the meetings were duly summoned and that no quorum was present thereat and, upon such a return being made within one week after the date fixed for the meetings along with a copy of his report and account in the prescribed manner, the provisions of sub-section (4) as to making of the return shall, in respect of that meeting, be deemed to have been complied with.</p> <p>(6) On receiving the report and account and also, in respect of each such meeting either the return mentioned in sub-section (4) or the return mentioned in subsection (5), the registrar shall after such scrutiny as he may deem fit, register them, and on the expiration of three months from the registration thereof the company shall be deemed to be dissolved: Provided that, if on his scrutiny the registrar considers that the affairs of the company or the liquidation proceedings have been conducted in a manner prejudicial to its interests or the interests of its creditors or members or that any actionable</p>		<p>with the registrar his final report in the specified form.</p> <p>(5) If a quorum (which for the purpose of this section shall be two persons) is not present at either of such meetings, the liquidator shall in lieu of the return referred to in sub-section (4), make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made within one week after the date fixed for the meeting along with a copy of his report and account in the specified manner, the provision of sub-section (4) as to the making of the return shall be deemed to have been complied with.</p> <p>(6) The registrar, on receiving the report and account and either the return mentioned in sub-section (4) or the return mentioned in sub-section (5), shall, after such scrutiny as he may deem fit, register them, and on the expiration of three months from such registration, the company shall be deemed to be dissolved: Provided that, if on his scrutiny the registrar considers that the affairs of the company or the liquidation proceedings have been conducted in a manner prejudicial to its interest or the interests of its creditors and members or that any actionable irregularity has been committed, he may take action in accordance with the provisions of this Ordinance: Provided further that the Court may on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect, for such time as the Court thinks fit.</p>

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		<p>irregularity has been committed, he may take action in accordance with the provisions of this Ordinance: Provided further that the Court may, on the application of the liquidator or any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the Court thinks fit.</p> <p>(7) It shall be the duty of the person on whose application an order is made by the Court under the foregoing proviso, within fourteen days after the making of the order, to deliver to the registrar a certified copy of the order for registration and, if that person fails so to do, he shall be liable to a fine which may extend to <del>one hundred rupees for every day during which the default continues.</del></p> <p>(8) If the liquidator fails to comply with any requirements of this section, he shall be punishable with fine which may extend to five thousand rupees and, in the case of a continuing failure, to a further fine which may extend to <del>one hundred rupees for every day after the first during which the failure continues.</del></p>		<p>(7) It shall be the duty of the person on whose application an order of the Court under the foregoing proviso is made, within fourteen days after the making of the order, to deliver to the registrar a certified copy of the order for registration, and, if that person fails so to do, he shall be liable to a daily <u>penalty of level 1 on the standard scale.</u></p> <p>(8) If the liquidator fails to comply with any requirements of this section, he shall be liable to a <u>penalty of level 1 on the standard scale.</u></p>

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322.	383	<p><b>Provisions applicable to every voluntary winding up.-</b></p> <p>The provisions contained in sections 384 to 395, both inclusive, shall apply to every voluntary winding up whether a members' or a creditors' winding up.</p>		
323.	384	<p><b>Accounts and statements to be audited. –</b></p> <p>(1) All accounts and statements referred to in sections 369, 370, 381 and 382 shall, before being placed before the meetings of the creditors or contributories, be duly audited by an auditor appointed in the manner provided in section 434.</p> <p>(2) The auditor's report shall be annexed to the accounts and statements referred to in sub-section (1).</p> <p>(3) The auditor shall submit his report within two months of the end of the period to which the accounts relate, or within such extended time as may be allowed to him by the registrar.</p> <p>(4) Whoever fails to comply with any provision of this section shall be punishable with a fine which may extend to five thousand rupees.</p>		

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324.	385	<p><b>Distribution of property of company. –</b></p> <p>Subject to the provisions of this Ordinance as to preferential payments, the property of a company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the company</p>	370	<p><b>Distribution of property of company.—</b></p> <p>Subject to the provisions of this Ordinance as to preferential payments, the property of a company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall, unless the articles otherwise provide be distributed among the members according to their rights and interests in the company</p>
325.	386	<p><b>Application of sections 328 and 329 to voluntary winding up. –</b></p> <p>The provisions of sections 328 and 329 shall, so far as may be, apply to every voluntary winding up as they apply to winding up by the Court except that references to-</p> <p>(a) "the Court" shall be omitted;</p> <p>(b) the "official liquidator" or the "provisional manager" shall be construed as references to the liquidator; and</p> <p>(c) the "relevant date" shall be construed as reference to the date of commencement of the winding up; and</p> <p>the report referred to in section 329 shall be submitted to the registrar instead of the Court.</p>	371	<p><b>Application of sections 320 and 321 to voluntary winding up.—</b></p> <p>The provisions of sections 320 and 321 shall, so far as may be, apply to every voluntary winding up as they apply to winding up by the Court except that references to—</p> <p>(a) "the Court" shall be omitted;</p> <p>(b) the "official liquidator" or the "provisional manager" shall be construed as references to the liquidator; and</p> <p>(c) the "relevant date" shall be construed as reference to the date of commencement of the winding up; and the report referred to in section 321 shall be submitted to the registrar instead of the Court.</p>
326.	387	<p><b>Powers and duties of liquidator in voluntary winding</b></p>	372	<p><b>Powers and duties of liquidator in voluntary winding up.—</b></p>



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		<p><b>up. –</b></p> <p>(1) The liquidator may-</p> <p>(a) in the case of a members' voluntary winding up, with the sanction of a special resolution of the company, and, in the case of a creditors' voluntary winding up, of either the Court or the committee of inspection, or (if there is no such committee) of a meeting of the creditors, exercise any of the powers given by sub-section (1) of section 333 to a liquidator in a winding up by the Court;</p> <p>(b) without the sanction referred to in clause (a), exercise any of the other powers given by this Ordinance to the liquidator in a winding up by the Court;</p> <p>(c) exercise the power of the Court under this Ordinance of settling a list of contributories, which shall be prima facie evidence of the liabilities of the persons named therein to be contributories;</p> <p>(d) exercise the power of the Court of making calls;</p> <p>(e) summon general meeting of the company and creditors for the purpose of obtaining the sanction of the company by special resolution or for any other purpose he may think fit.</p> <p>(2) The exercise by the liquidator of the powers given by clause (a) of subsection (1) shall be subject to the control of the Court; and any creditor or contributory may apply to the Court with respect to any exercise</p>		<p>(1) The liquidator may—</p> <p>(a) in the case of a members' voluntary winding up, with the sanction of a special resolution of the company, and, in the case of a creditors' voluntary winding up, of a meeting of the creditors, exercise any of the powers given by sub-section (1) of section 337 to a liquidator in a winding up by the Court;</p> <p>(b) without the sanction referred to in clause (a), exercise any of the other powers given by this Ordinance to the liquidator in a winding up by the Court;</p> <p>(c) exercise the power of the Court under this Ordinance of settling a list of contributories, which shall be prima facie evidence of the liabilities of the persons named therein to be contributories;</p> <p>(d) exercise the powers of the Court of making calls;</p> <p>(e) summon general meeting of the company and creditors for the purpose of obtaining the sanction of the company by special resolution or for any other purpose he may think fit.</p> <p>(2) The exercise by the liquidator of the powers given by clause (a) of sub- section (1) shall be subject to the control of the Court; and any creditor or contributory may apply to the Court with respect to any exercise or proposed exercise of any of the power conferred by this section.</p> <p>(3) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.</p> <p>(4) The liquidator shall within thirty days of the coming into his</p>

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		<p>or proposed exercise of any of the power conferred by this section.</p> <p>(3) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.</p> <p>(4) The liquidator shall within thirty days of the coming into his hands of any funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Ordinance, distribute in accordance with the provisions of this Ordinance: Provided that such portion of the funds as may be required for meeting any claim against the company which may be subjudice or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled: Provided further that any amounts retained as aforesaid shall be invested by the official liquidator in Khas Deposit Certificates or in such other securities or instruments as may be prescribed and the distribution thereof shall be made by him after the pending claims are settled.</p> <p>(5) The winding up proceedings shall be completed by the liquidator within a period of one year from the date of commencement of winding up: Provided that</p>		<p>hands of any funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Ordinance, distribute in accordance with the provisions of this Ordinance: Provided that in case of company licenced under section 42 of this Ordinance, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to another company licenced under section 42 of this Ordinance, preferably having similar or identical objects to those of the company in the manner as may be specified: Provided further that such portion of the funds as may be required for meeting any claim against the company which may be subjudice or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled: Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates or in such other securities or instruments as may be specified and the distribution thereof shall be made by him after the pending claims are settled: Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any reason, all such assets shall be sold and proceeds thereof credited to the Investor Education and Awareness Fund formed under section 245.</p> <p>(5) The winding up proceedings shall be completed by the liquidator within a period of one year from the date of commencement of winding up: Provided that the Court may, on the application of the liquidator, grant extension by one month at any time but such extension shall not exceed a period of six</p>

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		<p>the Court may, on the application of the liquidator, grant extension by one month at any time but such extensions shall not exceed a period of six months in all and shall be allowed only for the reason that any proceedings for or against the company are pending in a court and the Court shall also have the power to require expeditious disposal of such proceedings as it could under section 317 if the company was being wound up by the Court.</p> <p>(6) If an official liquidator is convicted of misfeasance, or breach of duty or other lapse or default in relation to winding up proceedings of a company, he shall cease to be the official liquidator of the company and shall also become disqualified, for a period of five years from such conviction, from being the liquidator of, or to hold any other office including that of a director in any company and if he already holds any such office he shall forthwith be deemed to have ceased to hold such office.</p> <p>(7) When several liquidators are appointed, any power given by this Ordinance may be exercised by such one or more of them as may be determined at the time of their appointment, or, in default of such determination, by any two or more of them.</p>		<p>months in all and shall be allowed only for the reason that any proceedings for or against the company are pending in a court and the Court shall also have the power to require expeditious disposal of such proceedings as it could under section 337 if the company was being wound up by the Court.</p> <p>(6) If an official liquidator is convicted of misfeasance, or breach of duty or other lapse or default in relation to winding up proceedings of a company, he shall cease to be the official liquidator of the company and shall also become disqualified, for a period of five years from such conviction, from being the liquidator of, or to hold any other office including that of a director in any company and if he already holds any such office he shall forthwith be deemed to have ceased to hold such office.</p> <p>(7) When several liquidators are appointed, any power given by this Ordinance may be exercised by such one or more of them as may be determined at the time, of their appointment, or in default of such determination, by any two or more of them.</p>
327.	388	<b>Power of Court to appoint and remove liquidator in voluntary winding up. –</b>	373	<b>Power of Court to appoint and remove liquidator in voluntary winding up.—</b>

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		<p>(1) If from any cause whatever, there is no liquidator acting, the Court may appoint an official liquidator in accordance with the provisions of section 321 who shall have the same powers, be subject to the same obligations and in all respect stand in the same position as an official liquidator appointed by the Court has in winding up by the Court.</p> <p>(2) The Court may, on cause shown, remove a liquidator and appoint an official liquidator in his place on the application of any creditor or contributory or the registrar or a person authorised by the Commission.</p> <p>(3) The remuneration to be paid to the official liquidator appointed under sub-section (1) or sub-section (2) shall be fixed by the Court as if the company were being wound up by the Court.</p>		<p>(1) If from any cause whatever, there is no liquidator acting, the Court may appoint a liquidator in accordance with the provisions of section 315 who shall have the same powers, as are exercisable by an official liquidator under sub-section (1) of section 337.</p> <p>(2) The Court may, on cause shown, replace a liquidator on the application of any creditor or contributory or the registrar or a person authorised by the Commission.</p> <p>(3) The remuneration to be paid to the liquidator appointed under subsection (1) or sub-section (2) shall be fixed by the Court subject to the provisions of section 364.</p>
328.	389	<p><b>Notice by liquidator of his appointment. –</b></p> <p>(1) Every liquidator shall, within fourteen days after his appointment, publish in the official Gazette, and deliver to the registrar for registration, a notice of his appointment in the form prescribed.</p> <p>(2) If the liquidator fails to comply with the requirements of sub-section (1), he shall be liable to a</p>	374	<p><b>Notice by liquidator of his appointment. —</b></p> <p>(1) Every liquidator shall, within fourteen days after his appointment, publish in the official Gazette, and deliver to the registrar for registration, a notice of his appointment in the form specified.</p> <p>(2) If the liquidator fails to comply with the requirements of sub-section (1), he shall be liable to a daily penalty of level 1 on the</p>

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		fine not exceeding <del>two hundred rupees for every day during which the default continues.</del>		standard scale.
329.	390	<p><b>Arrangement when binding on company and creditors. –</b></p> <p>(1) Any arrangement entered into between a company about to be, or in the course of being wound up and its creditors shall, subject to the right of appeal under this section, be binding on the company if sanctioned by a special resolution and on the creditors if acceded to by three-fourth in number and value of the creditors.</p> <p>(2) Any creditor or contributory may, within twenty-one days from the completion of the arrangement, appeal to the Court against it, and the Court may thereupon, as it thinks just, amend, vary, confirm or set aside the arrangement.</p>	375	<p><b>Arrangement when binding on company and creditors.—</b></p> <p>(1) Any arrangement other than the arrangement referred to in section 356 entered into between a company which is about to be, or is in the course of being wound up and its creditors shall be binding on the company and on the creditors, if it is sanctioned by a special resolution of the company and acceded to by the creditors who hold three-fourths in value of the total amount due to all the creditors of the company.</p> <p>(2) Any creditor or contributory may, within twenty-one days from the completion of the arrangement, appeal to the Court against it, and the Court may thereupon, as it thinks just, amend, vary, confirm or set aside the arrangement.</p>
330.	391	<p><b>Power to apply to Court to have questions determined or powers exercised. –</b></p> <p>(1) The liquidator or any contributory or creditor may apply to the Court-</p> <p>(a) to determine any question arising in the winding up of a company; or</p> <p>(b) to exercise as respects the enforcing of calls, the staying of proceedings or any other matter, all or any of the powers which the Court might exercise if the</p>	376	<p><b>Power to apply to Court to have questions determined or powers exercised.—</b></p> <p>(1) The liquidator or any contributory or creditor may apply to the Court—</p> <p>(a) to determine any question arising in the winding up of a company; or</p> <p>(b) to exercise as respects the enforcing of calls, the staying of proceedings or any other matter, all or any of the powers which</p>

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		<p>company were being wound up by the Court.</p> <p>(2) The liquidator or any contributory may apply to the Court specified in sub-section (3) for an order setting aside any attachment, distress or execution put into force against the estate or effects of the company after the commencement of the winding up.</p> <p>(3) An application under sub-section (2) shall be made-</p> <p>(a) if the attachment, distress or execution is levied or put into force by a High Court, to such High Court, and</p> <p>(b) if the attachment, distress or execution is levied or put into force by any other court, to the court having jurisdiction to wind up the company.</p> <p>(4) The Court, if it is satisfied that the determination of the question or the required exercise of power or the order applied for will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit, or may make such other orders on the application as it thinks just</p> <p>(5) A copy of an order staying the proceedings in the winding up, made by virtue of this section, shall forthwith be forwarded by the company, or otherwise as may be prescribed, to the registrar, who</p>		<p>the Court might exercise if the company were being wound ,up by the Court</p> <p>(2) The liquidator or any contributory may apply to the Court specified in sub-section (3) for an order setting aside any attachment, distress or execution put into force against the estate or effects of the company after the commencement of the winding up.</p> <p>(3) An application under sub-section (2) shall be made-</p> <p>(a) if the attachment, distress or execution is levied or put into force by a Court, to such Court; and</p> <p>(b) if the attachment, distress or execution is levied or put into force by any other court, to the court having jurisdiction to wind up the company.</p> <p>(4) The Court, if it is satisfied that the determination of the question or the required exercise of power or the order applied for will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit, or may make such other orders on the application as it thinks just.</p> <p>(5) A copy of an order staying the proceedings in the winding up, made by virtue of this section, shall forthwith be forwarded by the company, or otherwise as may be prescribed, to the registrar, who shall make a minute of the order in his books relating to the company.</p>

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		shall make a minute of the order in his books relating to the company.		
331.	392	<p><b>Application of liquidator to Court for public examination of promoters, directors, etc.—</b> The liquidator may make a report to the Court stating that in his opinion a fraud or any other actionable irregularity has been committed by any person in the promotion or formation of the company or by any officer of the company in relation to the company since its formation; and the Court may, after considering the report, direct that person or officer shall attend before the Court on a day appointed by it for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as officer thereof, in the manner provided for such examination in the case of winding up of a company by the Court.</p>	377	<p><b>Application of liquidator to Court for public examination of promoters, directors.—</b> The liquidator may make a report to the Court stating that in his opinion a fraud or any other actionable irregularity has been committed by any person in the promotion or formation of the company or by any officer of the company in relation to the company since its formation; and the Court may, after considering the report, direct that person or officer shall attend before the Court on a day appointed by it for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as officer thereof, in the manner provided for such examination in the case of winding up of a company by the Court.</p>
332.	393	<p><b>Costs of voluntary winding up. —</b> All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidator, shall, subject to the rights of secured creditors, if any, be payable out of the assets of the company in priority to all other claims.</p>	378	<p><b>Costs of voluntary winding up.—</b> All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidator, shall subject to the rights of secured creditors, if any, be payable out of the assets of the company in priority to all other claims.</p>

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333.	394	<p><b>Saving for right of creditors and contributories. –</b></p> <p>The voluntary winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the Court, but in the case of an application by a contributory, the Court must be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.</p>	379	<p><b>Saving for right of creditors and contributories.—</b></p> <p>The voluntary winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the Court, but in the case of an application by a contributory, the Court must be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.</p>
334.	395	<p><b>Power of Court to adopt proceedings of voluntary winding up. –</b></p> <p>Where a company is being wound up voluntarily, and an order is made for winding up by the Court, the Court may, if it thinks fit by the same or any subsequent order, provide for the adoption of all or any of the proceedings in the voluntary winding up.</p>	380	<p><b>Power of Court to adopt proceedings of voluntary winding up.—</b></p> <p>Where a company is being wound up voluntarily, and an order is made for winding up by the Court, the Court may, if it thinks fit by the same or any subsequent order, provide for the adoption of all or any of the proceedings in the voluntary winding up.</p>
335.	396	<p><b>Power to order winding up subject to supervision. –</b></p> <p>When a company has passed a resolution for voluntary winding up, the Court may of its own motion or on the application of any person entitled to apply to the Court for winding up a company, make an order that the voluntary winding up shall continue, but subject to such supervision of the Court, and with such liberty for creditors, contributories or others to apply to the Court, and generally on such terms and conditions, as the Court</p>	381	<p><b>Power to order winding up subject to supervision.—</b></p> <p>When a company has passed a resolution for voluntary winding up, the Court may of its own motion or on the application of any person entitled to apply to the Court for winding up a company, make an order that the voluntary winding up shall continue, but subject to such supervision of the Court, and with such liberty for creditors, contributories or others to apply to the Court, and generally on such terms and conditions, as the Court thinks just.</p>



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		thinks just.		
336.	397	<p><b>Effect of petition for winding up subject to supervision. –</b></p> <p>A petition for the continuance of a voluntary winding up subject to the supervision of the Court shall, for the purpose of giving jurisdiction to the Court over suits and other legal proceedings, be deemed to be a petition for winding up by the Court.</p>	382	<p><b>Effect of petition for winding up subject to supervision.—</b></p> <p>A petition for the continuance of a voluntary winding up subject to the supervision of the Court shall, for the purpose of giving jurisdiction to the Court over suits and another legal proceedings, be deemed to be a petition for winding up by the Court.</p>
337.	398	<p><b>Court may have regard to wishes of creditors and contributories. –</b></p> <p>The Court may, in deciding between a winding up by the Court and a winding up subject to supervision, in the appointment of liquidators, and in all other matters relating to the winding up subject to supervision, have regard to the wishes of the creditors or contributories as proved to it by any sufficient evidence, but subject to the provisions which would have been applicable had the company been wound up by the Court.</p>	383	<p><b>Court may have regard to the wishes of creditors and contributories.—</b></p> <p>The Court may, in deciding between a winding up by the Court and a winding up subject to supervision, in the appointment of liquidators, and in all other matters relating to the winding up subject to supervision, have regard to the wishes of the creditors or contributories as proved to it by any sufficient evidence, but subject to the provisions which would have been applicable had the company been wound up by the Court.</p>
338.		<p><b>Power to replace liquidator. –</b></p> <p>(1) Where an order is made for winding up subject to supervision, the Court shall by that order appoint an official liquidator who shall have the same powers, be</p>	384	<p><b>Power to replace liquidator.—</b></p> <p>Where an order is made for winding up subject to supervision, the Court may on an application by any creditor or contributory or the registrar or a person authorised by the Commission in this</p>

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		<p>subject to the same obligations and in all respects stand in the same position as if he had been appointed by the company.</p> <p>(2) An application under this section may be made to the Court by any creditor or contributory or the registrar or a person authorised by the Commission in this behalf.</p>		<p>behalf, replace the liquidator who shall have the same powers, be subject to the same obligations and in all respects stand in the same position as if he had been appointed by the company.</p>
339.	400	<p><b>Effects of supervision order. –</b></p> <p>(1) Where an order is made for a winding up subject to supervision, the liquidator may, subject to any restrictions imposed by the Court, exercise all his powers, without the sanction or intervention of the Court, in the same manner as if the company were being wound up altogether voluntarily.</p> <p>(2) Except as provided in sub-section (1), and save for the purposes of section 352 an order made by the Court for a winding up subject to the supervision of the Court shall for all purposes including the staying of suits and other proceedings, be deemed to be an order of the Court for winding up the company by the Court, and shall confer full authority on the Court to make call or to enforce calls made by the liquidator, and to exercise all other powers which it might have exercised if an order had been made for winding up the company altogether by the Court.</p>	385	<p><b>Effects of supervision order.—</b></p> <p>(1) Where an order is made for a winding up subject to supervision, the liquidator may, subject to any restriction imposed by the Court, exercise all his powers, without the sanction or intervention of the Court, in the same manner as if the company were being wound up altogether voluntarily.</p> <p>(2) Except as provided in sub-section (1), and save for the purposes of section 327 an order made by the Court for a winding up subject to the supervision of the Court shall for all purposes including the staying of suits and other proceedings, be deemed to be an order of the Court for winding up the company by the Court, and shall confer full authority on the Court to make call or to enforce calls made by the liquidator, and to exercise all other powers which it might have exercised if an order had been made for winding up the company altogether by the Court.</p> <p>(3) In the construction of the provisions whereby the Court is empowered to direct any act or thing to be done to or in favour</p>

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		<p>(3) In the construction of the provisions whereby the Court is empowered to direct any act or thing to be done to or in favour of the official liquidator, the expression "official liquidator" shall be deemed to mean the liquidator conducting the winding up subject to the supervision of the Court.</p> <p>(4) Unless otherwise directed by the Court, an order for winding up subject to supervision shall not in any way affect the duties, obligations and liabilities of the liquidator as provided for in respect of voluntary winding up.</p>		<p>of the official liquidator, the expression "official liquidator" shall be deemed to mean the liquidator conducting the winding up subject to the supervision of the Court.</p> <p>(4) Unless otherwise directed by the Court, an order for winding up subject to supervision shall not in any way affect the duties, obligations and liabilities of the liquidator as provided for in respect of voluntary winding up.</p>
340.	401	<p><b>Appointment of voluntary liquidator as official liquidator in certain cases. –</b></p> <p>Where an order has been made for the winding up of a company subject to supervision, and an order is afterwards made for winding up by the Court, the Court shall by the last mentioned order, appoint the voluntary liquidator, either provisionally or permanently, and either with or without the addition of any other person, to be official liquidator in the winding up by the Court.</p>	386	<p><b>Appointment of voluntary liquidator as official liquidator in certain cases.—</b></p> <p>Where an order has been made for the winding up of a company subject to supervision, and an order is afterwards made for winding up by the Court, The Court shall by the last mentioned order, appoint the voluntary liquidator, either provisionally or permanently, and either with or without the addition of any other person, to be official liquidator in the winding up by the Court.</p>
341.	402	<p><b>Status of companies being wound up, etc.-</b></p>	387	<p><b>Status of companies being wound up.—</b></p>

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		A company being wound up shall continue to be a company for all purposes till its final dissolution in accordance with the provisions of this Ordinance and, unless otherwise specified, all provisions and requirements of this Ordinance relating to companies shall continue to apply mutatis mutandis in the case of companies being wound up: Provided that, from the date of commencement of the winding up of a company, the official liquidator or the liquidator shall be deemed to have taken the place of the directors, chief executive and managing agents of the company, as the case may be.		A company being wound up shall continue to be a company for all purposes till its final dissolution in accordance with the provisions of this Ordinance and, unless otherwise specified, all provisions and requirements of this Ordinance relating to companies shall continue to apply mutatis mutandis in the case of companies being wound up: Provided that, from the date of commencement of the winding up of a company, the official liquidator or the liquidator shall be deemed to have taken the place of the board and chief executive of the company, as the case may be.
342.	403	<b>Debts of all description to be proved. –</b>  In every winding up (subject, in the case of insolvent companies, to the application in accordance with the provisions of this Ordinance or the law of insolvency) all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the company, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency, or may sound only in damages, or for some other reason do not bear a certain value.	388	<b>Debts of all description to be proved.—</b>  In every winding up (subject, in the case of insolvent companies, to the application, in accordance with the provisions of this Ordinance or the law of insolvency) all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the company, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency, or may sound only in damages, or for some other reason do not bear a certain value
343.	404	<b>Application of insolvency rules in winding up of insolvent companies.-</b>	389	<b>Application of insolvency rules in winding up of insolvent companies.—</b>

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		In the winding up of an insolvent company the same rules shall prevail and be observed with regard to the respective rights of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of insolvency with respect to the estates of persons adjudged insolvent; and all persons who in any such case would be entitled to prove for and receive dividend out of the assets of the company may come in under the winding up, and make such claims against the company as they respectively are entitled to by virtue of this section.		In the winding up of an insolvent company the same rules shall prevail and be observed with regard to the respective rights of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of insolvency with respect to the estates of persons adjudged insolvent; and all persons who in any such case will be entitled to prove for and receive dividend out of the assets of the company may come in under the winding up, and make such claims against the company as they respectively are entitled to by virtue of this section.
344.	405	<p><b>Preferential payments. –</b></p> <p>(1) In a winding up, there shall be paid in priority to all other debts-</p> <p>(a) all revenues, taxes, cesses and rates due from the company to the Federal Government or a Provincial Government or to a local authority at the relevant date and having become due and payable within the twelve months next before that date</p> <p>(b) all wages or salary (including wages payable for time or piece work and salary earned wholly or in part by way of commission) of any employee in respect of services rendered to the company and due for a period not exceeding four months within the twelve months next before the relevant date and any</p>	390	<p><b>Preferential payments.-</b></p> <p>(1) In a winding up, there shall be paid in priority to all other debts—</p> <p>(a) all revenues, taxes, cesses and rates due from the company to the Federal Government or a Provincial Government or to a local authority at the relevant date and having become due and payable within the twelve months next before that date;</p> <p>(b) all wages or salary (including wages payable for time or piece work and salary earned wholly or in part by way of commission) of any employee in respect of services rendered to the company and due for a period not exceeding four months within the twelve months next before the relevant date, subject to the condition that the amount payable under this clause to any workman shall not exceed such amount as may be notified</p>

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		<p>compensation payable to any workman under any law for the time being in force, subject to the limit specified in sub-section (2);</p> <p>(c) all accrued holiday remuneration becoming payable to any employee or in the case of his death to any other person in his right, on the termination of his employment before, or by the effect of, the winding up order or resolution;</p> <p>(d) unless the company is being wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company, all amounts due, in respect of contributions towards insurance payable during the twelve months next before the relevant date, by the company as employer of any persons, under any other law for the time being in force;</p> <p>(e) unless the company is being wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company, or unless the company has, at the commencement of the winding up, under such a contract with insurers as is mentioned in section 14 of the Workmen's Compensation Act, 1923 (VIII of 1923), rights capable of being transferred to and vested in the workman, all amounts due in respect of any compensation or liability for compensation under the said Act in respect of the death or disablement of any employee of the company;</p> <p>(f) all sums due to any employee from a provident</p>		<p>(c) all accrued holiday remuneration becoming payable to any employee or in the case of his death to any other person in his right, on the termination of his employment before, or by the winding up order, or, as the case may be, the dissolution of the company;</p> <p>(d) unless the company is being wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company, all amounts due, in respect of contributions towards insurance payable during the twelve months next before the relevant date, by the company as employer of any persons, under any other law for the time being in force;</p> <p>(e) unless the company has, at the commencement of the winding up, under such a contract with insurers as is mentioned in section 14 of the Workmen's Compensation Act, 1923 (VIII of 1923), rights capable of being transferred to and vested in the workman, all amounts due in respect of any compensation or liability for compensation under the said Act in respect of the death or disablement of any employee of the company: Provided that where any compensation under the said Act is a weekly payment, the amount payable under this clause shall be taken to be the amount of the lump sum for which such weekly payment could, if redeemable, be redeemed, if the employer made for that purpose under the said Act; (0 all sums due to any employee from a provident fund, a pension fund, a gratuity fund or any other fund for the welfare of the employees maintained by the company; and (g) the expenses of any investigation held in pursuance of section 256, 257 or 258, in so far as they are payable by the company.</p>

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		<p>fund, a pension fund, a gratuity fund or any other fund for the welfare of the employees maintained by the company; and</p> <p>(g) the expenses of any investigation held in pursuance of section 263 or section 265 in so far as they are payable by the company.</p> <p>(2) The sum to which priority is to be given under clause (b) of sub-section (1) shall not, in the case of any one claimant, exceed two thousand rupees: Provided that, where a claimant is a labourer in husbandry who has entered into contract for the payment of a portion of his wages in a lump sum at the end of the year of hiring, he shall have priority in respect of the whole of such sum, or a part thereof as the Court may decide to be due under the contract, proportionate to the time of service up to the relevant date.</p> <p>(3) Where any compensation under the Workmen's Compensation Act, 1923 (VIII of 1923), is a weekly payment, the amount due in respect thereof shall, for the purposes of clause (e) of sub-section (1), be taken to be the amount of the lump sum for which the weekly payment could, if redeemable, be redeemed if the employer made an application for that purpose under the said Act.</p> <p>(4) Where any payment has been made-</p>		<p>(2) Where any payment has been made—</p> <p>(a) to an employee of a company on account of wages or salary; or</p> <p>(b) to an employee of a company or, in the case of his death, to any other person in his right, on account of accrued holiday remuneration; out of money advanced by some person for that purpose, the person by whom the money was advanced shall, in a winding up, have a right of priority in respect of the money so advanced and paid, up to the amount by which the sum in respect of which the employee or other person in his right would have been entitled to priority in the winding up has been diminished by reason of the payment having been made.</p> <p>(3) The foregoing debts shall—</p> <p>(a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportion; and</p> <p>(b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge.</p> <p>(4) Subject to the retention of such sums as may be necessary for the costs and expenses of the winding up, the foregoing debts shall be discharged forthwith so far as the assets are sufficient to meet them and, in the case of the debts to which priority is given by clause (d) of sub-section (1), formal proof thereof shall not be required except in so far as may be otherwise prescribed.</p>

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		<p>(i) to an employee of a company on account of wages or salary; or</p> <p>(ii) to an employee of a company or, in the case of his death, to any other person in his right, on account of accrued holiday remuneration; out of money advanced by some person for that purpose, the person by whom the money was advanced shall, in a winding up, have a right of priority in respect of the money so advanced and paid, up to the amount by which the sum in respect of which the employee or other person in his right would have been entitled to priority in the winding up has been diminished by reason of the payment having been made.</p> <p>(5) The foregoing debts shall-</p> <p>(a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportion; and</p> <p>(b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge.</p> <p>(6) Subject to the retention of such sums as may be necessary for the costs and expenses of the winding up, the foregoing debts shall be discharged forthwith so far as the assets are sufficient to meet them and,</p>		<p>(5) In the event of a landlord or other person distraining or having distrained on any goods or effects of the company within three months next before the date of winding up order, the debts to which priority is given by this section shall be a first charge on the goods or effects so distrained on, or the proceeds of the sale thereof: Provided that, in respect of any money paid under any such charge, the landlord or other person shall have the same rights of priority as the person to whom the payment is made.</p> <p>(6) For the purposes of this section—</p> <p>(a) any remuneration in respect of a period of holiday or of absence from work on medical grounds or other good cause shall be deemed to be wages in respect of services rendered to the company during that period;</p> <p>(b) the expression "accrued holiday remuneration" includes, in relation to any person, all sums which by virtue either of his contract of employment or of any enactment (including any order made or direction given under any enactment), are payable on account of the remuneration which would, in the ordinary course, have become payable to him in respect of a period of holiday had his employment with the company continued until he became entitled to be allowed the holiday; and</p> <p>(c) the expression "the relevant date" means—</p> <p>(i) in the case of a company ordered to be wound up by the Court, the date of the appointment (or first appointment) of the provisional manager or, if no such appointment was made, the date of the winding up order, unless in either case the company had commenced to be wound up voluntarily before that date;</p>



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		<p>in the case of the debts to which priority is given by clause (d) of sub-section (1), formal proof thereof shall not be required except in so far as may be otherwise prescribed.</p> <p>(7) In the event of a landlord or other person distraining or having distrained on any goods or effects of the company within three months next before the date of winding up order, the debts to which priority is given by this section shall be a first charge on the goods or effects so distrained on, or the proceeds of the sale thereof: Provided that, in respect of any money paid under any such charge, the landlord or other person shall have the same rights of priority as the person to whom the payment is made.</p> <p>(8) For the purposes of this section,- (a) any remuneration in respect of a period of holiday or of absence from work through sickness or other good cause shall be deemed to be wages in respect of services rendered to the company during that period; (b) the expression "accrued holiday remuneration" includes, in relation to any person, all sums which by virtue either of his contract of employment or of any enactment (including any order made or direction given under any enactment), are payable on account of the remuneration which would, in the ordinary course, have become payable to him in respect of a</p>		<p>and (ii) in any other case, the date of the passing of the resolution for the voluntary winding up of the company.</p>

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		<p>period of holiday had his employment with the company continued until he became entitled to be allowed the holiday; and</p> <p>(c) the expression "the relevant date" means-</p> <p>(i) in the case of a company ordered to be wound up compulsorily by the Court, the date of the appointment (or first appointment) of the provisional manager or, if no such appointment was made, the date of the winding up order, unless in either case the company had commenced to be wound up voluntarily before that date; and</p> <p>(ii) in any other case, the date of the passing of the resolution for the voluntary winding up of the company.</p>		
345.	406	<p><b>Avoidance of transfers, etc. –</b></p> <p>Except when an order to the contrary is passed by the Court,-</p> <p>(a) every transfer of shares and alteration in the status of a member made after the commencement of winding up shall, unless approved by the liquidator, be void;</p> <p>(b) any transfer of property, movable or immovable (including actionable claims), or any delivery of goods, made by a company, not being a transfer or delivery made in the ordinary course of its business or in favour of a purchaser or encumbrance in good faith and for valuable consideration, if made within a period of one year before the presentation of a petition for winding up by or subject to the</p>	391	<p><b>Avoidance of transfers.-</b></p> <p>Except when an order to the contrary is passed by the Court—</p> <p>(a) every transfer of shares and alteration in the status of a member made after the commencement of winding up shall, unless approved by the liquidator, be void;</p> <p>(b) any transfer or disposition of property, including actionable claims of the company, not being a transfer or delivery made in the ordinary course of its business or in favour of a purchaser or encumbrancer in good faith and for valuable consideration, if made within a period of one year before the presentation of a petition for winding up by the Court or the passing of a resolution for voluntary winding up of the company, shall be void.</p>

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		supervision of the Court or the passing of a resolution for voluntary winding up of the company, shall be void against the liquidator		
346.	407	<p><b>Disclaimer of property. –</b></p> <p>(1) Where any part of the property of a company which is being wound up consists of land of any tenure burdened with onerous covenants, of shares or stock in companies, of unprofitable contracts or of any other property that is unsaleable, or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act, or the payment of any sum of money, the liquidator of the company, notwithstanding that he had endeavoured to sell or has taken possession of the property, or exercised any act of ownership in relation thereto, may, with the leave of the Court and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the Court, disclaim the property : Provided that, where any such property has not come to the knowledge of the liquidator within one month after the commencement of the winding up, the power under this section of disclaiming the property may be exercised at any time within twelve months after he has become aware thereof or such extended period as may be</p>	392	<p><b>Disclaimer of onerous property. –</b></p> <p>(1) Where any part of the property of a company which is being wound up consists of—</p> <p>(a) land of any tenure, burdened with onerous covenants;</p> <p>(b) shares or stocks in companies;</p> <p>(c) any other property which is not saleable or is not readily saleable by reason of the possessor thereof being bound either to the performance of any onerous act or to the payment of any sum of money; or</p> <p>(d) unprofitable contracts; the liquidator may, notwithstanding that he has endeavoured to sell or has taken possession of the property or exercised any act of ownership in relation thereto or done anything in pursuance of the contract, with the leave of the Court and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the Court, disclaim the property: Provided that, where any such property has not come to the knowledge of the liquidator within one month after the commencement of the winding up, the power under this section of disclaiming the property may be exercised at any time within twelve months after he has become aware thereof or such extended period as may be allowed by the Court.</p>

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		<p>allowed by the Court.</p> <p>(2) The disclaimer shall operate to determine as from the date of disclaimer, the rights, interests, and liabilities of the company, and the property of the company, in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the property of the company from liability, affect the rights or liabilities of any other person.</p> <p>(3) The Court, before or on granting leave to disclaim, may require such notices to be given to persons interested, and impose such terms as a condition of granting leave, and make such other order in the matter as the Court thinks just.</p> <p>(4) The liquidator shall not be entitled to disclaim any property under this section in any case where an application in writing has been made to him by any persons interested in the property requiring him to decide whether he will or will not disclaim, and the liquidator has not, within a period of twenty-eight days after the receipt of the application or such further period as may be allowed by the Court, given notice to the applicant that he intends to apply to the Court for leave to disclaim, and in case the property is a contract, if the liquidator, after such an application as aforesaid, does not within the said period or</p>		<p>(2) The disclaimer shall operate to determine, as from the date of disclaimer, the rights, interest and liabilities of the company in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the property of the company from liability, affect the rights, interest or liabilities of any other person.</p> <p>(3) The Court, before or on granting leave to disclaim, may require such notices to be given to persons interested, and impose such terms as a condition of granting leave, and make such other order in the matter as the Court considers just and proper.</p> <p>(4) The liquidator shall not be entitled to disclaim any property in any case where an application in writing has been made to him by any person interested in the property requiring him to decide whether he will or will not disclaim and the liquidator has not, within a period of twenty-eight days after the receipt of the application or such extended period as may be allowed by the Court, give notice to the applicant that he intends to apply to the Court for leave to disclaim, and in case the property is under a contract, if the liquidator after such an application as aforesaid does not within the said period or extended period disclaim the contract, he shall be deemed to have adopted it.</p> <p>(5) The Court may, on the application of any person who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to</p>

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		<p>further period disclaim the contract, the company shall be deemed to have adopted it.</p> <p>(5) The Court may, on the application of any person who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the non-performance of the contract or otherwise as the Court thinks just, and any damages payable under the order to any such person may be proved by him as a debt in the winding up.</p> <p>(6) The Court may on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged by this Ordinance in respect of any disclaimed property, and after hearing any such persons as it thinks fit, make an order for the vesting of the property in, or the delivery of the property to, any person entitled thereto or to whom it may seem just that the property should be delivered by way of compensation for such liability as aforesaid, or a trustee for him, and on such terms as the Court thinks just; and, on any such vesting order being made, the property comprised therein shall vest accordingly in the person therein named in that behalf without any conveyance or assignment for the</p>		<p>either party of damages for the non-performance of the contract, or otherwise as the Court considers just and proper, and any damages payable under the order to any such person may be proved by him as a debt in the winding up.</p> <p>(6) The Court may, on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged under this Ordinance in respect of any disclaimed property, and after hearing any such persons as it thinks fit, make an order for the vesting of the property in, or the delivery of the property to, any person entitled thereto or to whom it may seem just that the property should be delivered by way of compensation for such liability as aforesaid, or a trustee for him, and on such terms as the Court considers just and proper, and on any such vesting order being made, the property comprised therein shall vest accordingly in the person named therein in that behalf without any conveyance or assignment for the purpose: Provided that where the property disclaimed is of a leasehold nature, the Court shall not make a vesting order in favour of any person claiming under the company, whether as under-lessee or as mortgagee or holder of a charge by way of demise, except upon the terms of making that person— (a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the commencement of the winding up; or (b) if the Court thinks fit, subject only to the same liabilities and obligations as if the lease had been assigned to that person at that date, and in either event as if the lease had comprised only the property comprised in the vesting order, and any mortgagee</p>

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		<p>purpose: Provided that, where the property disclaimed is of a leasehold nature, the Court shall not make a vesting order in favour of any person claiming under the company whether as under-lessee or as mortgagee except upon the terms of making that person-</p> <p>(a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the commencement of the winding up; or</p> <p>(b) if the Court thinks fit, subject only to the same liabilities and obligations as if the lease had been assigned to that person at that date; and in either event (if the case so requires) as if the lease had comprised only the property comprised in the vesting order, and any mortgagee or under-lessee declining to accept a vesting order upon such terms shall be excluded from all interest in and security upon the property, and, if there is no person claiming under the company who is willing to accept an order upon such terms, the Court shall have power to vest the estate and interest of the company in the property in any person liable, either personally or in a representative character, and either alone or jointly with the company, to perform the lessee's covenants in the lease, freed and discharged from all estates, encumbrances and interests created therein by the company.</p>		<p>or under-lessee declining to accept a vesting order upon such terms shall be excluded from all interest in, and security upon the property, and, if there is no person claiming under the company who is willing to accept an order upon such terms, the Court shall have power to vest the estate and interest of the company in the property in any Person liable, either personally or in a representative character, and either alone or jointly with the company, to perform the covenants of the lessee in the lease, free and discharged from all estates, encumbrances and interests created therein by the company.</p> <p>(7) Any person affected by the operation of a disclaimer under this section shall be deemed to be a creditor of the company to the amount of the compensation or damages payable in respect of such effect, and may accordingly prove the amount as a debt in the winding up.</p>

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		(7) Any person injured by the operation of a disclaimer under this section shall be deemed to be a creditor of the company to the amount of the compensation or damages payable in respect of the injury, and may accordingly prove the amount as a debt in the winding up.		
347.	408	<p><b>Fraudulent preference. –</b></p> <p><del>(1) Any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against a company within six months before the commencement of its winding up which, had it been made or done by or against an individual within six months before the presentation of an insolvency petition on which he is adjudged insolvent, would be deemed in his insolvency a fraudulent preference, shall in the event of the company being wound up, be deemed a fraudulent preference of its creditors and be invalid accordingly: Provided that, in relation to things made or done before the commencement of this Ordinance, this sub-section shall have effect as if for the reference therein to "six months" a reference to "three months" were substituted.</del></p> <p><del>(2) Any conveyance or assignment by a company of all its property to trustees for the benefit of all its</del></p>	393	<p><b>Fraudulent preference. —</b></p> <p><u>(1) Where a company has given preference to a person who is one of the creditors of the company or a surety or guarantor for any of the debts or other liabilities of the company, and the company does anything or suffers anything done which has the effect of putting that person into a position which, in the event of the company going into liquidation, will be better than the position he would have been in if that thing had not been done prior to six months of commencement of winding up, the Court, if satisfied that, such transaction is a fraudulent preference may order as it may think fit for restoring the position to what it would have been if the company had not given that preference.</u></p> <p><u>(2) If the Court is satisfied that there is a preference transfer of property, movable or immovable, or any delivery of goods, payment, execution made, taken or done by or against a company within six months before the commencement of winding up, the Court may order as it may think fit and may declare such transaction invalid and restore the position.</u></p>

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		<del>creditors shall be void.</del>		
348.	409	<p><b>Liabilities and rights of certain fraudulently preferred persons. –</b></p> <p>(1) Where, in the case of a company which is being wound up, anything made or done after the commencement of this Ordinance, is invalid under section 408 as a fraudulent preference of a person interested in property mortgaged or charged to secure the company's debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred shall be subject to the same liabilities and shall have the same rights as if he had undertaken to be personally liable as surety for the debt to the extent of the charge on the property or the value of his interest, whichever is less.</p> <p>(2) The value of the said person's interest shall be determined as at the date of the transaction constituting the fraudulent preference, and shall be determined as if the interest were free of all encumbrances other than those to which the charge for the company's debt was then subject.</p> <p>(3) On any application made to the Court with respect to any payment on the ground that the payment was a fraudulent preference of a surety or guarantor, the</p>	394	<p><b>Liabilities and rights of certain fraudulently preferred persons. –</b></p> <p>(1) Where, in the case of a company which is being wound up, anything made or done after the commencement of this Ordinance, is invalid under section 393 as a fraudulent preference of a person interested in property mortgaged or charged to secure the company's debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred shall be subject to the same liabilities and shall have the same rights as if he had undertaken to be personally liable as surety for the debt to the extent of the charge on the property or the value of his interest, whichever is less.</p> <p>(2) The value of the said person's interest shall be determined as at the date of the transaction constituting the fraudulent preference, and shall be determined as if the interest were free of all encumbrances other than those to which the charge for the company's debt was then subject.</p> <p>(3) On any application made to the Court with respect to any payment on the ground that the payment was a fraudulent preference of a surety or guarantor, the Court shall have jurisdiction to determine any questions with respect to the payment arising between the person to whom the payment was made and the surety or guarantor and to grant relief in respect thereof, notwithstanding that it is not necessary so to do for the purposes of the winding up, and for that purpose may give leave</p>



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		<p>Court shall have jurisdiction to determine any questions with respect to the payment arising between the person to whom the payment was made and the surety or guarantor and to grant relief in respect thereof, notwithstanding that it is not necessary so to do for the purposes of the winding up, and for that purpose may give leave to bring in the surety or guarantor as a third party as in the case of a suit for the recovery of the sum paid.</p> <p>(4) Sub-section (3) shall apply, with the necessary modifications, in relation to transactions other than the payment of money as it applied in relation to such payments.</p>		<p>to bring in the surety or guarantor as a third party as in the case of a suit for the recovery of the sum paid.</p> <p>(4) Sub-section (3) shall apply, with the necessary modifications, in relation to transactions other than the payment of money as it applied in relation to such payments.</p>
349.	410	<p><b>Avoidance of certain attachments, executions, etc.-</b></p> <p>(1) Where any company is being wound up by or subject to the supervision of the Court, any attachment, distress or execution put in force without leave of the Court against the estate or effects or any sale held without leave of the Court of any of the properties of the company after the commencement of the winding up shall be void.</p> <p>(2) Nothing in this section applies to proceedings by the Government.</p>	395	<p><b>Avoidance of certain attachments, executions.—</b></p> <p>(1) Where any company is being wound up by or subject to the supervision of the Court, any attachment, distress or execution put in force without leave of the Court against the estate or effects or any sale held without leave of the Court of any of the properties of the company after the commencement of the winding up shall be void.</p> <p>(2) Nothing in this section applies to proceedings by the Government.</p>
350.	411	<p><b>Effect of floating charge. —</b></p>	396	<p><b>Effect of floating charge.—</b></p>

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		<p>Where a company is being wound up, a floating charge on the undertaking or property of the company created within twelve months of the commencement of the winding up shall, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the company at the time of, or subsequently to the creation of, and in consideration for, the charge, together with surcharge on that amount at the rate of <del>one percent per month</del> or part thereof or such other rate as may be notified by the Commission in the official Gazette:</p> <p><del>Provided that, in relation to a charge created more than six months before the commencement of this Ordinance, this section shall have effect as if for the reference therein to "twelve months", a reference to "six months" were substituted.</del></p>		<p>Where a company is being wound up, a floating charge on the undertaking or property of the company created within twelve months immediately preceding the commencement of the winding up shall, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the company at the time of, or subsequently to the creation of, and in consideration for, the charge, together with markup on that amount at the rate of <u>five percent per annum</u> or part thereof or such other rate as may be notified by the Commission in the official Gazette.</p>
351.	412	<p><b>Power of Court to assess damages against delinquent directors, etc.-</b></p> <p>(1) If in the course of winding up a company it appears that any person who has taken part in the promotion or formation of the company, or any past or present director, liquidator or officer of the company-</p> <p>(a) has misapplied or retained or become liable or accountable for any money or property of the</p>	397	<p><b>Power of Court to assess damages against delinquent directors.—</b></p> <p>If in the course of winding up a company it appears that any person who has taken part in the promotion or formation of the company or any past or present director, liquidator or officer of the company-</p> <p>(a) has misapplied or retained or become liable or accountable for any money or property of the company; or</p> <p>(b) has been guilty of any misfeasance or breach of trust in</p>

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		<p>company; or (b) has been guilty of any misfeasance or breach of trust in relation to the company; the Court may, on the application of the official liquidator or the liquidator or of any creditor or contributory, made within the time specified in that behalf in sub-section (2), examine into the conduct of the person, director, liquidator or officer aforesaid, and compel him to repay or restore the money or property or any part thereof respectively, with surcharge at such rate as the Court thinks just, or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, retainer, misfeasance or breach of trust as the Court thinks just.</p> <p>(2) An application under sub-section (1) shall be made within five years from the date of the order for winding up, or of the first appointment of the liquidator in the winding up, or of the misapplication, retainer, misfeasance or breach of trust, as the case may be, whichever is longer.</p> <p>(3) This section shall apply notwithstanding that the matter is one for which the person concerned may be criminally liable.</p>		<p>relation to the company; the Court may, on the application of the official liquidator or the liquidator or of any creditor or contributory, made within the time specified in that behalf in sub-section (2), examine into the conduct of the person, director, liquidator or officer aforesaid, and compel him to repay or restore the money or property or any part thereof respectively, with surcharge at such rate as the Court thinks just, or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, retainer, misfeasance or breach of trust as the Court thinks just.</p> <p>(2) An application under sub-section (1) shall be made within five years from the date of the order for winding up, or of the first appointment of the liquidator in the winding up, or of the misapplication, retainer, misfeasance or breach of trust, as the case may be, whichever is longer.</p> <p>(3) This section shall apply notwithstanding that the matter is one for which the person concerned may be criminally liable.</p>
352.	413	<p><b>Liability for fraudulent conduct of business. –</b></p> <p>(1) If in the course of the winding up of a company it</p>	398	<p><b>Liability for fraudulent conduct of business.—</b></p> <p>(1) If in the course of the winding up of a company it appears that</p>

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		<p>appears that any business of the company has been carried on with intent to defraud creditors of the company or any other person, or for any fraudulent purpose, the Court, on the application of the official liquidator or the liquidator or any creditor or contributory of the company, may, if it thinks fit, declare that any persons who were knowingly parties to the carrying on of the business in the manner aforesaid shall be personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the company as the Court may direct.</p> <p>(2) On the hearing of an application under sub-section (1), the official liquidator or the liquidator, as the case may be, may himself give evidence or call witnesses.</p> <p>(3) Where the Court makes any such declaration, it may give such further directions as it thinks proper for the purpose of giving effect to that declaration; and, in particular, may make provision for making that liability of any such person under the declaration a charge on any debt or obligation due from the company to him, or on any mortgage or charge or any interest in any mortgage or charge on any assets of the company held by or vested in him, or any company or person on his behalf, or any person claiming as assignee from or through the person</p>		<p>any business of the company has been carried on with intent to defraud creditors of the company or any other person, or for any fraudulent purpose, the Court, on the application of the official liquidator or the liquidator or any creditor or contributory of the company, may, if it thinks fit, declare that any persons who were knowingly parties to the carrying on of the business in the manner aforesaid shall be personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the company as the Court may direct.</p> <p>(2) On the hearing of an application under sub-section (1), the official liquidator or the liquidator, as the case may be, may himself give evidence or call witnesses.</p> <p>(3) Where the Court makes any such declaration, it may give such further directions as it thinks proper for the purpose of giving effect to that declaration; and, in particular, may make provision for making that liability of any such person under the declaration a charge on any debt or obligation due from the company to him, or on any mortgage or charge or any interest in any mortgage or charge on any assets of the company held by or vested in him, or any company or person on his behalf, or any person claiming as assignee from or though the person liable or any company or person acting on his behalf, and may, from time to time, make such further order as may be necessary for the purpose of enforcing any charge imposed under this sub-section.</p> <p>Explanation.—For the purpose of this sub-section, the expression "assignee" includes any person to whom or in whose favour, by</p>

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		<p>liable or any company or person acting on his behalf, and may, from time to time, make such further order as may be necessary for the purpose of enforcing any charge imposed under this sub-section.</p> <p>Explanation:- For the purpose of this sub-section, the expression "assignee" includes any person to whom or in whose favour, by the directions of the person liable, the debt, obligation, mortgage or charge was created, issued or transferred or the interest was created, but does not include an assignee for valuable consideration (not including consideration by way of marriage) given in good faith and without notice of any of the matters on the ground of which the declaration is made.</p> <p>(4) Where any business of a company is carried on with such intent or for such purpose as is mentioned in sub-section (1), every person who was knowingly a party to the carrying on of the business in the manner aforesaid shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twenty thousand rupees, or with both.</p> <p>(5) This section shall apply, notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the declaration is to be made.</p>		<p>the directions of the person liable, the debt, obligation, mortgage or charge was created, issued or transferred or the interest was created, but does not include an assignee for valuable consideration (not including consideration by way of marriage) given in good faith and without notice of any of the matters on the ground of which declaration is made.</p> <p>(4) Where any business of a company is carried on with such intent or for such purpose as is mentioned in sub-section (1), every person who was a party to the carrying on of the business in the manner aforesaid shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one million rupees, or with both.</p> <p>(5) This section shall apply, notwithstanding that the person concerned may be criminally liable in respect of the matters on the ground of which the declaration is to be made.</p>

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353.	414	<p><b>Liability under sections 412 and 413 to extend to partners or directors in firm or body corporate.-</b></p> <p>Where an order under section 412 or a declaration under section 413 is or may be made in respect of a firm or body corporate, the Court shall also have power to pass an order under section 412 or make a declaration under section 413, as the case may be, in respect of any person who was at the relevant time a partner in that firm or a director of that body corporate.</p>	399	<p><b>Liability under sections 397 and 398 to extend to partners or directors in firm or body corporate.—</b></p> <p>Where an order under section 397 or a declaration under section 398 is or may be made in respect of a firm or body corporate, the Court shall also have power to pass an order under section 397 or make a declaration under section 398, as the case may be, in respect of any person who was at the relevant time a partner in that firm or a director of that body corporate.</p>
354.	415	<p><b>Penalty for fraud by officers of companies which have gone into liquidation. –</b></p> <p>If any person, being at the time of the commission of the alleged offence an officer of a company which is subsequently ordered to be wound up by the Court or which subsequently passes a resolution for voluntary winding up,-</p> <p>(a) has, by false pretenses or by means of any other fraud, induced any person to give credit to the company; or</p> <p>(b) with intent to defraud creditors of the company, has made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against, the property of the</p>	400	<p><b>Penalty for fraud by officers of companies which have gone into liquidation.—</b></p> <p>(1) If any person, being at the time of the commission of the alleged offence an officer of a company which is subsequently ordered to be wound up by the Court or which subsequently passes a resolution for voluntary winding up—</p> <p>(a) has, by false pretenses or by means of any other fraud, induced any person to give credit to the company; or</p> <p>(b) with intent to defraud creditors of the company, has made or caused to be made any gift or transfer of or charge on, or has caused or connived at the levying of any execution against, the property of the company; or</p> <p>(c) with intent to defraud creditors of the company, has concealed or removed any part of the property of the company</p>

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		company; or (c) with intent to defraud creditors of the company, has concealed or removed any part of the property of the company since, or within two months before, the date of any unsatisfied judgment or order for payment of money obtained against the company; he shall be punishable with imprisonment for a term which may extend to two years, and shall also be liable to fine.		since, or within two months before, the date of any unsatisfied judgment or order for payment of money obtained against the company;  he shall be punishable with imprisonment for a term which may extend to three years, and shall also be liable to a fine which may extend to one million rupees.  (2) <u>Where the Court has passed an order of winding up of a company and prima facie concludes that any of the offence provided in sub-section (1) has been committed, the Court may send a reference for adjudication of offence under sub-section (1) to the court as provided under section 482.</u>
355.	416	<b>Liability where proper accounts not kept. –</b>  (1) If, where a company is being wound up, it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is the shorter, every officer of the company who is knowingly and willfully in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on the default was excusable,	401	<b>Liability where proper accounts not kept.—</b>  (1) If, where a company is being wound up, it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is the shorter, every officer of the company who is in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried On the default was excusable, be punishable with imprisonment for a term which may extend to three years or with fine which may extend to one hundred

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		<p>be punishable with imprisonment for a term which may extend to two years or with fine which may extend to twenty thousand rupees or with both.</p> <p>(2) For the purpose of sub-section (1), proper books of account shall be deemed not to have been kept in the case of a company, if there have not been kept-</p> <p>(a) such books or accounts as are necessary to exhibit and explain the transactions and financial position of the trade or business of the company, including books containing entries from day to day in sufficient detail of all cash received and all cash paid; and</p> <p>(b) where the trade or business has involved dealings in goods, statements of the annual stock takings and (except in the case of goods sold by way of ordinary retail trade) of all goods sold and purchased, showing the goods and the buyers and sellers thereof in sufficient detail to enable those goods and those buyers and sellers to be identified</p>		<p>thousand rupees or with both.</p> <p>(2) For the purpose of sub-section (1), proper books of account shall be deemed not to have been kept in the case of a company, if there have not been kept—</p> <p>(a) such books or accounts as are necessary to exhibit and explain the transactions and financial position of the trade or business of the company, including books containing entries from day to day in sufficient detail of all cash received and all cash paid; and</p> <p>(b) where the trade or business has involved dealings in goods, statement of the annual stock takings and (except in the case of goods sold by way of ordinary retail trade) of all goods sold and purchased, showing the goods and the buyers and sellers thereof in sufficient detail to enable those goods and those buyers and sellers to be identified.</p>
356.	417	<p><b>Penalty for falsification of books. –</b></p> <p>If any director, manager, officer, auditor or contributory of any company being wound up destroys, mutilates, alters or falsifies or fraudulently secretes any books, papers or securities, or makes or is privy to the making of any false or fraudulent entry in any register, books or paper belonging to the</p>	402	<p><b>Penalty for falsification of books.—</b></p> <p>If any director, manager, officer, auditor or contributory of any company being wound up destroys, mutilates, alters or falsifies or fraudulently secretes any books, papers or securities, or makes or is privy to the making of any false or fraudulent entry in any register, books or paper belonging to the company with intent to defraud or deceive any person, he shall be liable to imprisonment</p>



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		company with intent to defraud or deceive any person, he shall be liable to imprisonment for a term which may extend to two years, or with fine which may extend to twenty thousand rupees, or with both.		for a term which may extend to three years, or with fine, which may extend to one million rupees, or with both.
357.	418	<p><b>Prosecution of delinquent directors. –</b></p> <p>(1) If it appears to the Court in the course of winding up by, or subject to the supervision of, the Court that any past or present director, or other officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, the Court may, either on the application of any person interested in the winding up or of its own motion, direct the liquidator either himself to prosecute the offender or to refer the matter to the registrar.</p> <p>(2) If it appears to the liquidator in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, he shall forthwith report the matter to the registrar and shall furnish to him such information and give to him such access to and facilities for inspecting and taking copies of any documents, being information or documents in the possession or under the control of the liquidator relating to the matter in</p>	403	<p><b>Prosecution of delinquent directors.—</b></p> <p>(1) If it appears to the Court in the course of winding up by, or subject to the supervision of the Court that any past or present director, or other officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, the Court may, either on the application of any person interested in the winding up or of its own motion, direct the liquidator either himself to prosecute the offender or to refer the matter to the registrar.</p> <p>(2) If it appears to the liquidator in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, he shall forthwith report the matter to the registrar and shall furnish to him such information and give to him such access to and facilities for inspecting and taking copies of any documents, being information or documents in the possession or under the control of the liquidator relating to the matter in question, as he may require.</p> <p>(3) Where any report is made under sub-section (1) or (2) to the registrar, he may, if he thinks fit, refer the matter to the</p>

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		<p>question, as he may require.</p> <p>(3) Where any report is made under sub-section (1) or (2) to the registrar, he may, if he thinks fit, refer the matter to the Commission for further inquiry and the Commission may thereupon investigate the matter and may, if it thinks it expedient, appoint one or more competent inspectors to investigate the affairs of the company and to report thereon as if it were a case falling under clause (c) of section 263 and thereupon the provision contained in sections 266 to 280 shall mutatis mutandis apply in all respects.</p> <p>(4) If on any report to the registrar under sub-section (2) it appears to him that the case is not one in which proceedings ought to be taken by him, he shall inform the liquidator accordingly, giving his reasons, and thereupon, subject to the previous sanction of the Court, the liquidator may himself take proceedings against the offender.</p> <p>(5) If it appears to the Court in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty as aforesaid, and that no report with respect to the matter has been made by the liquidator to the registrar, the Court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator</p>		<p>Commission for further inquiry and the Commission may thereupon investigate the matter and may, if it thinks it expedient, appoint one or more competent inspectors to investigate the affairs of the company and to report thereon as if it were a case falling under clause (c) of section 256 and thereupon the provision contained in sections 259 to 273 shall mutatis mutandis apply in all respects.</p> <p>(4) If on any report to the registrar under sub-section (2) it appears to him that the case is not one in which proceedings ought to be taken by him, he shall inform the liquidator accordingly, giving his reasons, and thereupon, subject to the previous sanction of the Court, the liquidator may himself take proceedings against the offender.</p> <p>(5) If it appears to the Court in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty as aforesaid, and that no report with respect to the matter has been made by the liquidator to the registrar, the Court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator to make such a report and, on a report being made accordingly, the provisions of this section shall have effect as though the report has been made in pursuance of the provisions of sub-section (1) or (2).</p> <p>(6) If, where any matter is reported or referred to the registrar under this section, he considers that the case is one in which a prosecution ought to be instituted, he shall report the matter to</p>

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		<p>to make such a report and, on a report being made accordingly, the provisions of this section shall have effect as though the report has been made in pursuance of the provisions of sub-section (1) or (2).</p> <p>(6) If, where any matter is reported or referred to the registrar under this section, he considers that the case is one in which a prosecution ought to be instituted, he shall report the matter to the Commission, and the Commission may, after taking such legal advice as it thinks fit, direct the registrar or the prosecutor appointed under section 480 to institute proceedings: Provided that no report shall be made by the registrar under this sub-section without first giving the accused person an opportunity of making a statement in writing to the registrar and of being heard thereon.</p> <p>(7) Notwithstanding anything contained in the <u>Evidence Act, 1872 (I of 1872)</u>, when any proceedings are instituted under this section it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the defendant in the proceedings) to give all assistance in connection with the prosecution which he is reasonably able to give, and for the purposes of this sub-section the expression agent in relation to a company shall be deemed to include any banker or legal adviser of the company and any person</p>		<p>the Commission, and the Commission may, after taking such legal advice as it thinks fit, direct the registrar to proceed in accordance with sections 477 and 486: Provided that no report shall be made by the registrar under this sub-section without first giving the accused person an opportunity of making a statement in writing to the registrar and of being heard thereon.</p> <p>(7) Notwithstanding anything contained in the <u>Qanun-e-Shahadat Order, 1984 (Act X of 1984)</u>, when any proceedings are instituted under this section it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the defendant in the proceedings) to give all assistance in connection with the prosecution which he is reasonably able to give, and for the purposes of this sub-section the expression "agent" in relation to a company shall be deemed to include any banker or legal adviser of the company and any person employed by the company as auditor, whether that person is or is not an officer of the company.</p> <p>(8) If any person fails or neglects to give assistance in manner required by sub-section (7), the Court may, on the application of the registrar or the prosecutor, as the case may be, direct that person to comply with the requirements of the said sub-section, and where any such application is made with respect to a liquidator, the court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the cost of the application shall be borne by the liquidator personally.</p>

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		<p>employed by the company as auditor, whether that person is or is not an officer of the company.</p> <p>(8) If any person fails or neglects to give assistance in manner required by sub-section (7), the Court may, on the application of the registrar or the prosecutor, as the case may be, direct that person to comply with the requirements of the said sub-section, and where any such application is made with respect to a liquidator, the Court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the costs of the application shall be borne by the liquidator personally.</p>		
358.	419	<p><b>Penalty for false evidence. –</b></p> <p>If any person, upon any examination upon oath authorised under this Ordinance, or in any affidavit, disposition or solemn affirmation, in or about the winding up of any company under this Ordinance, or otherwise in or about any matter arising under this Ordinance, intentionally gives false evidence, he shall be liable to imprisonment for a term which may extend to two years, and shall also be liable to fine.</p>	404	<p><b>Penalty for false evidence.—</b></p> <p>If any person, upon any examination upon oath authorised under this Ordinance, or in any affidavit, disposition or solemn affirmation, in or about the winding up of any company under this Ordinance, or otherwise in or about any matter arising under this Ordinance, intentionally gives false evidence, he shall be liable to imprisonment for a term which may extend to three years, and shall also be liable to a fine <u>which may extend to one million rupees</u></p>
359.	420	<p><b>Penal Provisions. –</b></p>	405	<p><b>Penal Provisions.—</b></p>

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		<p>(1) If any person, being a past or present director, chief executive, managing agent, manager, auditor or other officer of a company which at the time of the commission of the alleged offence, is being wound up, whether by or under the supervision of the Court or voluntarily or is subsequently ordered to be wound up by the Court or subsequently passes a resolution for voluntary winding up-</p> <p>(a) does not to the best of his knowledge and belief fully and truly discover to the liquidator all the property, real and personal, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company; or</p> <p>(b) does not deliver up to the liquidator, or as he directs, all such part of the real and personal property of the company as is in his custody or under his control, and which he is required by law to deliver up; or</p> <p>(c) does not deliver up to the liquidator, or as he directs, all books and papers in his custody or under his control belonging to the company which he is required by law to deliver up; or</p> <p>(d) within twelve months next before the commencement of the winding up or at any time thereafter, conceals any part of the property of the company to the value of one hundred rupees or</p>		<p>(1) If any person, being a past or present director, chief executive; manager, auditor or other officer of a company which at the time of the commission of the alleged offence, is being wound up, whether by or under supervision of the Court or voluntarily or is subsequently ordered to be wound up by the Court or subsequently passes a resolution for voluntary winding up—</p> <p>(a) does not to the best of his knowledge and belief fully and truly discover to the liquidator all the property, real and personal, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company; or</p> <p>(b) does not deliver up to the liquidator, or as he directs, all such part of the real and personal property of the company as is in his custody or under his control, and which he is required by law to deliver up; or</p> <p>(c) does not deliver up to the liquidator, or as he directs, all books and papers in his custody or under his control belonging to the company which he is required by law to deliver up; or</p> <p>(d) within twelve months next before the commencement of the winding up or at any time thereafter, conceals any part of the property of the company to the value of one thousand rupees or upwards or conceals any debt due to or from the company; or</p> <p>(e) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently removes any part of the property of the company to the value of one thousand rupees or upward; or</p> <p>(f) makes any material omission in any statement relating to the</p>

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		<p>upwards or conceals any debt due to or from the company; or</p> <p>(e) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently removes any part of the property of the company to the value of one hundred rupees or upward; or</p> <p>(f) makes any material omission in any statement relating to the affairs of the company; or</p> <p>(g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of a month to inform the liquidator thereof; or</p> <p>(h) after the commencement of the winding up, prevents the production of any books or papers affecting or relating to the property or affairs of the company; or</p> <p>(i) within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation or falsification of, any book or paper affecting or relating to the property or affairs of the company; or</p> <p>(j) within twelve months next before the commencement of the winding up or at any time thereafter, makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company; or</p>		<p>affairs of the company; or</p> <p>(g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of a month to inform the liquidator thereof; or</p> <p>(h) after the commencement of the winding up, prevents the production of any books or papers affecting or relating to the property or affairs of the company; or</p> <p>(i) within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation or falsification of, any book or paper affecting or relating to the property or affairs of the company; or</p> <p>(j) within twelve months next before the commencement of the winding up or at any time thereafter, makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company; or</p> <p>(k) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company; or</p> <p>(1) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up, attempts to account for any part of the property of the company by fictitious loses or expenses; or</p> <p>(m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on</p>

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		<p>(k) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company; or</p> <p>(l) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up, attempts to account for any part of the property of the company by fictitious losses or expenses; or</p> <p>(m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for; or</p> <p>(n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pre-tense that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for; or</p> <p>(o) within twelve months next before the commencement of the winding up or at any time thereafter, pawns, pledges or disposes of any property of the company which has been obtained on</p>		<p>behalf of the company on credit which the company does not subsequently pay for; or</p> <p>(n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pretense that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for; or</p> <p>(o) within twelve months next before the commencement of the winding up or at any time thereafter, pawns; pledges or disposes of any property of the company which has been obtained on credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company; or</p> <p>(p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them to an agreement with reference to the affairs of the company or to the winding up;</p> <p>he shall be punishable, in the case of the offences mentioned respectively in clauses (m), (n) and (o) of this sub-section, with imprisonment for a term which may extend to five years, and, in the case of any other offence, with imprisonment for a term which may extend to three years and shall also be liable to fine which may extend to five million rupees in each case and the liquidator may, with the permission of the Court, file a complaint before the Court as provided under section 482 for adjudication of offence:</p> <p>Provided that it shall be a good defence, to a charge under any of</p>

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		<p>credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company; or</p> <p>(p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them to an agreement with reference to the affairs of the company or to the winding up;</p> <p>he shall be punishable, in the case of the offences mentioned respectively in clauses (m), (n) and (o) of this sub-section, with imprisonment for a term which may extend to five years, and, in the case of any other offence, with imprisonment for a term which may extend to two years, and shall also be liable to fine which may extend to twenty thousand rupees in each case:</p> <p>Provided that it shall be a good defence, to a charge under any of clauses (b), (c), (d), (f), (n) and (o), if the accused proves that he had no intent to defraud, and to a charge under any of clauses (a), (h), (i) and (j), if he proves that he had no intent to conceal the state of affairs of the company or to defeat the law.</p> <p>(2) Where any person pawns, pledges or disposes of any property in circumstances which amount to an offence under clause (o) of sub-section (1) every person who takes in pawn or pledge or otherwise</p>		<p>clauses (b), (c), (d), (f), (n) and (o), if the accused proves that he had no intent to defraud, and to a charge under any of clauses (a), (h), (i) and (j), if he proves that he had no intent to conceal the state of affairs of the company or to defeat the law.</p> <p>(2) Where any person pawns, pledges or disposes of any property in such circumstances which amount to an offence under clause (o) of sub-section (1) every person who takes in pawn or pledge or otherwise receives the property flowing it to be pawned, pledged or disposed of in such circumstances as aforesaid shall be punishable with imprisonment for a term which may extend to three years, and shall also be liable to a fine which may extend to <u>one million rupees</u>.</p>



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		receives the property knowing it to be pawned, pledged or disposed of in such circumstances as aforesaid shall be punishable with imprisonment for a term which may extend to two years, and shall also be liable to a fine which may extend to <del>twenty thousand rupees.</del>		
360.	421	<p><b>421. Liquidator to exercise certain powers subject to sanction. –</b></p> <p>(1) The liquidator may, with the sanction of the Court when the company is being wound up by the Court or subject to the supervision of the Court, and with the sanction of a special resolution of the company in the case of a voluntary winding up, do the following things or any of them:</p> <p>(i) pay any classes of creditors in full;</p> <p>(ii) make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the company may be rendered liable;</p> <p>(iii) compromise any calls and liabilities to calls, debts, and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or supposed to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up</p>		<p><b>406. Liquidator to exercise certain powers subject to sanction. —</b></p> <p>(1) The liquidator may, with the sanction of the Court when the company is being wound up by the Court or subject to the supervision of the Court, and with the S.: fiction of a special resolution of the company in the case of a voluntary winding u., do the following things or any of them</p> <p>(a) pay any classes of creditors in full;</p> <p>(b) make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the company may be rendered liable;</p> <p>(c) compromise any calls and liabilities to calls, debts, and liabilities, capable of resulting in debts, and all claims, present or future, certain or contingent subsisting or supposed to subsist between the company and a contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such calls, debt, liability or claim, and give a complete discharge in respect thereof.</p>

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		<p>of the company, on such terms as may be agreed, and take any security for the discharge of any such calls, debt, liability or claim, and give a complete discharge in respect thereof.</p> <p>(2) The exercise by the liquidator of the powers under sub-section (1) shall be subject to the control of the Court, and any creditor or contributory may apply to the Court with respect to any exercise or proposed exercise of any of these powers.</p>		<p>(2) The exercise by the liquidator of the powers under sub-section (1) shall be subject to the control of the Court, and any creditor or contributory may apply to the Court with respect to any exercise or proposed exercise of any of these powers.</p>
361.	422	<p><b>Meetings to ascertain wishes of creditors or contributories. –</b></p> <p>(1) In all matter relating to the winding up of a company, the Court-</p> <p>(a) shall have regard to the wishes of creditors or contributories of the company, as proved to it by any sufficient evidence;</p> <p>(b) may, if it thinks fit for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held and conducted in such manner as the Court directs; and</p> <p>(c) may appoint a person to act as chairman of any such meeting and to report the result thereof to the Court.</p> <p>(2) When ascertaining the wishes of creditors, regard shall be had to the value of each creditor's debt.</p>	407	<p><b>Meetings to ascertain wishes of creditors or contributories.—</b></p> <p>(1) In all matter relating to the winding up of a company, the Court—</p> <p>(a) shall have regard to the wishes of creditors or contributories of the company, as proved to it by any sufficient evidence;</p> <p>(b) may, if it thinks fit for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held and conducted in such manner as the Court directs; and</p> <p>(c) may appoint a person to act as chairman of any such meeting and to report the result thereof to the Court.</p> <p>(2) When ascertaining the wishes of creditors, regard shall be had to the value of each creditor's debt.</p> <p>(3) When ascertaining the wishes of contributories, regard shall be had to the number of votes which may be cast by each contributory.</p>

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		(3) When ascertaining the wishes of contributories, regard shall be had to the number of votes which may be cast by each contributory.		
362.	423	<p><b>Documents of company to be evidence. –</b></p> <p>Where any company is being wound up, all books and papers of the company and of the liquidators, shall, as between the contributories of the company, be prima facie evidence of the truth of all matters purporting to be therein recorded.</p>	408	<p><b>Documents of company to be evidence. –</b></p> <p>Where any company is being wound up, all books and papers of the company and of the liquidators, shall, as between the contributories of the company, be prima facie evidence of the truth of all matters purporting to be recorded therein.</p>
363.	424	<p><b>Summary disposal of certain suits by liquidators. –</b></p> <p>Notwithstanding any thing contained in the Code of Civil Procedure, 1908 (Act V of 1908), a liquidator desiring to recover any debt due to the company may apply to the court in which the proceedings are pending that the same be determined summarily, and the court may determine it on affidavits but when the court deems it just and expedient, either on an application made to it in this behalf or of its own motion, it may set down any issue or issues for hearing on other evidence also and pass such orders for discovery of particulars as it may do in a suit.</p>	409	<p><b>Summary disposal of certain suits by liquidators.—</b></p> <p>Notwithstanding anything contained in the Code of Civil Procedure, 1908 (Act V of 1908), a liquidator desiring to recover any debt due to the company may apply to the Court in which the proceedings are pending that the same be determined summarily, and the Court may determine it on affidavits but when the Court deems it just and expedient, either on an application made to it in this behalf or of its own motion, it may set down any issue or issues for hearing on other evidence also and pass such orders for discovery of particulars as it may do in a suit.</p>
364.	425	<p><b>Limitation.-</b></p> <p>Notwithstanding anything contained in the Limitation</p>	410	<p><b>Limitation.—</b></p> <p>Notwithstanding anything contained in the Limitation Act (IX of</p>

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		Act, 1908 (IX of 1908), in computing the time within which a liquidator may file a suit for the recovery of any debt due to the company, the period which elapses between the making of the petition for liquidation and the assumption of charge by the liquidator, or a period of one year, whichever be greater, shall be excluded.		1908), in computing the time within which a liquidator may file a suit for the recovery of any debt due to the company, the period which elapses between the making of the petition for liquidation and the assumption of charge by the, liquidator, or a period of one year, whichever be greater, shall be excluded.
365.	426	<p><b>Court-fees. –</b></p> <p>(1) Notwithstanding anything contained in the Court-fees Act, 1870 (VII of 1870), or in the Code of Civil Procedure, 1908 (Act V of 1908), where sufficient funds are not available with the liquidator and it is necessary to file a suit for the recovery of a debt due to the company, no court-fee stamp need be affixed on the plaint.</p> <p>(2) If the liquidator succeeds in the suit, the Court shall calculate the amount of court-fee which would have been paid by the liquidator if he had not been permitted to sue under sub-section (1), and such amount shall be recoverable by the Court from any party ordered by the decree to pay the same.</p> <p>(3) Where the liquidator does not succeed, the court-fee shall be payable by him out of other assets, if any, whenever realised.</p>	411	<p><b>Court fees .—</b></p> <p>(1) Notwithstanding anything contained in the Court-fees Act, 1870 (VII of 1870), or in the Code of Civil Procedure, 1908 (Act V of 1908), where sufficient funds are not available with the liquidator and it is necessary to file a suit for the recovery of a debt due to the company, no court-fee stamp need be affixed on the plaint.</p> <p>(2) If the liquidator succeeds in the suit, the Court shall calculate the amount of court-fee which would have been paid by the liquidator if he had not been permitted to sue under sub-section (1), and such amount shall be recoverable by the Court from any party ordered by the decree to pay the same.</p> <p>(3) Where the liquidator does not succeed, the court-fee shall be payable by him out of other assets, if any, whenever realised</p>

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366.	427	<p><b>Inspection of documents. –</b></p> <p>(1) After an order for a winding up by or subject to the supervision of the Court, the Court may make such order for inspection by creditors and contributories of the company of its documents as the Court thinks just, and any documents in the possession of the company may be inspected by creditors or contributories accordingly.</p> <p>(2) The order as aforesaid may, in the case of voluntary winding up, be made by the Commission.</p> <p>(3) Nothing in sub-section (1) shall be taken as excluding or restricting any rights conferred by any law for the time being in force-</p> <p>(a) on the Federal Government or a Provincial Government; or</p> <p>(b) on the Commission or any officer thereof; or</p> <p>(c) on any person acting under the authority of any such Government or the Commission or officer thereof; or</p> <p>(d) on the registrar</p>	412	<p><b>Inspection of documents.—</b></p> <p>(1) After an order for a winding up by or subject to the supervision of the Court, the Court may make such order for inspection by creditors and contributories of the company of its documents as the Court thinks just, and any documents in the possession of the company may be inspected by creditors or contributories accordingly.</p> <p>(2) The order as aforesaid may, in the case of voluntary winding up, be made by the Commission.</p> <p>(3) Nothing in sub-section (1) shall be taken as excluding or restricting any rights conferred by any law for the time being in force—</p> <p>(a) on the Federal Government or a Provincial Government; or</p> <p>(b) on the Commission or any officer thereof; or</p> <p>(c) on any person acting under the authority of any such Government or the Commission or officer thereof; or</p> <p>(d) on the registrar.</p>
367.	428	<p><b>Disposal of books and papers of company. –</b></p> <p>(1) Subject to any rules made under sub-section (3), when a company has been wound up and is about to be dissolved, the books and papers of the company</p>	413	<p><b>Disposal of books and papers of company.—</b></p> <p>(1) Subject to any rules made under sub-section (3), when a company has been wound up and is about to be dissolved, the books and papers of the company and of the liquidators may be</p>

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		<p>and of the liquidators may be disposed of as follows, that is to say,-</p> <p>(a) in the case of a winding up by or subject to the supervision of the Court, in such way as the Court directs;</p> <p>(b) in the case of a members' voluntary winding up, in such way as the company by special resolution directs; and</p> <p>(c) in the case of a creditors' voluntary winding up, in such way as the committee of inspection or, if there is no such committee, as the creditors of the company may direct.</p> <p>(2) After the expiry of three years from the dissolution of the company, no responsibility shall rest on the company, or the liquidators, or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein.</p> <p>(3) The Federal Government, may by rules, prevent for such period (not exceeding three years from the dissolution of the company) as the Federal Government thinks proper, the destruction of the books and papers of a company which has been wound up, and enable any creditor or contributory of the company to make representations to the Federal Government.</p>		<p>disposed of as follows, that is to say—</p> <p>(a) in the case of a winding up by or subject to the supervision of the Court in such way as the Court directs;</p> <p>(b) in the case of a members voluntary winding up, in such way as the company by special resolution directs; and</p> <p>(c) in the case of a creditors' voluntary winding up, in such way, as the creditors of the company may direct.</p> <p>(2) After the expiry of three years from the dissolution of the company no responsibility shall rest on the company, or the liquidators, or any person to whom the custody of the books and papers has been committed, by reason of any book or paper not being forthcoming to any person claiming to be interested therein.</p> <p>(3) The concerned Minister-in-Charge of the Federal Government, may by rules, prevent for such period (not exceeding three years from the dissolution of the company as the concerned Minister-in-Charge of the Federal Government thinks proper, the destruction of the books and papers of a company which has been wound up, and enable any creditor or contributory of the company to make representations to the concerned Minister-in-Charge of the Federal Government.</p> <p>(4) Any contravention or default in complying with requirements of this section shall be an offence liable to a <u>penalty of level 2 on the standard scale.</u></p>

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		(4) If any person acts in contravention of any such rules or of any direction of the Federal Government thereunder, he shall be punishable with <del>fine which may extend to five thousand rupees.</del>		
368.	429	<p><b>Power of Court to declare dissolution of company void. –</b></p> <p>(1) Where a company has been dissolved, the Court may at any time within two years of the date of the dissolution, on an application being made for the purpose by the liquidator of the company or by any other person who appears to the Court to be interested, make an order, upon such terms as the Court thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.</p> <p>(2) It shall be the duty of the person on whose application the order was made, within twenty-one days after the making of the order, to file with the registrar a certified copy of the order, and if that person fails so to do he shall be punishable with <del>fine which may extend to one hundred rupees for every day during which the default continues.</del></p>	414	<p><b>Power of Court to declare dissolution of company void.—</b></p> <p>(1) Where a company has been dissolved, the Court may at any time within two years of the date of the dissolution, on an application being made for the purpose by the liquidator of the company or by any other person who appears to the Court to be interested, make an order, upon such terms as the Court thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.</p> <p>(2) It shall be the duty of the person on whose application the order was made, within fifteen days after the making of the order, to file with the registrar a certified copy of the order, and if that person fails so to do he shall be punishable a daily <u>penalty specified in level 1 on the standard scale.</u></p>
369.	430	<b>Information as to pending liquidations. –</b>	415	<b>Information as to pending liquidations.—</b>

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		<p>(1) Where a company is being wound up, if the winding up is not concluded within one year after its commencement, the liquidator shall, once in each half year and at intervals of not more than six months, or such shorter period as may be prescribed, until the winding up is concluded, file in the Court or with the registrar, as the case may be, a statement in the prescribed form and containing the prescribed particulars with respect to the accounts, proceedings in and position of the liquidation alongwith the report of auditors.</p> <p>(2) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement, and to receive a copy thereof or extract therefrom; but any person untruthfully so stating himself to be a creditor or contributory shall be deemed to be guilty of an offence under section 182 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and shall be punishable accordingly on the application of the liquidator.</p> <p>(3) When the statement is filed in the Court a copy shall simultaneously be filed by the liquidator with the registrar and shall be kept by him along with the other records of the company.</p>		<p>(1) Where a company is being wound up, if the winding up is not concluded within one year after its commencement, the liquidator shall, once in each half year and at intervals of not more than six months, or such shorter period as may be prescribed, until the winding up is concluded, file in the Court or with the registrar, as the case may be, a statement in the prescribed form and containing the prescribed particulars with respect to the accounts, proceedings in and position of the liquidation along with the report of auditors.</p> <p>(2) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement, and to receive a copy thereof or extract therefrom; but any person untruthfully so stating himself to be a creditor or contributory shall be deemed to be guilty of an offence under section 182 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and shall be punishable accordingly on the application of the liquidator.</p> <p>(3) When the statement is filed in the Court a copy shall simultaneously be filed by the liquidator with the registrar and shall be kept by him along with the other records of the company.</p> <p>(4) If a liquidator fails to comply with the requirements of this section, he shall be liable to a penalty of level 1 on the standard scale.</p>



MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		<del>(4) If a liquidator fails to comply with the requirements of this section, he shall be punishable with fine which may extend to five thousand rupees and, in the case of a continuing failure, to a further fine which may extend to one hundred rupees for every day after the first during which the default continues.</del>		
370.	431	<p><b>Payments by liquidator into bank. –</b></p> <p>(1) Every liquidator of a company shall, in such manner as may be prescribed, pay and keep all moneys received by him or which become available with him or come under his control in his capacity as such in a special account opened by him in that behalf in a scheduled bank in the name of the company. Under his control in his capacity as such in a special account opened by him in a special account opened by him in that behalf in a scheduled bank in the name of the company.</p> <p>(2) If any such liquidator at any time retains or allows any money to be not so paid and kept as aforesaid or utilises otherwise for more than three days a sum exceeding five hundred rupees or such other amount as the Court may on the application of the liquidator authorise him to retain then he shall pay surcharge on the amount so retained at the rate of two per cent per month or part thereof and shall be liable to</p>	416	<p><b>Payments by liquidator into bank .—</b></p> <p>(1) Every liquidator of a company shall, in such manner as may be prescribed, pay and keep all moneys received by him or which become available with him or come under his control in his capacity as such in a special account opened by him in that behalf in a scheduled bank in the name of the company.</p> <p>(2) If any such liquidator at any time retains or allows any money to be not so paid and kept as aforesaid or utilises otherwise for more than three days a sum exceeding ten thousand rupees or such other amount as the Court may on the application of the liquidator authorise him to retain then he shall pay surcharge on 'he amount so retained at the rate of two percent per month or part thereof and hall be liable to</p> <p>(a) disallowance of all or such part of his remuneration as the court may think just;</p> <p>(b) to make good any loss suffered by the company personally and</p> <p>(c) be removed from the office by the Court of its own motion or on application f the registrar or a creditor or contributory of the</p>

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		<p>(a) disallowance of all or such part of his remuneration as the Court may think just;</p> <p>(b) to make good any loss suffered by the company personally and</p> <p>(c) be removed from the office by the Court of its own motion or on application of the registrar or a creditor or contributory of the company, and shall also be liable personally for any loss occasioned by the default.</p> <p>(3) No liquidator shall pay into his personal account or any account other than the liquidation account of the particular company in liquidation any sums received by him as liquidator.</p> <p>(4) Every liquidator who makes default in complying with the provisions of this section shall, in addition to his other liabilities, be punishable with imprisonment for a term which may extend to six months and with fine which may extend to <del>five thousand rupees</del>.</p>		<p>company, and shall also be liable personally for any loss occasioned by the default.</p> <p>(3) No liquidator shall pay into his personal account or any account other than the liquidation account of the particular company in liquidation any sums received b him as liquidator.</p> <p>(4) Every liquidator who makes default in complying with the provisions o this section shall, in addition to his other liabilities, be punishable with imprisonment for a term which may extend to three years and with fine which may extend to the a amount of loss caused to the company or wrongful gain <u>or five hundred thousand rupees</u>, whichever is higher.</p>
371.	432	<p><b>Unclaimed dividends and undistributed assets to be paid to Companies Liquidation Account. –</b></p> <p>(1) Where any company is being wound up, if the liquidator has in his hands or under his control any money of the company representing unclaimed dividends payable to any creditor or undistributed assets refundable to any contributory which have remained unclaimed or undistributed for six months</p>	417	<p><b>Unclaimed dividends and undistributed assets to be paid to the account maintained under section 244. –</b></p> <p>(l) Without prejudice to the provision of section 244, where any company is being wound up, if the liquidator has in his hands or under his control any money of the company representing unclaimed dividends or undistributed assets payable to any contributory which have remained unclaimed or undistributed for six months after the date on which they became payable the</p>

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		<p>after the date on which they became payable or refundable, the liquidator shall forth with pay the said money into the State Bank of Pakistan to the credit of the Federal Government in an account to be called the Companies Liquidation Account, and the liquidator shall, on the dissolution of the company, similarly pay into the said account any money representing unclaimed dividends or undistributed assets in his hands at the date of dissolution.</p> <p>(2) The liquidator shall when making any payment referred to in sub-section (1) furnish to the registrar or such other officer as the Federal Government may appoint in this behalf a statement in the prescribed form setting forth in respect of all sums included in such payment the nature of the sums, the names and last known addresses of the persons entitled to participate therein, the amount to which each is entitled and the nature of his claim thereto, and such other particulars as may be prescribed, along with the official receipt of the State Bank of Pakistan.</p> <p>(3) The receipt of the State Bank of Pakistan for any money paid to it under sub-section (1) shall be an effectual discharge of the liquidator in respect thereof.</p> <p>(4) The liquidator shall make the payments referred to in sub-section (1) by transfer from his special</p>		<p>liquidator shall forthwith deposit the said money in the account to be maintained under section 244 of this Ordinance and the liquidator shall, on the dissolution of the company, similarly pay into the said account any money representing unclaimed dividends or undistributed assets in his hands at the date of dissolution.</p> <p>(2) The liquidator shall when making any payment referred to in sub-section (1) furnish to the Commission a statement in the specified form setting forth in respect of all sums included in such payment the nature of the sums, the names and last known addresses of the persons entitled to participate therein, the amount to which each is entitled and the nature of his claim thereto, and such other particulars as may be specified, along with the official receipt of the receipt of the State Bank of Pakistan or <u>National Bank of Pakistan</u>, as the case may be.</p> <p>(3) The receipt of the State Bank of Pakistan or National Bank of Pakistan, as the case may be, for any money paid to it under sub-section (1) shall be an effectual discharge of the liquidator in respect thereof.</p> <p>(4) The liquidator shall, when filing a statement in pursuance of sub-section (1) of section 415 indicate the sum of money which is payable to the State Bank of Pakistan or National Bank of Pakistan, as the case may be, under sub-section (1) which he has had in his hands or under his control during the six months preceding the date to which the said statement is brought down and shall within fourteen days of the date of filing the said</p>

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		<p>banking account referred to in section 431.</p> <p>(5) The liquidator shall, when filing a statement in pursuance of subsection (1) of section 430 indicate the sum of money which is payable to the State Bank of Pakistan under sub-section (1) which he has had in his hands or under his control during the six months preceding the date to which the said statement is brought down, and shall within fourteen days of the date of filing the said statement, pay that sum into the Companies Liquidation Account.</p> <p>(6) Any person claiming to be entitled to any money paid into the Companies Liquidation Account in pursuance of this section may apply to the registrar for payment thereof, and the registrar, if satisfied that the person claiming is entitled, may after obtaining approval of the Commission, make the payment to that person of the sum due: Provided that no claim under this sub-section shall be entertained after a period of fifteen years from the date of deposit of the amount in the State Bank of Pakistan.</p> <p>(7) <del>Notwithstanding anything contained in any previous Companies Act, any money paid into the Companies Liquidation Account in pursuance of this section which remains unclaimed thereafter for a period of fifteen years, shall be transferred to the</del></p>		<p>statement, pay that sum into the account maintained under section 244.</p> <p>(5) Any person claiming to be entitled to any money paid into the account maintained under section 244 may apply to the Commission for payment thereof in the manner prescribed under said section.</p> <p>(6) Any liquidator retaining any money which should have been paid by him into the account maintained under section 244 shall, in addition to such money, pay surcharge on the amount retained at the rate of two per cent per month or part thereof and shall also be liable to pay any expenses or losses occasioned by reason of his default and he shall also be liable to disallowance of all or such part of his remuneration as the Court may think just and to be removed from his office by the Court on an application by the Commission</p>

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S. No.	Section No.	Provision	Section No.	Provision
		<p>general revenue account of the Federal Government.</p> <p><del>(8) Any liquidator retaining any money which should have been paid by him into the Companies Liquidation Account under this section shall, in addition to such money, pay surcharge on the amount retained at the rate of two per cent per month or part thereof and shall also be liable to pay any expenses or losses occasioned by reason of his default and he shall also be liable to disallowance of all or such part of his remuneration as the Court may think just and to be removed from his office by the Court on an application by the registrar.</del></p>		
372.	433	<p><b>Books of accounts and other proceedings to be kept by liquidators. –</b></p> <p>(1) Every liquidator shall maintain at the registered office proper books of accounts in the manner required in the case of companies under section 230 and the provisions of that section shall apply mutatis mutandis to companies being wound up.</p> <p>(2) Every liquidator shall also keep at the registered office proper books and papers in the manner required under section 336.</p> <p>(3) Any creditor or contributory may, subject to the control of the Court, inspect any books and papers kept by the liquidator under sub-sections (1) and (2).</p>	418	<p><b>Books of accounts and other proceedings to be kept by liquidators.—</b></p> <p>(1) Every liquidator shall maintain at the registered office proper books of accounts in the manner required in the case of companies under section 220 and the provisions of that section shall apply mutatis mutandis to companies being wound up.</p> <p>(2) Every liquidator shall also keep at the registered office proper books and papers in the manner required under section 338.</p> <p>(3) Any creditor or contributory may, subject to the control of the Court, inspect any books and papers kept by the liquidator under sub-section (1) and (2).</p> <p>(4) The concerned Minister-in-Charge of the Federal Government</p>

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S. No.	Section No.	Provision	Section No.	Provision
		<p>(4) The Federal Government may alter or add to any requirements of this section by a general or special order in which case the provisions so altered or added shall apply.</p> <p>(5) If any liquidator contravenes any provisions of this section, he shall be punishable with imprisonment for a term which may extend to one year and with fine which may extend to <del>ten thousand rupees.</del></p>		<p>may alter or add to any requirements of this section by a general or special order in which case the provisions so altered or added shall apply.</p> <p>(5) If any liquidator contravenes any provisions of this section, he shall be punishable with imprisonment for a term, which may extend to two years and with fine, which may extend to <u>five hundred thousand rupees.</u></p>
373.	434	<p><b>Application of provisions relating to audit. –</b></p> <p>The provisions of this Ordinance relating to audit of accounts, rights, powers, duties, liabilities and report of auditors of companies and the duties of companies and their officers as applicable to companies shall apply mutatis mutandis to companies being wound up, books of account and books and papers kept by the liquidator and his statements of accounts subject as follows: –</p> <p>(a) all reference therein to officers of the company shall include references to the liquidator;</p> <p>(b) the appointment of auditor shall be made by the Court, members or creditors, as the case may be, who appointed the liquidator, who shall also fix his remuneration which shall be paid by the liquidator from the funds of the company: Provided that if no appointment of auditor is made by the members or</p>	419	<p><b>Application of provisions relating to audit—</b></p> <p>The provisions of this Ordinance relating to audit of accounts, rights, powers, duties, liabilities and report of auditors of companies and the duties of companies and their officers as applicable to companies shall apply mutatis mutandis to companies being wound up, books of account and books and papers kept by the liquidator and his statements of accounts subject as follows—</p> <p>(a) all reference therein to officers of the company shall include references to the liquidator;</p> <p>(b) the appointment of auditor shall be made by the Court, members or creditors, as the case may be, who appointed the liquidator, who shall also fix his remuneration which shall be paid by the liquidator from the funds of the company: Provided that if no appointment of auditor is made by the members or creditors, as the case may be, the liquidator shall apply to the Commission who shall make the appointment and fix his remuneration.</p>

MODIFICATIONS				
COMPANIES ORDINANCE 1984			COMPANIES ORDINANCE 2016	
S. No.	Section No.	Provision	Section No.	Provision
		creditors, as the case may be, the liquidator shall apply to the Commission who shall make the appointment and fix his remuneration.		
374.	435	<p><b>Enforcement of duty of liquidator to make return, etc.-</b></p> <p>(1) If any liquidator who has made any default in complying with any provision of this Ordinance or committed any other irregularity in the performance of his duties fails to make good the default or undo the irregularity, as the case may be, within thirty days after the service on him of a notice requiring him to do so, the Court may of its own motion or on an application made to it by any contributory or creditor of the company or by the registrar, make an order directing the liquidator and any other person involved to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order : Provided that, where an application under this section is made by the registrar, the Court shall dispose of the same within fourteen days of the submission thereof.</p> <p>(2) Any such order may provide that all costs of, and incidental to, the application shall be borne by the liquidator</p> <p>(3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalty on a liquidator in respect of any such default or irregularity as</p>	420	<p><b>Enforcement of duty of liquidator to make return.—</b></p> <p>(1) If any liquidator who has made any default in complying with any provision of this Ordinance or committed any other irregularity in the performance of his duties fails to make good the default or undo the irregularity, as the case may be, within thirty days after the service on him of a notice requiring him to do so, the Court may of its own motion or on an application made to it by any contributory or creditor of the company or by the registrar, make an order directing the liquidator and any other person involved to make good the default or undo the irregularity or otherwise make amends as the circumstances may require, within such time as may be specified in the order: Provided that, where an application under this section is made by the registrar, the Court shall dispose of the same within fourteen days of the submission thereof</p> <p>(2) Any such order may provide that all costs of, and incidental to, the application shall be borne by the liquidator.</p> <p>(3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalty on a liquidator in respect of any such default or irregularity as</p>

		aforesaid.		aforesaid.
375.	436	<p><b>Notification that a company is in liquidation. –</b></p> <p>(1) Where a company is being wound up, whether by or under the supervision of the Court or voluntarily, every advertisement, notice, invoice, order for goods, business letter or other communication or document issued by or on behalf of the company or a liquidator of the company, or a receiver or manager of the property of the company, being a document on or in which the name of the company appears, shall contain a statement that the company is being wound up and about the mode of its winding up.</p> <p>(2) If default is made in complying with this section, the company and any of the following persons who knowingly and willfully authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager, shall be liable to <del>fine which may extend to two thousand rupees</del></p>	421	<p><b>Notification that a company is in liquidation.—</b></p> <p>(1) Where a company is being wound up, whether by or under the supervision of the Court or voluntarily, every advertisement, notice, invoice, order for goods, business letter or other communication or document issued by or on behalf of the company or a liquidator of the company or a receiver or manager of the property of the company, being a document on or in which the name of the company appears, shall contain a statement that the company is being wound up and about the mode of its winding up.</p> <p>(2) If default is made in complying with this section, the company and any of the following persons who authorises or permits the default, namely, any officer of the company, any liquidator of the company and any receiver or manager., shall be liable <u>to a penalty of level 1 on the standard scale</u></p>
376.	437	<p><b>Court or person before whom affidavit may be sworn. –</b></p> <p>(1) Any affidavit required to be sworn under the provisions or for the purposes of this Part may be sworn-</p> <p>(a) in Pakistan, before any Court, judge, or person lawfully authorised to take and receive affidavits; and</p> <p>(b) elsewhere before a Pakistan Consul or Vice-Consul.</p> <p>(2) All courts, judges, justices, commissioners, and persons acting judicially in Pakistan shall take judicial notice of the seal or stamp or signature, as the case may be, of any such court, judge, person, Consul or Vice-</p>	422	<p><b>Court or person before whom affidavit may be sworn.—</b></p> <p>(1) Any affidavit required to be sworn under the provisions or for the purposes of this Part may be sworn—</p> <p>(a) in Pakistan, before any Court, judge, or person lawfully authorised to take and receive affidavits; and</p> <p>(b) elsewhere before a Pakistan Consul or Vice-Consul.</p> <p>(2) All courts, judges, justices, commissioners, and persons acting judicially in Pakistan shall take judicial notice of the seal or stamp or signature, as the case may be, of any such</p>



		Consul, attached, appended or subscribed to any such affidavit or to any other document to be used for the purposes of this Part.		court, judge, person, Consul or Vice-Consul, attached, appended or subscribed to any such affidavit or to any other document to be used for the purposes of this Part.
377.	438	<p><b>Power to make rules. –</b></p> <p>(1) The Supreme Court may, in consultation with the High Courts or, where the Supreme Court advises the <del>Federal Government to do so, the Federal Government may in consultation with the High</del> Courts, from time to time, make rules, consistent with this Ordinance, concerning the mode of proceedings to be had for winding up a company in a High Court and in the courts subordinate thereto, and for voluntary winding up (both members and creditors), for the holding of meetings of creditors and members in connection with proceedings under section <del>284</del> of this Ordinance, and for giving effect to the provisions as to the reduction of the capital and the scheme of reorganization of a company and generally for all applications to be made to the Court and all other proceedings or matters coming within the purview or powers or duties of the Court under the provisions of this Ordinance and shall make rules providing for all matters relating to the winding up of companies which, by this Ordinance, are to be prescribed.</p> <p>(2) Without prejudice to the generality of the foregoing powers, such rules may enable or require all or any of the powers and duties conferred and imposed on the Court by this Ordinance in respect of the matters following, to be exercised or performed by the official liquidator, and subject to the control of the Court, that is</p>	423	<p><b>Power to make rules.—</b></p> <p>(1) The Supreme Court may, in consultation with the Courts or, where the Supreme Court advises the concerned Minister-in-Charge of the Federal Government to do so, the concerned Minister-in-Charge of the Federal Government may in consultation with the Courts, from time to time, make rules, consistent with this Ordinance, concerning the mode of proceedings to be had for winding up a company in a Court and in the Courts subordinate thereto, and for voluntary winding up (both members and creditors), for the holding of meetings of creditors and members in connection with proceedings under section <u>279</u> of this Ordinance, and for giving effect to the provisions as to the reduction of the capital and the scheme of reorganization of a company and generally for all applications to be .made to the Court: and -all other proceedings or matters coming within the purview or powers or duties of the Court under the provisions of this Ordinance and shall make rules providing for all matters relating to the winding Up of companies which, by this Ordinance; are to be prescribed.</p> <p>(2) Without Prejudice to the generality of the foregoing powers such rules may enable or require all or any of the powers and duties conferred and imposed on the Court by this Ordinance in respect of following to be exercised or performed by the official liquidator, and subject to the control of the Court, that is to say, the Powers and duties</p>

		<p>to say, the powers and duties of the Court in respect of—</p> <p>(a) holding and conducting meetings to ascertain the wishes of creditors and contributories;</p> <p>(b) settling lists of contributories and rectifying the register of members where required, and collecting and applying the assets;</p> <p>(c) requiring delivery of property or documents to the liquidator;</p> <p>(d) making calls;</p> <p>(e) fixing a time within which debts and claims must be proved:</p> <p>Provided that the official liquidator shall not, without the special leave of the Court, rectify the register of members, and shall not make any call without the special leave of the Court.</p>		<p>of the Court in respect of</p> <p>(a) holding and conducting meetings to ascertain the wishes" of creditors and contributories</p> <p>(b) settling lists of the contributories and rectifying the register of members where required, and collecting and applying assets</p> <p>(c) requiring delivery of property or documents to the liquidator;</p> <p>(d) making calls;</p> <p>(e) fixing a time within which debts and claims must be proved:</p> <p>Provided that the official liquidator shall not, without the special leave of the Court, rectify the register of members, and shall not make any call without the special leave of the Court.</p>
378.			424	<p>Inactive Company,-41) Where a company, other',thatila listed company, is formed for a future project or to hold an asset or intellectual property and has nosignifeant accounting transaction4 su0h acoMpany or an inactive 60mpany may make AA appYrAtion to the registrar in such manner as may,beVeciewmilbiji btaining-the status ofan inactive company,; • ji .9 tV.` ,1'rii • ci 1 Explanation.— For the purposes of this section-#- (a) . , "inactive company", means a; company, otherthan alisteckcompany, • which has not been carrying on-any business or operation,x)rhas mltii made Any significant accounting transaction during the last:two imanoittle, lli (b) "significant accounting transaction" means any transaction other than-, iSf "".'JdN ; : ' ! Mil() ,L;(lif)ir)ri • ,431 fL payments 1114.41?YiPt..O(</p>

			<p>111-1 #1PINCLOirfifa'OtlkesAbilMiefiillitill t9,r, any other law;</p> <p>(ii) allotment of shares to fulfill the requirements of this Ordinance; and (iii) payments for maintenance of its office and records. (2) The registrar on consideration of the application shall allow the status of inactive company to the applicant and issue a certificate in such form as may be specified to that effect. (3) The registrar shall maintain a register of inactive companies in such form as may be specified. (4) In case of a company which has not filed financial .statements or annual returns for two financial years consecutively, the registrar shall issuea notice to that company and enter the name of such company in the register maintained for inactive companies. (5) An inactive company shall have such minimum number of directors, file such documents as may be specified by the Commission through regulations to the registrar to retain its inactive status in the register and pay such annual fee as prescribed in the Seventh Schedule and may become an active company on an application made in this behalf accompanied by such documents as may be specified by the Commission through regulations on payment of such fee as prescribed in the Seventh Schedule. (6) The registrar shall , strike off the name of an inactive company from the register of inactive companies, which has failed to comply with the reggircznpat,s of this section. (7) Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 2 on the standard scale and in case false or misleading information has been given to obtain the status of an inktive company, the directors and other officers of the company in default shall be liable to imprisonment fora term which may extend to three years.</p>
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379.	439	<p><b>Registrar may strike defunct company off register. –</b></p> <p>(1) Where the registrar has reasonable cause to believe that a company is not carrying on business or is not in operation, he may send to the company by post a letter inquiring whether the company is carrying on business or is in operation.</p> <p>(2) If the registrar does not within one month of sending the letter receive any answer thereto, he may within thirty days after the expiration of the month send to the company by post a registered letter referring to the first letter, and stating that no answer thereto has been received and that, if an answer is not received to the second letter <del>within one month</del> from the date thereof, a notice will be published in the <del>official Gazette</del> with a view to striking the name of the company off the register.</p> <p>(3) If the registrar either receives an answer from the company to the effect that it is not carrying on business or is not in operation, or does not within <del>one month</del> after sending the second letter receive any answer, he may publish in the <del>official Gazette</del>, and send to the company by post a notice that, at the expiration of <del>three months</del> from the date of that notice, the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.</p> <p>(4) Without prejudice to any other provisions, if, in any case where a company is being wound up, the registrar</p>	425	<p><b>Registrar may strike defunct company off register.—</b></p> <p>(1) Where the registrar has reasonable cause to believe that a company is. not carrying on business or is not in operation, he may send to the company by post a letter inquiring whether the company is carrying on business or is in operation.</p> <p>(2) If the registrar does not within fifteen days of sending the letter receive any answer thereto, he may send to the company by registered post another letter referring to the first letter, and stating that no answer thereto has been received and that, if an answer is not received to the second letter <u>within 'fifteen days'</u> from the date thereof, a notice will be published in the <u>newspaper</u> with-a view to striking the name of the company off the register.</p> <p>(3) If the registrar either receives an answer from the company to the effect that it is not carrying on business or is not in operation, or does not within <u>fifteen days</u> after sending the second letter receive any answer, he may publish in the <u>newspaper</u> having wide circulation, and send to the company by post a notice that, at the expiration of <del>one month</del> from the date of that notice, the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.</p> <p>(4) Without prejudice to any other provisions, if, in any case where a company is being wound up, the registrar has reasonable cause to believe either that no liquidator is acting or that the affairs of the company are fully wound</p>
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	<p>has reasonable cause to believe either that no liquidator is acting or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of three consecutive months after notice by the registrar demanding the returns has been sent by post to the company, or to the liquidator at his last known place of business, the registrar may publish <del>in the official Gazette</del> and send to the company a like notice as is provided in the last preceding sub-section.</p> <p>(5) At the expiration of the time mentioned in the notice the registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register, and shall publish notice thereof in the official Gazette, and, on the publication in the official Gazette of this notice, the company shall be dissolved: Provided that the liability criminal, civil or otherwise (if any) of every director, officer, liquidator and member of the company shall continue and may be enforced as if the company had not been dissolved: Provided further that nothing in this section shall affect the powers of the Court to wind up a company the name of which has been struck off the register.</p> <p>(6) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the Court, on the application of the company or a member or creditor made before the expiry of three years from the publication in the official Gazette of the notice aforesaid, may, if satisfied that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the company</p>	<p>up, and the returns required to be made by the liquidator have not been made for a period of three consecutive months after notice by the registrar demanding the returns has been sent by post to the company, or to the liquidator at his last known place of business, the registrar may publish in the <u>newspaper</u> having wide circulation and send to the company a like notice as is provided in the last preceding sub-section.</p> <p>(5) At the expiration of the time mentioned in the notice the registrar may, unless cause to the contrary is previously shown by the company or the liquidator, as the case may be, strike its name off the register, and shall publish notice thereof in the official Gazette, and, On the publication in the official Gazette of this notice, the company shall be dissolved: Provided that the liability criminal, civil or otherwise (if any) of every director, officer, liquidator and member of the company shall continue and may be enforced as if the company had not been dissolved: Provided further that nothing in this section shall affect the powers of the Court to wind up a company the name of which has been struck off the register.</p> <p>(6) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the Court, on the application of the company or a member or creditor made before the expiry of three years from the publication in the official Gazette of the notice aforesaid, may, if satisfied that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the company be restored to the register, order the name of the company</p>
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	<p>be restored to the register, order the name of the company to be restored to the register and, upon the filing of a certified copy of such order with the registrar, the company shall be deemed to have continued in existence as if its name had not been struck off, and the Court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.</p> <p>(7) A letter or notice under this section may be addressed to the company at its registered office, or if no office has been registered, to the care of some director, chief executive or other officer of the company whose name and address are known to the registrar or if no such address is known to the registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him at the address mentioned in the memorandum.</p> <p>(8) The provisions of this section shall not apply to a company which has any known assets and liabilities, and such company shall be proceeded against for winding up.</p> <p>(9) If due to inadvertence or otherwise the name of any company which has any assets and liabilities or which has been in operation or carrying on business or about whose affairs any enquiry or investigation may be necessary has been struck off the register, the registrar may, after such enquiries as he may deem fit, move the Commission to have the name of the company restored to the register and thereupon the Commission may, if</p>	<p>to be restored to the register and, upon the filing of a certified copy of such order with the registrar, the company shall be deemed to have continued in existence as if its name had not been struck off, and the Court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off.</p> <p>(7) A letter or notice under this section may be addressed to the company at its registered office, or if no office has been registered, to the care of some director, chief executive or other officer of the company whose name and address are known to the registrar or if no such address is known to the registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him at the address mentioned in the memorandum.</p> <p>(8) The provisions of this section shall not apply to a company which has any known assets and liabilities, and such company shall be proceeded against for winding up.</p> <p>(9) If due to inadvertence or otherwise the name of any company which has any assets and liabilities or which has been in operation or carrying on business or about whose affairs any enquiry or investigation may be necessary has been struck off the register, the registrar may, after such enquiries as he may deem fit, move the Commission to have the name of the company restored to the register and thereupon the Commission may, if satisfied that it will be just and proper so to do, order the name of the company to be restored and shall exercise the powers of the Court in the manner provided in sub-section (6).</p>
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		<p>satisfied that it would be just and proper so to do, order the name of the company to be restored in the manner provided in sub-section (6).</p> <p>(10) The provisions of this section shall mutatis mutandis apply to a company established outside Pakistan but having a place of business in Pakistan as they apply to a company registered in Pakistan</p>		<p>(10) The provisions of this section shall mutatis mutandis apply to a company established outside Pakistan but having a place of business in Pakistan as they apply to a company registered in Pakistan.</p>
380.			426	<p><b>Easy exit of a defunct company.—</b></p> <p>(1) A company which ceases to operate and has no known assets and liabilities, may apply to the registrar in the specified manner, seeking to strike its name off the register of companies on payment of such fee mentioned in the Seventh Schedule.</p> <p>(2) After examination of the application, the registrar on being satisfied, may publish a notice in terms of sub-section (3) of section 425 of this Ordinance, in the official Gazette stating that at the expiration of three months from the date of that notice, unless cause is shown to the contrary, the name of the applicant company will be struck off the register of companies and the company will be dissolved. Such notice shall also be posted on the Commission's website.</p> <p>(3) At the expiration of the time mentioned in the notice, the registrar may, unless any objection to the contrary is received by him, strike its name off the register, and shall publish a notice thereof in the official Gazette, and, on the publication of such notice, the company shall stand dissolved: Provided that the liability criminal, civil or otherwise (if any) of every director, officer and member of</p>

				the company Shall continue and may be enforced as if the company had not been dissolved.
381.	443	<p><b>Meaning of "unregistered company". –</b></p> <p>For the purposes of this Part, the expression "unregistered company" shall not include a railway company incorporated by Act of Parliament of the United Kingdom or by a Pakistan law, nor a company registered under any previous Companies Act or under this Ordinance, but save as aforesaid, shall include any partnership, association or company consisting of more than seven members.</p>	427	<p><b>Meaning of "unregistered company". –</b></p> <p>For the purposes of this Part, the expression "unregistered company" shall not include a railway company incorporated by Act of Parliament of the United Kingdom or by a Pakistan law, nor a company registered under any previous Companies Act or under this Ordinance, but save as aforesaid, shall include any partnership, association or company consisting of more than seven members.</p>
382.	444	<p><b>Winding up of unregistered companies. –</b></p> <p>(1) Subject to the provisions of this Part, any unregistered company may be wound up under this Ordinance, and all the provisions of this Ordinance with respect to winding up shall apply to an unregistered company, with the following exceptions and additions: –</p> <p>(i) an unregistered company shall, for the purpose of determining the Court having jurisdiction in the matter of the winding up, be deemed to be registered in the Province where its principal place of business is situated or, if it has a principal place of business situate in more than one Province then in each Province where it has a principal place of business; and the principal place of business situate in the Province in which proceedings are being instituted shall, for all the purposes of the winding up, be deemed to be the registered office of the</p>		<p><b>Winding up of unregistered companies. –</b></p> <p>(1) Subject to the provisions of this Part, any unregistered company may be wound up under this Ordinance, and all the provisions of this Ordinance with respect to winding up shall apply to an unregistered company, with the following exceptions and additions: –</p> <p>(a) an unregistered company shall, for the purpose of determining the Court having jurisdiction in the matter of the winding up, be deemed to be registered in the Province where its principal place of business is situated or, if it has a principal place of business situate in more than one Province then in each Province where it has a principal place of business; and the principal place of business situate in the Province in which proceedings are being instituted shall, for all the purposes of the winding up, be deemed to be the registered office of the company;</p>



	<p>company;</p> <p>(ii) no unregistered company shall be wound up under this Ordinance voluntarily or subject to supervision of the Court;</p> <p>(iii) the circumstances in which an unregistered company may be wound up are as follows (that is to say):-  (a) if the company is dissolved, or has ceased to carry on business or is carrying on business only for the purpose of winding up its affairs;  (b) if the company is unable to pay its debts;  (c) if the Court is of opinion that it is just and equitable that the company should be wound up;</p> <p>(iv) an unregistered company shall, for the purposes of this Ordinance, be deemed to be unable to pay its debts-  (a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding twenty five thousand rupees then due, has served on the company, by leaving at its principal place of business, or by delivering to the secretary, or some director, manager or principal officer of the company, or by otherwise serving in such manner as the Court may approve or direct, a demand under his hand requiring the company to pay the sum so due, and the company has for thirty days after the service of the demand neglected to pay the sum, or to secure or compound for it to the satisfaction of the creditor;  (b) if any suit or other legal proceeding has been instituted against any member for any debt or demand due or claimed to be due, from the company or from him in his character of member, and notice in writing of the</p>	<p>(b) no unregistered company shall be wound up under this Ordinance voluntarily or subject to supervision of the Court;</p> <p>(c) the circumstances in which an unregistered company may be wound up are as follows (that is to say):-  (i) if the company is dissolved, or has ceased to carry on business or is carrying on business only for the purpose of winding up its affairs;  (ii) if the company is unable to pay its debts;  (iii) if the Court is of opinion that it is just and equitable that the company should be wound up</p> <p>(d) an unregistered company shall, for the purposes of this Ordinance, be deemed to be unable to pay its debts-  (i) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding twenty five thousand rupees then due, has served on the company, by leaving at its principal place of business, or by delivering to the secretary, or some director, manager or principal officer of the company, or by otherwise serving in such manner as the Court may approve or direct, a demand under his hand requiring the company to pay the sum so due, and the company has for thirty days after the service of the demand neglected to pay the sum, or to secure or compound for it to the satisfaction of the creditor;  (ii) if any suit or other legal proceeding has been instituted against any member for any debt or demand due or claimed to be due, from the company or from him in his character of member, and notice in writing of the institution of the suit or other legal proceeding having been served on the company by leaving the same at its</p>
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	<p>institution of the suit or other legal proceeding having been served on the company by leaving the same at its principal place of business or by delivering it to the secretary, or some director, manager or principal officer of the company or by otherwise serving the same in such manner as the Court may approve or direct, the company has not within fifteen days after service of the notice paid, secured or compounded for the debt or demand, or procured the suit or other legal proceeding to be stayed, or indemnified the defendant to his reasonable satisfaction against the suit or other legal proceeding, and against all costs, damages and expenses to be incurred by him by reason of the same;</p> <p>(c) if execution or other process issued on a decree or order obtained in any Court or other competent authority in favour of a creditor against the company, or any member thereof as such, or any person authorized to be sued as nominal defendant on behalf of the company, is returned unsatisfied in whole or in part;</p> <p>(d) if it is otherwise proved to the satisfaction of the Court that the company is unable to pay its debts; and, in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company and its solvency.</p> <p>(2) Nothing in this Part shall affect the operation of any enactment which provides for any partnership, association or company being wound up, or being wound up as a company or as an unregistered company, under any previous Companies Act: Provided that references in any such enactment to any provision contained in any previous Companies Act shall be read as references to</p>	<p>principal place of business or by delivering it to the secretary, or some director, manager or principal officer of the company or by otherwise serving the same in such manner as the Court may approve or direct, the company has not within fifteen days after service of the notice paid, secured or compounded for the debt or demand, or procured the suit or other legal proceeding to be stayed, or indemnified the defendant to his reasonable satisfaction against the suit or other legal proceeding, and against all costs, damages and expenses to be incurred by him by reason of the same;</p> <p>(iii) if execution or other process issued on a decree or order obtained in any Court or other competent authority in favour of a creditor against the company, or any member thereof as such, of any person authorized to be sued as nominal defendant on behalf of the company, is returned unsatisfied in whole or in part;</p> <p>(iv) if it is otherwise proved to the satisfaction of the Court that the company is unable to pay its debts; and, in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company and its solvency.</p> <p>(2) Nothing in this Part shall affect the operation of any enactment which provides for any partnership, association or company being wound up, or being wound up as a company or as an unregistered company, under any previous Companies Act: Provided that references in any such enactment to any provision contained in any previous Companies Act shall be read as references to the corresponding provision (if any) of this Ordinance.</p> <p>(3) Where a company incorporated outside Pakistan which</p>
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		<p>the corresponding provision (if any) of this Ordinance.</p> <p>(3) Where a company incorporated outside Pakistan which has been carrying on business in Pakistan ceases to carry on business in Pakistan, it may be wound up as an unregistered company under this Part, notwithstanding that it has been dissolved or otherwise ceased to exist as a company under or by virtue of the laws of the country under which it was incorporated.</p>		<p>has been carrying on business in Pakistan ceases to carry on business in Pakistan, it may be wound up as an unregistered company under this Part, notwithstanding that it has been dissolved or otherwise ceased to exist as a company under or by virtue of the laws of the country under which it was incorporated.</p>
383.	445	<p><b>Contributories in winding up of unregistered companies. –</b></p> <p>(1) In the event of an unregistered company being wound up, every person shall be deemed to be a contributory who is liable to pay or contribute to the payment of any debt or liability of the company or to pay or contribute to the payment of any sum for the adjustment of the rights of the members among themselves, or to pay or contribute to the payment of the cost and expenses of winding up the company, and every contributory shall be liable to contribute to the assets of the company all sums due from him in respect of any such liability as aforesaid.</p> <p>(2) In the event of any contributory dying or being adjudged insolvent, the provisions of this Ordinance with respect to the legal representatives and heirs of deceased contributories, and to the assignees of</p>	429	<p><b>Contributories in winding up of unregistered companies.—</b></p> <p>(1) In the event of an unregistered company being wound up, every person shall be deemed to be a contributory who is liable to pay or contribute to the payment of any debt or liability of the company or to pay or contribute to the payment of any sum for the adjustment of the rights of the members among themselves, or to pay or contribute to the payment of the cost and expenses of winding up the company, and every contributory shall be liable to contribute to the assets of the company all sums due from him in respect of any such liability as aforesaid.</p> <p>(2) In the event of any contributory dying or being adjudged insolvent, the provisions of this Ordinance with respect to the legal representatives and heirs of deceased contributories, and to the assignees of insolvent contributories, shall apply.,</p>

		insolvent contributories, shall apply.		
384.	446	<p><b>Power to stay or restrain proceedings. –</b></p> <p>The provisions of this Ordinance with respect to staying and restraining suits and legal proceedings against a company at any time after the presentation of a petition for winding up and before the making of a winding up order shall, in the case of an unregistered company, where the application to stay or restrain is by a creditor; extend to suits and legal proceedings against any contributory of the company.</p>	430	<p><b>Power to stay or restrain proceedings.—</b></p> <p>The provisions of this Ordinance with respect to staying and restraining suits and legal proceedings against a company at any time after the presentation of a petition for winding up and before the making of a winding up order shall, in the base of an unregistered company where the application to stay or restrain is by a creditor; extend to suits and legal proceedings against any contributory of the company.</p>
385.	447	<p><b>Suits stayed on winding up order. –</b></p> <p>Where an order has been made for winding up an unregistered company, no suit or other legal proceedings shall be proceeded with or commenced against any contributory of the company in respect of any debt of the company, except by leave of the Court, and subject to such terms as the Court may impose.</p>	431	<p><b>Suits stayed on winding up order.—</b></p> <p>Where an order has been made for winding up an unregistered company, no suit or other legal proceedings shall be proceeded with or commenced against any contributory of the company in respect of any debt of the company, except by leave of the Court, and subject to such terms as the Court may impose.</p>
386.	448	<p><b>Directions as to property in certain cases. –</b></p> <p>If an unregistered company has no power to sue and be sued in a common name, or if for any reason it appears expedient, the Court may, by the winding up order, or by any subsequent order, direct that all or any part of the property, movable or immovable, including all interests and rights in, to and out of property, movable and immovable, and including obligations and actionable claims as may belong to the company or to trustees on its behalf, is to vest in the official liquidator by his official</p>	432	<p><b>Directions as to property in certain cases.—</b></p> <p>If an unregistered company has no power to sue and be sued in a common name, or if for any reason it appears expedient, the Court may, by the winding up order, or by any subsequent order, direct that all or any part of the property, movable or immovable, including all interests and rights in, to and out of property, movable and immovable, and including obligations and actionable claims as may belong to the company or to trustees on its behalf, is to vest in the official liquidator by his official</p>

		name, and thereupon the property or any part thereof specified in the order shall vest accordingly; and the official liquidator may, after giving such indemnity (if any) as the Court may direct, bring or defend in his official name any suit or other legal proceeding relating to that property, or necessary to be brought or defended for the purposes of effectually winding up the company and recovering its property.		name and thereupon the property or any part thereof specified in the order shall vest accordingly; and the official liquidator may, after giving such indemnity (if any) as the Court may direct, bring or defend in his official name any suit or other legal proceeding relating to that property, or necessary to be brought or defended for the purposes of effectually winding up the company and recovering its property.
387.	449	<p><b>Provisions of this part cumulative. –</b></p> <p>The provisions of this Part with respect to unregistered companies shall be in addition to, and not in derogation of, any provisions hereinbefore, in this Ordinance contained with respect to winding up of companies by the Court and the Court or official liquidator may exercise any powers or do any act in the cases of unregistered companies which might be exercised or done by it or him in winding up companies formed and registered under this Ordinance; but an unregistered company shall not, except in the event of its being wound up, be deemed to be a company under this Ordinance, and then only to the extent provided by this Part.</p>	433	<p><b>Provisions of this part cumulative.—</b></p> <p>The provisions of this Part with respect to unregistered companies shall be in addition to, and not in derogation of, any provisions hereinbefore, in this Ordinance contained with respect to winding up of companies by the Court and the Court or official liquidator may exercise any powers or do any act in the cases of unregistered companies which might be exercised or done by it or him in winding up companies formed and registered under this Ordinance; but an unregistered company shall not, except in the event of its being wound up, be deemed to be a company under this Ordinance, and then only to the extent provided by this Part.</p>
388.	450	<p><b>Application of this Part to foreign companies.-</b></p> <p>This Part shall apply to all foreign companies, that is to say, companies incorporated or formed outside Pakistan which, after the commencement of this Ordinance, establish a place of business within Pakistan or which have, before the commencement of this Ordinance, established a place of business in Pakistan and continue to have an established place of business within Pakistan</p>	434	<p><b>Application of this Part to foreign companies.—</b></p> <p>This Part shall apply to all foreign companies, that is to say, companies incorporated or formed outside Pakistan which, after the commencement of this Ordinance, establish a place of business within Pakistan or which have, before the commencement of this Ordinance, established a place of business in Pakistan and continue to</p>

		at the commencement of this Ordinance.		have an established place of business within Pakistan at the commencement of this Ordinance.
389.	451	<p><b>Documents to be delivered to registrar by foreign companies.-</b></p> <p>(1) Every foreign company which, after the commencement of this Ordinance, establishes a place of business in Pakistan shall, within thirty days of the establishment of the place of business, deliver to the registrar-</p> <p>(a) a certified copy of the charter, statute or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English or Urdu language, a certified translation thereof in the English or Urdu language; (b) the full address of the registered or principal office of the company;</p> <p>(c) a list of the directors, chief executive and secretaries (if any) of the company;</p> <p>(d) a return showing the full present and former names and surnames, father's name or, in the case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, designation and full address in Pakistan of the principal officer of the company in Pakistan by whatever name called;</p> <p>(e) the full present and former names and surnames, father's name, or, in case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, occupation and full addresses of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or other document required to</p>	435	<p><b>Documents to be delivered to registrar by foreign companies.—</b></p> <p>(1) Every foreign company which, after the commencement of this Ordinance, establishes a place of business in Pakistan shall, within thirty days of the establishment of the place of business, deliver to the registrar—</p> <p>(a) a certified copy of the charter, statute or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English or Urdu language, a certified translation thereof in the English or Urdu language;</p> <p>(b) the full address of the registered or principal office of the company;</p> <p>(c) a list of the directors, chief executive and secretary (if any) of the company;</p> <p>(d) a return showing the full present and former names and surnames, father's name or, in the case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, designation and full address in Pakistan of the principal officer of the company in Pakistan by whatever name called; (e) the full present and former names and surnames, father's name, or, in case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, occupation and full addresses of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or</p>

	<p>be served on the company together with his consent to do so; and (f) the full address of that office of the company in Pakistan which is to be deemed its principal place of business in Pakistan of the company.</p> <p>(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say,- (a) with respect to each director,- (i) in the case of an individual, his present and former name and surname in full, his usual residential address, his nationality, and if that nationality is not the nationality of origin, his nationality of origin, and his business occupation, if any, and any other directorship which he holds; (ii) in the case of a body corporate, its corporate name and registered or principal office; and the full name, address, nationality and nationality of origin, if different from that nationality, of each of its directors; (b) with respect to the secretary, or where there are joint secretaries, with respect to each of them- (i) in the case of an individual, his present and former name and surname, and his usual residential address; (ii) in the case of a body corporate, its corporate name and registered or principal office: Provided that, where all the partners in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in clause (b).</p> <p>(3) Every foreign company, other than a company mentioned in sub-section (1) shall, if it has not delivered to the registrar before the commencement of this</p>	<p>other -document required to be served on the company together with his consent to do so; and (f)the full address of that office of the company in Pakistan which is to be deemed its principal place of business in Pakistan of the company.</p> <p>(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say— (a) with respect to each director— (i) in the case of an individual, his present and former name and surname in full, his usual residential address, his nationality, and if that nationality is not the nationality of origin, his nationality of origin, and his business occupation, if any, and any other directorship which he holds; (ii) in the case of a body corporate, its corporate name and registered or principal office; and the full name, address, nationality and nationality of origin, if different from that nationality, of each of its director; (b) with respect to the secretary, or where there are joint secretaries with respect to each of them— (i) in the case of an individual, his present and former name and surname, and his usual residential address; (ii) in the case of a body corporate, its corporate name and registered are principal office: Provided that, where all the partner in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned in clause (b).</p> <p>(3) Every foreign company, other than a company mentioned in sub-section (1) shall, if it has not delivered to the registrar before the commencement of this Ordinance the documents and particulars specified in <u>section 451 of</u></p>
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		Ordinance the documents and particulars specified in <del>section 277 of the Companies Act, 1913 (VII of 1913)</del> , shall continue to be subject to the obligation to deliver those documents and particulars and be liable to penalties in accordance with the provisions of that Act.		the Companies Ordinance, 1984 (XLVII of 1984), shall continue to be subject to the obligation to deliver those documents and particulars and be liable to penalties in accordance with the provisions of that Ordinance.
390.	452	<p><b>Return to be delivered to registrar by foreign companies whose documents etc., altered. –</b></p> <p>If any alteration is made or occurs in-</p> <p>(a) the charter, statute or memorandum and articles of a foreign company or any such instrument as is referred to in section <del>451</del>;</p> <p>(b) the address of the registered or principal office of the company;</p> <p>(c) the directors, chief executive or secretaries or in the particulars contained in the list referred to in section <del>451</del>;</p> <p>(d) the principal officer referred to in section <del>451</del>;</p> <p>(e) the name or addresses or other particulars of the persons authorised to accept service of process, notices and other documents on behalf of the company as referred to in the preceding section <del>451</del>, or</p> <p>(f) the principal place of business of the company in Pakistan; the company shall, within thirty days of the alteration, deliver to the registrar for registration a return containing the <del>prescribed</del> particulars of the alteration and in the case of change in persons authorised to accept service of process, notices and other documents on behalf of the company, also his consent to do so</p>	436	<p><b>Return to be delivered to registrar by foreign companies whose, documents altered.—</b></p> <p>If any alteration is made or occurs in-</p> <p>(a) the charter, statute or memorandum and articles of a foreign company or any such instrument as is referred to in section <del>435</del>;</p> <p>(b) the address of the registered or principal office of the company</p> <p>(c) the directors, chief executive or secretary or in the particulars contained in the list referred to in section <del>435</del>;</p> <p>(d) the principal officer referred to in section <del>435</del>;</p> <p>(e) the name or addresses or other particulars of the persons authorised to accept service of process, notices and other documents on behalf of the company as referred to in the preceding section <del>435</del>, or</p> <p>(f) the principal place of business of the company in Pakistan; the company shall, within thirty days of the alteration, deliver to the registrar for registration a return containing the <u>specified</u> particulars of the alteration and in the case of change in persons authorised to accept service of process, notices and other documents on behalf of the company, also his consent to do so.</p>



391.	453	<p><b>Accounts of foreign companies. -</b></p> <p>(1) Every foreign company shall in every year make out and file with the registrar, together with a list of Pakistani members and debenture-holders and of the places of business of the company in Pakistan,-</p> <p><del>(i) such number of copies of a balance sheet and profit and loss account,</del> not being less than three, as may be prescribed, in such form, audited by such person, containing such particulars and including or having annexed or attached thereto such documents (including, in particular documents relating to every subsidiary of the company) as nearly as may be as under the provisions of this Ordinance it would, if it were a company formed and registered under this Ordinance, be required to file in accordance with the provisions of this Ordinance in respect of the company's operations in Pakistan as if such operations had been conducted by a separate public company formed and registered in Pakistan under this Ordinance; and</p> <p><del>(ii)</del> in a case where, by the law for the time being in force of the country in which the company is incorporated, such company is required to file with the public authority an annual <del>balance sheet and profit and loss accounts,</del> also such number of copies of that balance sheet and profit and loss account together with any documents annexed thereto, not being less than three, as may be prescribed, and if the same is not in the English language a certified translation thereof in the English language; or</p> <p>(iii) in a case where a company is not required to file with the public authority of the country in which the company is incorporated an annual balance sheet and profit and</p>	437	<p><b>Accounts of foreign companies. —</b></p> <p>(1) Every foreign company shall in every year make out and file with the registrar, together with a list of Pakistani members and debenture-holders and of the places of business of the company in Pakistan—</p> <p><u>(a)</u> such number of copies of <u>financial statements</u>, not being less than three, as may be specified, in such form, audited by such person, containing such particulars and including or having annexed or attached thereto such documents (including, in particular documents relating to every subsidiary of the company) as nearly as may be as under the provisions of this Ordinance it would, if it were a company formed and registered under this Ordinance, be required to file in accordance with the provisions of this Ordinance, in respect of the company's operations in Pakistan as if such operations had been conducted by a separate public company formed and registered in Pakistan under this Ordinance; and</p> <p><u>(b)</u> in a case where, by the law for the time being in force of the country in which the company is incorporated, such company is required to file with the public authority an annual statement of financial position and profit and loss accounts, also such number of copies of that <u>statement of financial position</u> and profit and loss account together with any documents annexed thereto, not being less than three, as may be specified, and if the same is not in the English language a certified translation thereof in the English language; or</p> <p>(c) in a case where a company is not required to file with the public authority of the country in which the company is incorporated an annual statement of financial position</p>
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392.	454	<p><b>Certain obligations of foreign companies.-</b></p> <p>Every foreign company shall –</p> <p>(a) maintain at its principal place of business in Pakistan, or, if it has only one place of business in Pakistan, in that place of business, a register of Pakistani members and debenture-holders, directors and officers, which shall be open to inspection and copies thereof supplied as in the case of similar registers maintained by a company under this Ordinance;</p> <p>(b) in every prospectus inviting subscriptions for its shares or debentures in Pakistan, state the country in which the company is incorporated;</p> <p>(c) conspicuously exhibit on the outside of every place</p>	438	<p><b>Certain obligations of foreign companies.—</b></p> <p>Every foreign company shall—</p> <p>(a) maintain at its principal place of business in Pakistan, or, if it has only one place of business in Pakistan, in that place of business, a register of Pakistani members and debenture-holders, directors and officers, which shall be open to inspection and copies thereof supplied as <u>lath</u>.</p> <p>case of similar registers maintained by a company under this Ordinance;</p> <p>(b) in every prospectus inviting subscriptions for its shares or debentures in Pakistan, state the country in which the company is incorporated;</p> <p>(c) conspicuously exhibit on the outside of every place</p>

		<p>where it <del>carries</del> on business in Pakistan the name of the company and the country in which the company is incorporated in letters easily legible in English or Urdu characters and also, if any place where it carries on business is beyond the local limits of the ordinary original civil jurisdiction of a <del>High</del>-Court, in the characters of one of the vernacular language used in that place;</p> <p>(d) cause the name of the company and of the country in which the company is incorporated mentioned in legible English or Urdu characters in all bill-heads and letter papers, and in all notices, advertisements, documents and other official publications of the company; and</p> <p>(e) if the liability of the members of the company is limited, cause notice of that fact to be stated in legible English or Urdu characters in every prospectus inviting subscriptions for its shares, and in all bill-heads and letter papers, notices, advertisements and other official publications of the company in Pakistan, and to be exhibited on the outside of every place where it carries on business in Pakistan.</p>		<p>where it <del>carries</del> on business in Pakistan the name of the company and the country in which the company is incorporated in letter easily legible in English or Urdu characters and also, if any place where it carries on business is beyond the local limits of the ordinary original civil jurisdiction of a Court, in the characters of one of the vernacular language used in that place;</p> <p>(d) cause the name of the company and of the country in which the company is incorporated mentioned in legible English or Urdu characters in all bill-heads and letter papers, and in all notices, advertisements, documents and other official publications of the company; and</p> <p>(e) if the liability of the members-of the company is limited, cause notice of that fact to be stated in legible English or Urdu characters in every prospectus inviting subscriptions for its shares, and in all bill-heads and letter papers, notices, advertisements and other official publications of the company in Pakistan, and to be exhibited on the outside of every place where it carries on business in Pakistan.</p>
393.			439	<p><b>Power of the Commission to require information of beneficial owners of a foreign company. —</b></p> <p>(1) The Commission may at any time by a written notice, call upon the foreign company and any of its present or past directors, officers or auditors or a person who is directly or indirectly the beneficial owner of its equity securities to furnish the information about the shareholding in the company at any point in time and such other information and document as may be directed, within such reasonable time, as may be specified in the</p>

				<p>notice: Provided that a director, officer or auditor who ceased to hold office more than five years before the date of the notice of the Commission shall not be compelled to furnish information or explanation or document under this sub-section.</p> <p>(2) On receipt of the notice under sub-section (1) it shall be the duty of. the company and all persons who are or have been directors, officers or auditors of the company to furnish such information, explanation or documents as required.</p> <p>(3) If no information or explanation is furnished within the time specified or if the information or explanation furnished is, in the opinion of the Commission, inadequate, the Commission may if it deems fit, by written order, call on the company and any such person as is referred to in sub-section (1) or (2) to produce for inspection such books and papers as is necessary within such time as may be specified in the order; and it shall be the duty of the company and of such persons to produce such books and papers.</p>
394.	455	<p><b>Service on foreign company.-</b></p> <p>Any process, notice or other document required to be served on such company as is referred to in this Part shall be deemed to be sufficiently served if addressed to any person whose name has been so filed with the registrar as aforesaid and left at or sent by post to the address which has been so filed: Provided that –</p> <p>(a) where any such company makes default in delivering to the registrar the name and address of a person</p>	440	<p><b>Service on foreign company.—</b></p> <p>Any process, notice or other document required to be served on such company as is referred to in this Part shall be deemed to be sufficiently served if addressed to any person whose name has been so filed with the registrar as aforesaid and left at or sent by post to the address which has been so filed: Provided that—</p> <p>(a) where any such company makes default in delivering to the registrar the name and address of a person resident in</p>

		<p>resident in Pakistan who is authorised to accept on behalf of the company service of process, notices or other documents; or</p> <p>(b) if at any time all the persons whose names and addresses have been so filed are dead or have ceased to so reside, or refuse to accept service on behalf of the company or for any reason cannot be served; a document may be served on the company <del>by leaving it at, or sending it by post to, any place of business established by the company in Pakistan.</del></p>		<p>Pakistan who is authorised to accept on behalf of the company service of process, notices or other documents; or</p> <p>(b) if at any time all the persons whose names and addresses have been so filed are dead or have ceased to so reside, or refuse to accept service on behalf of the company or for any reason cannot be served;</p> <p>a document may be served on the company <u>against an acknowledgement or by post or courier service to, any place of business established by the company in Pakistan or through electronic means or in any other manner as may be specified.</u></p>
395.	456	<p><b>Company's failure to comply with this part not to affect its liability under contracts, etc.-</b></p> <p>Any failure by a foreign company to comply with any of the requirements of <del>section 451 or section 452</del> shall not affect the validity of any contract, dealing or transaction entered into by the company or its liability to be sued in respect thereof; but the company shall not be entitled to bring any suit, claim any set-off, make any counter-claim or institute any legal proceeding in respect of any such contract, dealing or transaction, until it has complied with the provisions of <del>section 451 and section 452.</del></p>	441	<p><b>Company's failure to comply with this part not to affect its liability under contracts.—</b></p> <p>Any failure by a foreign company to comply with any of the requirement or <del>section 435 or section 436</del> shall not affect the validity of any contract, dealing or transaction entered into by the company or its liability to be sued in respect thereof; but the company shall not be entitled to bring any suit, claim any set-off, make any counter-claim or institute any legal proceeding in respect of any such contract, dealing or transaction, Until it has complied with the provisions of <u>section 435 and section 436.</u></p>
396.	457	<p><b>Provisions relating to names, enquiries, etc. to apply to foreign companies.-</b></p> <p>The provisions of sections <del>37 to 41</del> relating to names and changes in the names of companies shall, as far as applicable, also apply to companies to which this Part</p>	442	<p><b>Provisions relating to names, inquiries to apply to foreign companies.—</b></p> <p>The provisions of sections <u>10 to 13</u> relating to names and changes in the names of companies shall, as far as applicable, also apply to companies to which this Part</p>

		applies; and the power of inspection, enquiries and investigation conferred by this Ordinance on the registrar and the Commission in respect of companies shall likewise extend to such companies.		applies; and the power of inspection, inquiries and investigation conferred by this Ordinance on the registrar and the Commission in respect of companies shall likewise extend to such companies.
397.	458	<p><b>Intimation of ceasing to have place of business to be given.-</b></p> <p>(1) Any company to which this Part applies shall at least thirty days before it intends to cease to have any place of business in Pakistan –</p> <p>(a) give a notice of such intention to the registrar; and</p> <p>(b) publish a notice of such intention at least in two daily newspapers circulating in the Province or Provinces in which such place or places of business are situate.</p> <p>(2) As from the date of intention to cease to have any place of business in Pakistan stated in the notice referred to in sub-section (1), unless the said date is by a similar notice altered, the obligation of the company to deliver any document to the registrar shall cease, provided it has no other place of business in Pakistan.</p>	443	<p><b>Intimation of ceasing to have place of business to be given.-</b></p> <p>(1) Any company to which this Part applies shall at least thirty days before it intends to cease to have any place of business in Pakistan, –</p> <p>(a) give a notice of such intention to the registrar; and</p> <p>(b) publish a notice of such intention at least in two daily newspapers circulating in the Province or Provinces in which such place or places of business are situate.</p> <p>(2) As from the date of intention to cease to have any place of business in Pakistan stated in the notice referred to in sub-section (1), unless the said date is by a similar notice altered, the obligation of the company to delivery any document to the registrar shall cease, provided it has no other place of business in Pakistan.</p>
398.	459	<p><b>Penalties.-</b></p> <p>If any foreign company fails to comply with any of the provisions of this Part, the company, and every officer or agent of the company who <del>knowingly or willfully</del> authorises or permits the default, shall be liable to <del>a fine which may extend to five thousand rupees and, in the case of a continuing default, to a further fine which may extend to one hundred rupees for every day after the first during which the default continues.</del></p>	444	<p><b>Penalties.—</b></p> <p>(1) If any foreign company fails to comply with any of the provisions of this Part, <u>except section 439</u>, the company, and every officer or agent of the company who authorises or permits the default, shall be liable to <u>a penalty of level 1 on the standard scale.</u></p> <p>(2) If a foreign company or any of its directors or other persons as referred in section 439 fails to comply with the</p>

				provisions of said section, shall be liable to a penalty of level 2 on the standard scale.
399.	460	<p><b>Interpretation of provisions of this Part.-</b></p> <p>For the purposes of this Part,-</p> <p>(a) the expression “certified” means certified in the <del>prescribed</del> manner to be a true copy or a correct translation;</p> <p>(b) the expression “director”, in relation to a company includes any person in accordance with whose directives or instructions the directors of the company are accustomed to act;</p> <p>(c) the expression “place of business” includes a branch, management, share transfer or registration office, factory, mine or other fixed place of business, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of the company or maintains a stock of merchandise belonging to the company from which he regularly fills orders on its behalf: Provided that: (i) a company shall not be deemed to have an established place of business in Pakistan merely because it carries on business dealings in Pakistan through a bona fide broker or general commission agent acting in the ordinary course of his business as such, (ii) the fact that a company has a subsidiary which is incorporated, resident, or carrying on business in Pakistan (whether through an established place of business or otherwise) shall not of itself constitute the place of business of that subsidiary an established place of business of the company;</p> <p>(d) * []</p>	445	<p><b>Interpretation of provisions of this Part —</b></p> <p>For the purposes of this Part—</p> <p>(a) the expression "certified" means certified in the <u>specified</u> manner to be a true copy or a correct translation;</p> <p>(b) the expression "director", in relation to a company includes any person in accordance with whose directives or instructions the directors of the company are accustomed to act;</p> <p>(c) the expression "place of business" includes a branch, management, share transfer or registration office, factory, mine or other fixed place of business, but does not include an agency unless the agent has, and habitually exercise, a general authority to negotiate and conclude contracts on behalf of the company or maintains a stock of merchandise belonging to the company from which he regularly fills orders on its behalf: Provided that:</p> <p>(i) a company shall not be deemed to have an established place of business in Pakistan merely because it carries on business dealings in Pakistan through a bona fide broker or general commission agent acting in the ordinary course of his business as such;</p> <p>(ii) the fact that a company has a subsidiary which is incorporated, resident, or carrying on business in Pakistan (whether through an established place of business or otherwise) shall not of itself constitute the place of business of that subsidiary an established place of business of the company; and</p> <p>(d) the expression "secretary" includes any person</p>

		(e) the expression “secretary” includes any person occupying the position of secretary, by whatever name called		occupying the position of secretary, by whatever name called.
400.	461	<p><b>Issue of prospectus.-</b></p> <p>No person shall issue, circulate or distribute in Pakistan any prospectus offering for subscription securities of a foreign company or soliciting deposits of money, whether the company has or has not established, or when formed will or will not establish, a place of business in Pakistan unless authorised to do so by the <del>Federal Government under the Capital Issues (Continuance of Control) Act, 1947 (XXIX of 1947), or as may be prescribed.</del></p>	446	<p><b>Issue of prospectus.—</b></p> <p>No person shall issue, circulate or distribute in Pakistan any prospectus offering for subscription securities of a foreign company or soliciting deposits of money, whether the company has or has not established, or when formed will or will not establish, a place of business in Pakistan unless authorised to do so by the <u>Commission under the relevant law or as may be specified.</u></p>
401.	462	<p><b>Restriction on canvassing for sale of securities.-</b></p> <p>(1) No person shall go from house to house offering securities of a foreign company for subscription or purchase to the public or any member of the public</p> <p><b>Explanation:-</b> In this sub-section, “house” shall not include an office used for business purposes.</p> <p><del>(2) Any person acting in contravention of sub-section (1) shall be punishable with fine which may extend to one thousand rupees.</del></p>	447	<p><b>Restriction on canvassing for sale of securities.—</b></p> <p>(1) No person shall go from house to house offering securities of a foreign company for subscription or purchase to the public or any member of the public.</p> <p><b>Explanation.—</b>In this sublection, "house" shall not include an office used for business purposes.</p> <p>(2) Any <u>contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 3 on the standard scale.</u></p>
402.	463	<b>Registration of charges.-</b>	448	<b>Registration of charges.—</b>



		<p>(1) The provisions of sections <del>121 to 136</del> both inclusive, shall extend to charges on properties in Pakistan which are created, and to charges on property in Pakistan which is acquired, by a foreign company which has an established place of business in Pakistan: Provided that references in the said sections to the registrar shall be deemed to be references, to the registrar referred to in clause (d) of section 460, and reference to the registered office of the company shall be deemed to be reference to the principal place of business in Pakistan of the company: Provided further that, where a charge is created outside Pakistan or the completion of the acquisition of property takes place outside Pakistan, clause (i) of the proviso to sub-section (1) of section 121 and the proviso to sub-section (1) of section <del>122</del> shall apply as if the property wherever situated were situated outside Pakistan.</p> <p>(2) Where a company to which this section applies creates, or has created at any time before establishing a place of business in Pakistan, a charge on any property otherwise registerable under this Ordinance it shall register the same with the registrar in accordance with the provisions of this Ordinance,-  (a) within thirty days of the establishment of a place of business in Pakistan; or  (b) if the charge was created before the commencement of this Ordinance and subsisted immediately before such commencement, within three months thereof.</p>		<p>(1) The provision of sections <u>100 to 112</u> both inclusive, shall extend to charges on properties in Pakistan which are created and to charges on property in Pakistan which is acquired, by a foreign company which has an established place of business in Pakistan: Provided that references in the said sections to the registered office of the company shall be deemed to be reference to the principal place of business in Pakistan of the company: Provided further that, where a charge is created outside Pakistan or the completion of the acquisition of property takes place outside Pakistan, clause (a) the proviso to sub-section (1) and sub-section (4) of section <u>100</u> shall apply as if the property wherever situated were situated outside Pakistan.</p> <p>(2) Where a company to which this section applies creates, or has created at any time before establishing a place of business in Pakistan, a charge on any property otherwise registerable under this Ordinance it shall register the same with the registrar in accordance with the provisions of this Ordinance— (a) within thirty days of the establishment of a place of business in Pakistan; or (b) if the charge was created before the commencement of this Ordinance and subsisted immediately before such commencements, within three months thereof.</p>
403.	464	<p><b>Notice of appointment of receiver.-</b></p> <p>The provisions of section <del>137</del> and <del>138</del> shall mutatis</p>	449	<p><b>Notice of appointment of receiver.—</b></p> <p>The provisions of section <u>113</u> and <u>114</u> shall mutatis</p>

		<p>mutandis apply to the case of all foreign companies having an established place of business in Pakistan and the provisions of section 230 shall apply to such companies to the extent of requiring them to keep at their principal place of business in Pakistan the books of account required by that section with respect to money received and expended, sales and purchases made, and assets and liabilities in relation to its business in Pakistan: Provided that references in the said section to the registrar shall be deemed to be references to the registrar referred to in clause (d) of section 460 and references to the registered office of the company shall be deemed to be reference to the principal place of business in Pakistan of the company.</p>		<p>mutandis apply to the case of all foreign companies having an established place of business in Pakistan and the provisions of section 220 shall apply to such companies to the extent of requiring them to keep at their principal place of business in Pakistan the books of account required by that section with respect to money received and expended, sales and purchases made, and assets and liabilities in relation to its business in Pakistan: Provided that references in the said section to the registered office of the company shall be deemed to be reference to the principal place of business in Pakistan of the company</p>
404.	465	<p><b>Notice of liquidation, etc.-</b> (1) If a foreign company having an established place of business in Pakistan goes into liquidation in the country of its incorporation, it shall – (a) within thirty days give notice thereof to the registrar, and simultaneously publish a notice at least in two daily newspapers circulating in the Province or Provinces or the part of Pakistan not forming part of a Province, as the case may be, in which its place or places of business are situated and furnish to the registrar within thirty days of the conclusion of the liquidation proceedings all returns relating to the liquidation and the liquidation account in respect of such portion of the company's affairs as relates to its business in Pakistan; and (b) cause, in legible letters, a statement to appear, on every invoice, order, bill-head, letter paper, notice of other publication in Pakistan, to the effect that the company is being wound up in the country of its</p>	450	<p><b>Notice of liquidation. —</b>  (l) If a foreign company having an established place of business in Pakistan goes into liquidation in the country of its, incorporation, it shall (a) within thirty days give notice thereof to the registrar, and simultaneously publish a notice at least in two daily newspapers circulating in the Province or Provinces or the part of Pakistan not forming part of a Province, as the case may be, in which its place or places of business are situated and furnish to the registrar within thirty days of the conclusion of the liquidation proceedings all returns relating to the liquidation and the liquidation account in respect of such portion of the company's affairs as relates to its business in Pakistan; and (b) cause, in legible letters, a statement to appear, on every invoice, order, bill-head, letter paper, notice of other</p>

		<p>incorporation.</p> <p>(2) Where a company to which this section applies has been dissolved, or has otherwise ceased to exist, no person shall, after the date of such dissolution or cessation, carry on, or purport to carry on, any business in Pakistan in the name or on behalf of such company.</p> <p>(3) Nothing in this section shall be construed as preventing a company to which this section applies from being wound up in Pakistan in accordance with the provisions of this Ordinance, notwithstanding that it has neither been dissolved nor otherwise ceased to exist in the country of its incorporation.</p>		<p>publication in Pakistan, to the effect that the company is being wound up in the country of its incorporation.</p> <p>(2) Where a company to which this section applies has been dissolved, or has otherwise ceased to exist, no person shall, after the date of such dissolution or cessation, carry on, or purport to carry on, any business in Pakistan in the name or on behalf of such company.</p> <p>(3) Nothing in this section shall be construed as preventing a company to which this section applies from being wound up in Pakistan in accordance with the provisions of this Ordinance, notwithstanding that it has neither been dissolved nor otherwise ceased to exist in the country of its incorporation.</p>
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PART XIII

S. No.	Section No.	Provision	Section No.	Provision
405.	466.	<p><b>Registration offices.</b>- (1) For the purposes of the registration of companies and other work under this Ordinance, there shall be offices at such places as the <del>Federal Government</del> thinks fit.</p> <p>(2) The <del>Federal Government</del> may appoint such registrars, additional registrars, joint registrars, deputy registrars and assistant registrars as it thinks necessary for the registration of companies and performing other duties under this Ordinance, and may make regulations with respect to their duties.</p> <p>(3) <del>All assistant registrars, deputy registrars, joint</del></p>	462.	<p><b>Registration offices.</b>- (1) For the purposes of the registration of companies and other work under this Ordinance, there shall be offices at such places as the <u>Commission</u> thinks fit.</p> <p>(2) The <u>Commission</u> may appoint such registrars, additional registrars, joint registrars, deputy registrars and assistant registrars as it thinks necessary for the registration of companies and performing other duties under this Ordinance, and may make regulations with respect to their duties.</p> <p>(3) <u>While performing their functions and duties under this Ordinance, all registrars shall observe and follow the order and instructions of the Commission.</u></p>

	<p><del>registrars and additional registrars shall observe and follow the order and instructions of the registrar who is head of the organization for the registration of companies in Pakistan.</del></p> <p>(4) <del>The salaries and other terms and conditions of service of the persons appointed under this section shall be fixed by the Federal Government.</del></p> <p>(5) <del>The Federal Government</del> may direct a seal or seals to be prepared for the authentication of documents required for or connected with the registration of companies.</p> <p>(6) Any person may inspect the documents kept by the registrar and <del>any person</del> may require a certificate of incorporation <del>or a certificate of commencement of business of any company</del>, or a copy or extract of any other document or register <del>or any part of any other document on register to be certified by the registrar</del> on payment of the fees specified in the <del>Sixth</del> Schedule.</p> <p>(7) Wherever any act is by this Ordinance directed to be done to or by the registrar it shall, until the <del>Federal Government</del> otherwise directs, be done to or by the existing registrar of <del>joint stock</del> companies or in his absence to or by such person as the <del>Federal Government</del> may for the time being authorize; but, in the event of the <del>Federal Government</del> altering the constitution of the existing registration offices or any of them, any such act shall be done to or by such officer and at such place with reference to the local</p>	<p>(4) The <u>Commission</u> may direct a seal or seals to be prepared for the authentication of documents required for or connected with the registration of companies.</p> <p>(5) Any person may, in the manner as may be specified, inspect the documents kept by the registrar and may require a <u>certified copy of certificate of incorporation or any other certificate of any company</u>, or a copy or extract of any other document or register <u>maintained by the registrar or any part thereof</u> on payment of the fees specified in the <u>Seventh</u> Schedule.</p> <p>(6) <u>A copy of or an extract from any document filed or lodged, whether in electronic or physical form, with the Commission or the registrar under this Ordinance or the rules or regulations made thereunder or supplied or issued by the Commission or the registrar and certified to be a true copy thereof or extract therefrom under the hand and seal of an officer of the Commission or the registrar, shall be admissible in evidence in any proceedings as of equal validity as the original document.</u></p> <p>(7) <u>Where a document is filed or lodged, whether in electronic or physical form, with the Commission or the registrar, the Commission or the registrar shall not be liable for any loss or damage suffered by any person by reason of any error or omission of whatever nature arising or appearing in any document obtained by any person under the e-service or in physical form under this Ordinance or the rules or regulations made thereunder, if such error or omission was made in good faith and in the ordinary course of the discharge of the duties of the Commission or the registrar or occurred or arose as a result</u></p>
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		situation of the registered offices of the companies to be registered as the <del>Federal Government</del> may appoint.		of any defect or breakdown in the service or in the equipment used for the provision of the e-service.  (8) Wherever any act is by this Ordinance directed to be done to or by the registrar it shall, until the <u>Commission</u> otherwise directs, be done to or by the existing <u>Registrar of Companies</u> or in his absence to or by such person as the <u>Commission</u> may for the time being authorise; but, in the event of the <u>Commission</u> altering the constitution of the existing registration offices or any of them, any such act shall be done to or by such officer and at such place with reference to the local situation of the registered offices of the companies to be registered as the <u>Commission</u> may appoint.
406.	467.	<b>Production of documents kept by registrar, etc.</b> - (1) No process for compelling the production of any document or register kept by the registrar shall issue from any Court except with the special leave of that <del>Court</del> for reasons to be recorded; and any such process, if issued, shall bear thereon a statement that it is issued with the special leave of the <del>Court</del> so granted and state the reasons for grant of such leave.  (2) A copy of, or extract from, any document or register kept and registered at any of the offices for the registration of companies under this Ordinance, certified to be a true copy under the hand of the registrar (whose official position it shall not be necessary to prove) shall, in all legal proceedings, be admissible in evidence as of equal validity with the original document.  (3) Notwithstanding anything contained in any other law, no one shall, without the permission of the	463.	<b>Production of documents kept by registrar.</b> - (1) No process for compelling the production of any document or register kept by the registrar shall issue from any court except with the special leave of that <u>court</u> for reasons to be recorded; and any such process, if issued, shall bear thereon a statement that it is issued with the special leave of the <u>court</u> so granted and state the reasons for grant of such leave.  (2) A copy of, or extract from, any document or register kept and registered at any of the offices for the registration of companies under this Ordinance, certified to be a true copy under the hand of the registrar (whose official position it shall not be necessary to prove) shall, in all legal proceedings, be admissible in evidence as of equal validity with the original document.  (3) Notwithstanding anything contained in any other law, no one shall, without the permission of the Commission in writing, take over or remove any original document or register from the custody of the registrar.

		Commission in writing, take over or remove any original document or register from the custody of the registrar.		
407.	468.	<p><b>Registrar not to accept defective documents.-</b> (1) Where, in the opinion of the registrar, any document required or authorized by or under this Ordinance to be filed or registered with the registrar-</p> <p>(a) contains any matter contrary to law, or does not otherwise comply with the requirements of law;</p> <p>(b) is not complete owing to any defect, error or omission;</p> <p>(c) is insufficiently legible or is written upon paper which is not durable; or</p> <p>(d) is not properly authenticated;</p> <p>the registrar may <del>either</del> require the company to file a revised document in the form and within the period to be specified by him <del>or refuse to accept or register the same.</del></p> <p>(2) Subject to the provisions of sub-sections (3) and (4), if the registrar refuses to accept any document for any of the reasons aforesaid, the same shall not be deemed to have been delivered to him in accordance with the provisions of this Ordinance unless a revised document in the form acceptable to the registrar is duly delivered within such time, or such extended time, as the registrar may specify in this behalf.</p>	464.	<p><b>Registrar not to accept defective documents.-</b> (1) Where, in the opinion of the registrar, any document required or authorised by or under this Ordinance to be filed or registered with the registrar—</p> <p>(a) contains any matter contrary to law, or does not otherwise comply with the requirements of law;</p> <p>(b) is not complete owing to any defect, error or omission;</p> <p>(c) is insufficiently legible or is written upon paper which is not durable; or</p> <p>(d) is not properly authenticated;</p> <p>the registrar may require the company to file a revised document in the form and within the period to be specified by him.</p> <p>(2) <u>If the company fails to submit the revised document within the specified period, the registrar may refuse to accept or register the document and communicate his decision in writing to the company.</u></p> <p>(3) Subject to the provisions of sub-sections (4) and (5), if the registrar refuses to accept any document for any of the reasons aforesaid, the same shall not be deemed to have been delivered to him in accordance with the provisions of this Ordinance unless a revised document in the form acceptable to the registrar is duly delivered within such time, or such extended time, as the registrar may specify in this behalf.</p>

	<p>(3) <del>The registrar shall, if he refuses to accept any document as aforesaid, communicate his decision in writing to the company.</del></p> <p>(4) If registration of any document is refused, the company may either supply the deficiency and remove the defect pointed out or, within thirty days of the order of refusal, prefer an appeal-</p> <p>(a) where the order of refusal has been passed by an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, to the registrar; and</p> <p>(b) where the order of refusal has been passed, or upheld in appeal, by the registrar, to the Commission.</p> <p>(5) An order of the Commission under sub-section (4) shall be final and shall not be called in question before any <del>Court</del> or other authority.</p>	<p>(4) If registration of any document is refused, the company may either supply the deficiency and remove the defect pointed out or, within thirty days of the order of refusal, prefer an appeal-</p> <p>(a) where the order of refusal has been passed by an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, to the registrar; and</p> <p>(b) where the order of refusal has been passed, or upheld in appeal, by the registrar, to the Commission.</p> <p>(5) An order of the Commission under sub-section (4) shall be final and shall not be called in question before any <u>court</u> or other authority.</p> <p>(6) <u>If a document has been accepted for record and its data or any of the information contained therein or any of the supporting documents subsequently found to be defective or incorrect or false or forged, the registrar concerned may for special reasons to be recorded in writing, after obtaining such evidence as he may deem appropriate, allow the rectification in such document or allow the filing of a revised document in lieu thereof.</u></p> <p>(7) <u>If a document has been accepted for record and its data or any of the information contained therein or any of the supporting documents subsequently found to be defective or incorrect which is not possible of rectification or false or forged or it was accepted by mistake, the registrar concerned may for special reasons to be recorded in writing, after obtaining such evidence as he may deem appropriate cancel the recording</u></p>
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408.	469.	<p><b>469. Acceptance of documents presented after prescribed time.-</b> (1) Where any document required <del>or authorised by or</del> under this Ordinance to be filed or registered with the registrar <del>within a specified period</del> is presented after the expiry of such period, the registrar may, on payment <del>by the company or other person concerned</del> of such additional fee as may be prescribed by the Commission, not exceeding <del>three times the amount of the specified fee payable in respect thereof,</del> accept the same.</p> <p>(2) No such document as aforesaid shall be deemed to have been filed with the registrar until the specified <del>or prescribed fee,</del> as the case may be, has been paid in full.</p> <p>(3) The acceptance of the document by the registrar under sub -section (1) shall not absolve the defaulting company or other person concerned of any liability arising from the default, <del>delay in filing or other failure to comply</del> with the requirements of this Ordinance.</p>	468.	<p><u>thereof.</u></p> <p><b>468. Acceptance of documents presented after prescribed time.-</b> (1) <u>Notwithstanding anything contained in section 479,</u> where any document required under this Ordinance to be filed or registered with the registrar is presented <u>by the company or other person concerned</u> after the expiry of <u>the prescribed period,</u> the registrar may <u>accept the same,</u> on payment <u>of the fee as specified below-</u></p> <p>(a) <u>within three months, a fee equivalent to two times;</u></p> <p>(b) <u>within six months, a fee equivalent to three times;</u></p> <p>(c) <u>within one year, a fee equivalent to four times;</u></p> <p>(d) <u>within two years, a fee equivalent to five times; of the prescribed fee payable in respect thereof.</u></p> <p>(2) No such document as aforesaid shall be deemed to have been filed with the registrar until the specified fee, has been paid in full.</p> <p>(3) The acceptance of the document by the registrar under sub-section (1) shall not absolve the defaulting company or other person concerned of any <u>other</u> liability arising from the default <u>in complying</u> with the requirements of this Ordinance:</p> <p><u>Provided that no proceeding shall be initiated against the company or any of its officers on account of delay in filing of any document required under this Ordinance to be filed or registered with the registrar which is presented by the company or other person concerned on the payment of fee as specified under sub-section (1) and within the period as specified therein.</u></p>
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409.	470.	<p><b>470. Fees.-</b> (1) There shall be paid in respect of the several matters mentioned in the <del>Sixth</del> Schedule the several fees therein, for the time being, specified fees as the [Commission] may direct:</p> <p>Provided that, in the case of resolutions to which section <del>172</del> applies, not more than one fee shall be required for the filing of more resolutions than one passed in the same meeting if such resolutions are filed with the registrar at the same time.</p> <p>(2) All fees paid in pursuance of this Ordinance shall be accounted for to the Commission.</p> <p>(3) Any document required or authorised by this Ordinance to be filed by a company with the registrar shall not be deemed to have been so filed until the fee payable in respect thereof has been duly paid and either the original receipt or other proof acceptable to the registrar has been furnished to him.</p>	469.	<p><b>469. Fees.-</b> (1) There shall be paid in respect of the several matters mentioned in the <u>Seventh</u> Schedule the several fees therein, for the time being, specified fees as the Commission may direct:</p> <p>Provided that, in the case of resolutions to which section <u>150</u> applies, not more than one fee shall be required for the filing of more resolutions than one passed in the same meeting if such resolutions are filed with the registrar at the same time.</p> <p>(2) All fees paid in pursuance of this Ordinance shall be accounted for to the Commission.</p> <p>(3) Any document required or authorised by this Ordinance to be filed by a company with the registrar shall not be deemed to have been so filed until the fee payable in respect thereof has been duly paid and either the original receipt or other proof acceptable to the registrar has been furnished to him.</p>
410.	471.	<p><b>Power of the Federal government to prescribe fees chargeable by companies.-</b> The maximum limits of fees to be paid to or charged by companies and liquidators from members, creditors or other persons for supply of copies of documents, inspection of records and other services as are required to be provided under this Ordinance shall be such as may be <u>prescribed</u>.</p>	470.	<p><b>Power to specify fees chargeable by companies.-</b> The maximum limits of fees to be paid to or charged by companies and liquidators from members, creditors or other persons for supply of copies of documents, inspection of records and other services as are required to be provided under this Ordinance shall be such as may be <u>specified</u>.</p>
411.	472.	<p><b>Enforcing compliance with provisions of Ordinance.-</b> (1) If a company, having made default in complying with any provision of this Ordinance or committed any other irregularity fails to make good the default</p>	474.	<p><b>Enforcing compliance with provisions of Ordinance.-</b> (1) If a company, having made default in complying with any provision of this Ordinance or committed any other irregularity fails to make good the default or undo the irregularity, as the case may be,</p>

		<p>or undo the irregularity, as the case may be, within thirty days after the service of a notice on the company requiring it to do so, the Commission may, of its own motion or on an application made to it by any member or creditor of the company, or a reference by the registrar and, in the case of a listed company, besides other persons as aforesaid, on a reference by the <del>stock exchange</del>, make an order directing the company and any officer thereof, as the case may be, to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order.</p> <p>(2) Any such order may provide that all costs of and incidental to the application or reference shall be borne by the company or by an officer of the company responsible for the default.</p> <p>(3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a company or its officers in respect of any such default as aforesaid.</p>		<p>within thirty days after the service of a notice on the company requiring it to do so, the Commission may, of its own motion or on an application made to it by any member or creditor of the company or a reference by the registrar and, in the case of a listed company, besides other persons as aforesaid, on a reference by the <u>securities exchange</u>, make an order directing the company and any officer thereof, as the case may be, to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order.</p> <p>(2) Any such order may provide that all costs of and incidental to the application or reference shall be borne by the company or by an officer of the company responsible for the default.</p> <p>(3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a company or its officers in respect of any such default as aforesaid.</p>
412.	473.	<p><b>Power of Court, etc. trying offences under Ordinance to direct compliance with the provisions.-</b> The Court, the Commission, the registrar or other officer trying an offence for a default in compliance with any provisions or requirements of this Ordinance may, at any time during the pendency of the trial or at the time of passing final order, direct, without prejudice to any liability, any office, auditor or employee of the company in respect of which the default has been committed to comply with the said provisions or requirements within such time as may be specified in</p>	475.	<p><b>Power of Court trying offences under Ordinance to direct compliance with the provisions.-</b> The Court, the Commission, the registrar or other officer trying an offence for a default in compliance with any provisions or requirements of this Ordinance may, at any time during the pendency of the trial or at the time of passing final order, direct, without prejudice to any liability, any officer, auditor or employee of the company in respect of which the default has been committed <u>to undo the irregularity including but not limited to unwinding the unlawful transaction or to</u> comply with the said provisions or requirements within such time as may be specified in the order.</p>

		the order.		
413.	478.	<p><b>Powers of the Federal Government, etc., in relation to enquiries and proceedings.</b>- (1) <del>The Federal Government,</del> the Commission, <del>the officer</del> or registrar, as the case may be, shall, for the purposes of a proceeding or enquiry in exercise of its or his powers and discharge of functions, have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Act V of 1908), while trying a suit, in respect of the following matters, namely: -</p> <ul style="list-style-type: none"> <li>(a) summoning and enforcing the attendance of any witness and examining him on oath or affirmation;</li> <li>(b) compelling the discovery or production of any document or other material object;</li> <li>(c) receiving evidence on affidavit; and</li> <li>(d) issuing commissions for the examination of witnesses and documents.</li> </ul> <p>(2) Any proceeding before <del>the Federal Government,</del> the Commission, <del>the officer</del> or registrar, as the case may be, shall be deemed to be a judicial proceeding within the meaning of section 193 and section 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and <del>such Government,</del> the Commission, <del>the officer</del> or registrar shall be deemed to be a civil court for the purposes of section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898 (Act V of 1898).</p>	483.	<p><b>Powers of the Commission in relation to enquiries and proceedings.</b>— (1) The <u>Commission, an authorised officer or the registrar,</u> as the case may be, shall, for the purposes of a proceeding or enquiry in exercise of its or his powers and discharge of functions, have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Act V of 1908), while trying a suit, in respect of the following matters, namely-</p> <ul style="list-style-type: none"> <li>(a) summoning and enforcing the attendance of any witness and examining him on oath or affirmation;</li> <li>(b) compelling the discovery or production of any document or other material object;</li> <li>(c) receiving evidence on affidavit; and</li> <li>(d) issuing commissions for the examination of witnesses and documents.</li> </ul> <p>(2) Any proceeding before the <u>Commission, an authorised officer or registrar,</u> as the case may be, shall be deemed to be a judicial proceeding within the meaning of section 193 and section 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and the Commission, an authorised officer or registrar shall be deemed to be a civil court for the purposes of section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898 (Act V of 1898).</p>

414.	479.	<p><b>Procedure for the trial of a corporate body.-</b> (1) In any proceedings against a body corporate for an offence against any provisions of this Ordinance a notice to show cause or appear may be sent to or served on the body corporate by registered post or in any other manner laid down for the service of summons issued by a <del>Court</del> under the Code of Civil Procedure, 1908 (Act V of 1908), at its registered office, or if there is no registered office at its principal place of business in Pakistan and where no such office is known to exist or is not functioning, at the address of the chief executive or any director or officer of the body corporate.</p> <p>(2) On service of the notice referred to in sub-section (1), it shall be the duty of the chief executive and other officers of the company to show cause or appear before the Court, Commission, registrar, other officer or authority himself or by a counsel or by an officer or other authorised representative of the body corporate who may be in a position to answer the charge as may be specified in the notice.</p> <p>(3) Where a body corporate does not appear in the manner aforesaid, the Court, Commission, registrar or officer trying the offence, as the case may be, may either issue a directive to the chief executive or other officer of the body corporate as is referred to in sub-section (2) to appear personally and answer the charge, or, at its or his direction, proceed to bear and decide the case in the absence of the body corporate.</p>	484.	<p><b>Procedure for trial of a corporate body.—</b> (1) In any proceedings against a body corporate for an offence against any provisions of this Ordinance a notice to show cause or appear may be sent to or served on the body corporate by registered post or in any other manner laid down for the service of summons issued by a <u>court</u> under the Code of Civil Procedure, 1908 (Act V of 1908), at its registered office, or if there is no registered office at its principal place of business in Pakistan and where no such office is known to exist or is not functioning, at the address of the chief executive or any director or officer of the body corporate.</p> <p>(2) On service of the notice referred to in sub-section (1), it shall be the duty of the chief executive and other officers of the company to show cause or appear before the Court, Commission, registrar, other officer or authority himself or by a counsel or by an officer or other authorised representative of the body corporate who may be in a position to answer the charge as may be specified in the notice.</p> <p>(3) Where a body corporate does not appear in the manner aforesaid, the Court, Commission, registrar or officer trying the offence, as the case may be, may either issue a directive to the chief executive or other officer of the body corporate as is referred to in sub-section (2) to appear personally and answer the charge, or, at its or his direction, proceed to hear and decide the case in the absence of the body corporate.</p>
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		(4) Any sum adjudged, fine imposed or directed to be paid under section 476 shall, unless paid on demand, be recoverable as an arrear of land revenue.		
415.	481.	<b>481. Appeal against acquittal.</b> - Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898), the Commission may, in any case arising out of this Ordinance, direct <del>any company prosecutor appointed under section 480 or authorise any other person</del> , either by name or by virtue of his office, to present an appeal from an order of acquittal passed by the <del>officer, authority or registrar or any Court other than a High Court</del> and an appeal presented by such prosecutor or other person shall be deemed to have been validly presented to the appellate court.	487.	<b>486. Appeal against acquittal.</b> — Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898), the Commission may, in any case arising out of this Ordinance, direct <u>any officer of the Commission</u> or authorise any other person, either by name or by virtue of his office, to present an appeal from an order of acquittal passed by the <u>court other than a Court</u> and an appeal presented by such prosecutor or other person shall be deemed to have been validly presented to the appellate court.
416.	482.	<b>Payment of compensation in cases of frivolous or vexations prosecution.</b> - (1) In respect of any case instituted upon the complaint of a member or creditor against the company or any officer thereof under section 474, the following provisions shall apply instead of the provisions of section 250 of the Code of Criminal Procedure, 1898 (Act V of 1898).  (2) If the Court, officer, Commission or registrar by whom any such case is heard discharges or acquits all or any of the accused, and is of opinion that the accusation against them or any of them was false and either frivolous or vexatious, the Court, officer, Commission or registrar, as the case may be, may by its or his order of discharge or acquittal, if the	488.	<b>Payment of compensation in cases of frivolous or vexatious prosecution.</b> — (1) In respect of any case instituted upon the complaint of a member or creditor against the company or any officer thereof under section 477, the following provisions shall apply instead of the provisions of section 250 of the Code of Criminal Procedure, 1898 (Act V of 1898).  (2) If the Court, officer, Commission or registrar by whom any such case is heard discharges or acquits all or any of the accused, and is of opinion that the accusation against them or any of them was false and either frivolous or vexatious, the Court, officer, Commission or registrar, as the case may be, may by its or his order of discharge or acquittal, if the member or creditor upon whose complaint the accusation was made is present, call upon him forthwith to show cause why he should not pay

	<p>member or creditor upon whose complaint the accusation was made is present, call upon him forthwith to show cause why he should not pay compensation to such accused, or to each or any of such accused when there is more than one, or if such member or creditor is not present, direct the issue of a summons to him to appear and show cause as aforesaid.</p> <p>(3) The Court, officer, Commission or registrar, as the case may be, shall record and consider any cause which such member or creditor may show; and if it or he is satisfied that the accusation was false and either frivolous or vexatious, it or he may, for reasons to be recorded, direct that compensation to such amount as it may determine be paid by such member or creditor, as the case may be, to the accused or to each or any of them not exceeding <del>ten thousand</del> rupees in all.</p> <p>(4) In default of payment of the compensation ordered under sub-section (3), the member or creditor ordered to pay such compensation shall suffer simple imprisonment for a term not exceeding <del>two months</del>, and shall also be liable to a fine not exceeding <del>two thousand</del> rupees.</p> <p>(5) When any person is imprisoned under sub-section (4), the provisions of sections 68 and 69 of the Pakistan Penal Code, 1860 (Act XLV of 1860) shall, so far as may be, apply.</p> <p>(6) No person who has been directed to pay</p>	<p>compensation to such accused, or to each or any of such accused when there is more than one, or if such member or creditor is not present, direct the issue of a summons to him to appear and show cause as aforesaid.</p> <p>(3) The Court, officer, Commission or registrar, as the case may be, shall record and consider any cause which such member or creditor may show; and if it or he is satisfied that the accusation was false and either frivolous or vexatious, it or he may, for reasons to be recorded, direct that compensation to such amount as it may determine be paid by such member or creditor, as the case may be, to the accused or to each or any of them not exceeding <u>one million</u> rupees in all.</p> <p>(4) In default of payment of the compensation ordered under sub-section (3), the member or creditor ordered to pay such compensation shall suffer simple imprisonment for a term not exceeding <u>one year</u>, and shall also be liable to a fine not exceeding <u>one hundred thousand</u> rupees.</p> <p>(5) When any person is imprisoned under sub-section (4), the provisions of sections 68 and 69 of the Pakistan Penal Code, 1860 (Act XLV of 1860) shall, so far as may be, apply.</p> <p>(6) No person who has been directed to pay compensation under this section shall, by reason of such order, <u>be</u> exempted from any civil or criminal liability in respect of the complaint made by him:</p> <p>Provided that any amount paid to an accused person under this section shall be taken into account in awarding compensation to such person in any subsequent civil suit relating to the same matter.</p>
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		<p>compensation under this section shall, by reason of such order, <del>be</del> exempted from any civil or criminal liability in respect of the complaint made by him:</p> <p>Provided that any amount paid to an accused person under this section shall be taken into account in awarding compensation to such person in any subsequent civil suit relating to the same matter.</p> <p>(7) A complainant who has been ordered to pay compensation under sub-section (3) may appeal from the order, in so far as it relates to the payment of compensation, as if such complainant had been convicted on a trial.</p> <p>(8) Where an order for payment of compensation to an accused person is made, the amount of compensation recovered shall not be paid to him before the period allowed for the presentation of the appeal under sub-section (7) has elapsed; or, if an appeal is presented, before the appeal has been decided.</p>		<p>(7) A complainant who has been ordered to pay compensation under sub-section (3) may appeal from the order, in so far as it relates to the payment of compensation, as if such complainant had been convicted on a trial.</p> <p>(8) Where an order for payment of compensation to an accused person is made, the amount of compensation recovered shall not be paid to him before the period allowed for the presentation of the appeal under sub-section (7) has elapsed; or, if an appeal is presented, before the appeal has been decided.</p> <p>(9) <u>Nothing contained in the Code of Criminal Procedure, 1898 (Act V of 1898) or anything contained in this section shall be applicable to the authorized officer of the Commission or the register and all actions by such officer or registrar shall deemed to be validly done in good faith and no compensation or suit for damages shall lie, whatsoever.</u></p>
417.	483.	<p><b>Application of fines.-</b> (1) The Court, officer, Commission or registrar imposing any fine under this Ordinance may direct that the whole or any part thereof shall be applied in or towards-</p> <p>(a) payment of costs of the proceedings;</p> <p>(b) rewarding the person on whose information the fine is recovered; and</p> <p>(c) payment to an aggrieved party of</p>	489.	<p><b>Application of fines or penalties.—</b> (1) The Court, officer, Commission or registrar imposing any fine or <u>penalty</u> under this Ordinance may direct that the whole or any part thereof shall be applied in or towards-</p> <p>(a) payment of costs of the proceedings;</p> <p>(b) rewarding the person on whose information the fine or penalty is recovered; and</p> <p>(c) payment to an aggrieved party of compensation for any</p>

		<p>compensation for any loss caused by the offence.</p> <p>(2) Any amount recovered as fine which is not applied as aforesaid shall be accounted for <del>to the Federal Government.</del></p>		<p>loss caused by the offence.</p> <p>(2) Any amount recovered as fine <u>or penalty</u> which is not applied as aforesaid shall be accounted for <u>in accordance with section 40AA of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</u></p>
418.	486.	<p><b>486. Production and inspection of books where offence suspected.-</b> (1) Without prejudice to the powers otherwise exercisable by <del>any officer</del> or registrar or person under this Ordinance, the Court in Chambers may, on an application made by a public prosecutor or the Attorney -General for Pakistan or the Advocate -General of the Province or an officer authorised by the Commission in this behalf or by a <del>company</del> prosecutor appointed under section <del>480</del> or by the registrar, if it is shown that there is reasonable cause to believe that any person has, while he was an officer of a company, committed an offence in connection with the management of the company's affairs, and that evidence of the commission of the offence is to be found in any books or papers of or under the control of the company or any officer or agent of the company, make an order-</p> <p>(i) authorising any person named therein to inspect the said books or papers or any of them for the purpose of investigating, and obtaining evidence of the commission of, the offence; or</p> <p>(ii) requiring the chief executive of the company or such other officer thereof or person as</p>	490.	<p><b>Production and inspection of books where offence suspected.—</b></p> <p>(1) Without prejudice to the powers otherwise exercisable by <u>the Commission or any of its authorised officers</u> or registrar, or person under this Ordinance, the Court in Chambers may, on an application made by a public prosecutor or the Attorney-General for Pakistan or the Advocate-General of the Province or an officer authorised by the Commission in this behalf or by a <u>special public prosecutor appointed under section 38 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997)</u> or by the registrar, if it is shown that there is reasonable cause to believe that any person has, while he was an officer of a company, committed an offence in connection with the management of the company's affairs, and that evidence of the commission of the offence is to be found in any books or papers of or under the control of the company or any officer or agent of the company, make an order-</p> <p>(a) authorising any person named therein to inspect the said books or papers or any of them for the purpose of investigating, and obtaining evidence of the commission of, the offence; or</p> <p>(b) requiring the chief executive of the company or such other officer thereof or person as may be named in the order, to produce the said books or papers or any of them to a person, and at a place and time, named in the</p>



		<p>may be named in the order, to produce the said books or papers or any of them to a person, and at a place and time, named in the order.</p> <p>(2) Sub-section (1) shall apply also in relation to any books or papers of a person carrying on the business of banking so far as they relate to the company's affairs, as it applies to any books or papers of or under the control of the company, except that no such order as is referred to in clause <del>(ii)</del> thereof shall be made by virtue of this sub-section.</p> <p>(3) No appeal shall lie from a decision under this section.</p>		<p>order.</p> <p>(2) Sub-section (1) shall apply also in relation to any books or papers of a person carrying on the business of banking so far as they relate to the company's affairs, as it applies to any books or papers of or under the control of the company, except that no such order as is referred to in clause <u>(b)</u> thereof shall be made by virtue of this sub-section.</p> <p>(3) No appeal shall lie from a decision under this section.</p>
419.	488.	<p><b>Power of Court, etc., to grant relief in certain cases.-</b>  (1) If in any criminal proceeding for negligence, default, breach of duty or breach of trust against a person to whom this section applies, it appears to the Court, <del>officer, Commission or registrar</del> hearing the case that that person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court, <del>Officer, Commission or registrar, as the case may be,</del> may relieve him, either wholly or partly, from his liability on such terms as the Court, <del>Officer, Commission or registrar, as the case may be,</del> may</p>	492.	<p><b>Power of Court to grant relief in certain cases.—</b> (1) If in any criminal proceeding for negligence, default, breach of duty or breach of trust against a person to whom this section applies, it appears to the Court, hearing the case that that person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court, may relieve him, either wholly or partly, from his liability on such terms as the Court may think fit.</p> <p>(2) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty, or breach of trust, he may apply to the Court for relief, and the Court on any</p>

	<p>think fit.</p> <p>(2) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty, or breach of trust, he may apply to the Court for relief, and the Court on any such application shall have the same power to relieve him as if proceedings against that person for negligence, default, breach of duty or breach of trust had been brought before the Court.</p> <p>(3) The persons to whom this section applies are the following namely:-</p> <p>(a) directors of a company;</p> <p>(b) chief executive of a company;</p> <p>(c) officers of a company;</p> <p>(d) persons employed by a company as auditors, whether they are or are not officers of the company;</p> <p>(e) liquidator of a company.</p> <p>(4) The Court, <del>Officer, Commission or registrar</del> shall not grant any relief to any person under sub-section (1) or sub-section (2) unless it <del>or he</del>, by notice served in the manner specified by it <del>or him</del>, <del>as the case may be</del>, requires the registrar and such other person, if any, as it or he thinks necessary to show cause why such relief should not be granted.</p>	<p>such application shall have the same power to relieve him as if proceedings against that person for negligence, default, breach of duty or breach of trust had been brought before the Court.</p> <p>(3) The persons to whom this section applies are the following namely-</p> <p>(a) directors of a company;</p> <p>(b) chief executive of a company;</p> <p>(c) officers of a company;</p> <p>(d) persons employed by a company as auditors, whether they are or are not officers of the company;</p> <p>(e) liquidator of a company.</p> <p>(4) The Court shall not grant any relief to any person under sub-section (1) or sub-section (2) unless it by notice served in the manner specified by it <u>requires the Commission or the registrar</u> and such other person, if any, as it thinks necessary to show cause why such relief should not be granted.</p>
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420.	492.	<p><b>Penalty for false statement.</b> - <del>Whoever in any return, report, certificate, balance sheet, profit and loss account, income and expenditure account, prospectus, offer of shares, books of accounts, application, information or explanation required by or for the purposes of any of the provisions of this Ordinance or pursuant to an order or direction given under this Ordinance makes a statement which is false or incorrect in any material particular, or omits any material fact knowing it to be material, shall be punishable with fine not exceeding [five] hundred thousand rupees.</del></p>	496.	<p><b>Penalty for false statement, falsification, forgery, fraud, deception.</b> — (1) Notwithstanding anything contained in the <u>Criminal Procedure Code, 1898, (V of 1898) or any other law, whoever in relations to affairs of the company or body corporate-</u></p> <p>(a) <u>makes a statement or submit any document in any form, which is false or incorrect in any material particular, or omits any material fact, knowing it to be material, in any return, report, certificate, statement of financial position, profit and loss account, income and expenditure account, offer of shares, books of account, application, information or explanation required by or for the purposes of any of the provisions of this Ordinance or pursuant to an order or direction given under this Ordinance with an intention to defraud, or cheat the Commission or to obtain incorporation or to avoid any penal action for an offence under this Ordinance or administered legislation;</u></p> <p>(b) <u>makes any false entry or omits or alter any material particular from books, paper or accounts with an intent to defraud, destroy, alter or falsifies any books of account belonging to or in his possession shall commit an offence of falsification of account;</u></p> <p>(c) <u>submit, present or produce any forged or fabricated document, knowingly to be forged or fabricated, to the Commission for the purposes of cheating or cheating by personation or to obtain any wrongful gain or wrongfull loss or to avoid any penal action for an offence under this Ordinance or administered legislation; or</u></p> <p>(d) <u>employ any scheme, artifice or practice in the course of business of the company to defraud or deceive general public;</u></p>
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				<p>shall be punishable with imprisonment which shall not be less than one year but which may extend to seven years and shall also be liable to fine which shall not be less than the amount involved in the fraud but may extend to three times the amount involved in the offence:</p> <p>Provided further that in case of offence involves public interest, the term of imprisonment under this section shall not be less than three years along with fine.</p> <p><b>Explanation.-</b> For the purpose of this section-</p> <p>(i) <u>“fraud” in relation to affairs of the company or body corporate shall mean doing a thing with an intent to defraud other person;</u></p> <p>(ii) <u>“wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;</u></p> <p>(iii) <u>“wrongful loss” means the loss by unlawful means of property to which the person losing is legally entitled.</u></p> <p>(iv) <u>“cheating, cheating by personation, falsification of accounts or forgery or forgery for the purposes of cheating” shall have the same meanings as assign to it in Pakistan Penal Code, 1860 (XLV of 1860).</u></p> <p>(2) <u>All offences under this section shall be non-bailable and non-compoundable.</u></p>
421.	493.	<b>Penalty for wrongful withholding of property.-</b> (1) Any director, chief executive or other officer or employee or agent of a company who wrongfully	497.	<b>Penalty for wrongful withholding of property.—</b> (1) Any director, chief executive or other officer or employee or agent of a company who wrongfully obtains possession of any property of

		<p>obtains possession of any property of the company, or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or directed in the articles and authorised by this Ordinance shall, on the complaint of the company or any creditor or contributory thereof or a memorandum placed on record by the registrar or an officer subordinate to him, be punishable with fine not exceeding <del>ten thousand</del> rupees and may be ordered by the Court, or officer, Commission or registrar or the Federal Government trying the offence, to deliver up or refund within a time to be fixed by the said Court, officer, Commission or registrar or the Federal Government any such property improperly obtained or wrongfully withheld or wilfully misapplied and any gain or benefit derived therefrom.</p> <p>(2) Whoever fails to comply with an order under sub-section (1), shall be punishable with imprisonment for a term which may extend to <del>two</del> years and shall also be liable to a fine.</p>		<p>the company, or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or directed in the articles and authorised by this Ordinance shall, on the complaint of the company or any creditor or contributory thereof or a memorandum placed on record by the registrar or an officer subordinate to him, be punishable with <u>a fine not exceeding one million rupees</u> and may be ordered by the Court, or officer, Commission or registrar <u>or the concerned Minister-in-Charge</u> of the Federal Government trying the offence, to deliver up or refund within a time to be fixed by the said Court, officer, Commission or registrar <u>or the concerned Minister-in-Charge</u> of the Federal Government any such property improperly obtained or wrongfully withheld or wilfully misapplied and any gain or benefit derived therefrom.</p> <p>(2) Whoever fails to comply with an order under sub-section (1), shall be punishable with imprisonment for a term which may extend to <u>three years</u> and shall also be liable to a fine <u>which may extend to five hundred thousand rupees</u>.</p>
422.	495.	<p><b>Punishment for non-compliance of directive of Court, etc.,-</b> (1) Where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the Federal Government under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, <del>with fine not exceeding 1[fifty] thousand rupees and, in the</del></p>	499.	<p><b>Punishment for non-compliance of directive of Court, etc.—</b> (1) Where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or <u>the concerned Minister-in-Charge of the Federal Government</u> under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, <u>shall be liable to a penalty of level 3 on the standard scale.</u></p>

		<p><del>case of a continuing non-compliance, to a further fine not exceeding 1[two] thousand rupees for every day after the first during which such non-compliance continues.</del></p> <p>(2) If non-compliance or failure continues after conviction under sub-section (1), the officer or other person who is a party to such non-compliance or failure shall be liable to punishment with imprisonment which may extend to <del>six months</del> and fine not exceeding <del>two</del> thousand rupees for every day after the first during which such non-compliance continues, and shall further cease to hold office in the company and be disqualified from holding any office in any company for a period of five years.</p>		<p>(2) If non-compliance or failure continues after conviction under sub-section (1), the officer or other person who is a party to such non-compliance or failure shall be liable to punishment with imprisonment which may extend to <u>one year</u> and fine not exceeding <u>ten</u> thousand rupees for every day after the first during which such non-compliance continues, and shall further cease to hold office in the company and be disqualified from holding any office in any company for a period of five years.</p>
423.	496.	<p><b>Penalty for carrying on ultra vires business.-</b> If any business or part of business carried on or any transaction made, by a company is ultra vires of the company, every person who acted as a director or officer of the company and is responsible for carrying on such business shall be liable to a <del>fine not exceeding [five hundred] thousand rupees</del> and shall also be personally liable for the liabilities and obligations arising out of such business or transaction.</p>	500.	<p><b>Penalty for carrying on ultra vires business.—</b> If any business or part of business carried on or any transaction made, by a company is ultra vires of the company <u>shall be an offence and</u> every person who acted as a director or officer of the company and is responsible for carrying on such business shall be liable to a <u>penalty of level 3 on the standard scale</u>, and shall also be personally liable for the liabilities and obligations arising out of such business or transaction.</p>
424.	497.	<p><b>Penalty for improper use of word “Limited”.-</b> If any person or persons trade or carry on business under, or otherwise use or display, any name or title of which the word “Limited” or the words “(Private) Limited” or “(Guarantee) Limited” or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated with limited liability or as a private</p>	501.	<p><b>Penalty for improper use of word “Limited”.—</b> If any person or persons trade or carry on business under, or otherwise use or display, any name or title of which the word “Limited” or the words “(Private) Limited” or “(Guarantee) Limited” or “<u>(SMC-Private) Limited</u>” or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated with limited liability or as a private limited company or with the liability of members limited by</p>

		limited company or with the liability of members limited by guarantee, as the case may be, be liable to a fine not exceeding [five hundred] thousand rupees and, in the case of a continuing offence, to a further fine not exceeding [ten thousand rupees] for every day after the first for which that name or title has been used.		guarantee, as the case may be, be liable to a <u>penalty of level 3 on the standard scale.</u>
425.	498.	<b>Penalty where no specific penalty is provided elsewhere in the Ordinance.</b> If a company or any other person contravenes or fails to comply with any provision of this Ordinance or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in this Ordinance, the company and every officer of the company who is in default or such other person shall be punishable with a fine which may extend to [one] million rupees, and, where the contravention is a continuing one, with a further fine which may extend to [one hundred thousand] rupees for every day after the first during which the contravention continues.	502.	<b>500. Penalty where no specific penalty is provided.</b> — If a company or any other person contravenes or fails to comply with any provision of this Ordinance or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in this Ordinance, the company and every officer of the company who is in default or such other person shall be <u>liable to a penalty of level 3 on the standard scale.</u>
426.	501.	<b>Delegation of powers.-</b> (1) The Federal Government may, by notification in the official Gazette, direct that all or any of its powers and functions under this Ordinance may, subject to such limitations, restrictions or conditions, if any, as it may from time to time impose, be exercised or performed by the Commission or an officer specified for the purpose.  (2) The Commission may, by notification in the official Gazette, direct that any of its powers and functions	504.	<b>Delegation of powers.</b> — The concerned Minister-in-Charge of <u>the</u> Federal Government may, by notification in the official Gazette, direct that all or any of his powers and functions under this Ordinance may, subject to such limitations, restrictions or conditions, if any, as he may from time to time impose, be exercised or performed by the Commission or an officer specified for the purpose.

		under this Ordinance may, subject to such limitations, restrictions or conditions, if any, as it may from time to time impose, be exercised or performed by the registrar or any other officer of the Commission specified for the purpose.		
427.	503.	<p><b>Application of Ordinance to companies governed by special enactments.-</b> (1) The provisions of this Ordinance shall apply-</p> <p>(a) to insurance companies, except in so far as the said provisions are inconsistent with the provisions of the Insurance Act, <del>1938 (IV of 1938)</del>;</p> <p>(b) to banking companies, except in so far as the said provisions are inconsistent with the provisions of the Banking Companies Ordinance, 1962 (LVII of 1962);</p> <p>(c) to modaraba companies and modarabas, except in so far as the said provisions are inconsistent with the provisions of the Modaraba Companies and Modaraba (Floatation and Control ) Ordinance, 1980 (XXXI of 1980);</p> <p>(d) to any other company governed by any special enactment for the time being in force, except in so far as the said provisions inconsistent with the provisions of such special enactments.</p>	505.	<p><b>Application of Ordinance to companies governed by special enactments.—</b> (1) The provisions of this Ordinance shall apply-</p> <p>(a) to insurance companies, except in so far as the said provisions are inconsistent with the provisions of the Insurance Ordinance, 2000 (XXXIX of 2000);</p> <p>(b) to banking companies, except in so far as the said provisions are inconsistent with the provisions of the Banking Companies Ordinance, 1962 (LVII of 1962);</p> <p>(c) to <i>modaraba</i> companies and <i>modarabas</i>, except in so far as the said provisions are inconsistent with the provisions of the Modaraba Companies and Modaraba (Floatation and Control ) Ordinance, 1980 (XXXI of 1980);</p> <p>(d) to any other company governed by any special enactment for the time being in force, except in so far as the said provisions are inconsistent with the provisions of such special enactments.</p> <p>(2) The provisions of sections <u>130, 132, 220 to 239, 247 to 267, 270 and 271</u> shall <i>mutatis mutandis</i> apply to listed companies or corporations established by any special enactment for the time being in force whose securities are listed and in the said sections the expression</p>



		<p>(2) The provisions of sections <del>156, 158, 230</del> to 247, <del>254 to 274, 277</del> and <del>278</del> shall <i>mutatis mutandis</i> apply to listed companies or corporations established by any special enactment for the time being in force whose securities are listed and in the said sections the expression “company” shall include a listed company so established:</p> <p>Provided that the Commission may, by notification in the official Gazette, direct that the provisions of any of the aforesaid sections specified in the notification shall, subject to such conditions, if any, as may be so specified, not apply to any listed company or securities so specified.</p>		<p>“<b>company</b>” shall include a listed company so established:</p> <p>Provided that the Commission may, by notification in the official Gazette, direct that the provisions of any of the aforesaid sections specified in the notification shall, subject to such conditions, if any, as may be so specified, not apply to any listed company or securities so specified.</p>
428.	504.	<p><b>Forms.-</b> The forms in the schedules or forms as near thereto as circumstances admit and such other forms as may be prescribed shall be used in all matters to which those forms refer.</p>	506.	<p><b>Forms.—</b> The forms in the schedules or forms as near thereto as circumstances admit and such other forms as may be prescribed <u>in the rules or specified through regulations</u> shall be used in all matters to which those forms refer.</p>
429.	505.	<p><b>Power of the Federal Government to alter schedules.-</b> <del>The Federal Government</del> may, be notification in the official Gazette, alter or add to any of the tables, regulations, requirements, forms and other provisions contained in any of the schedules, and such alterations or additions shall have effect as if enacted in this Ordinance and shall come into force on the date of the notification, unless the notification otherwise directs.</p>	507.	<p><b>Power to alter schedules.—</b> (1) <u>The concerned Minister-in-Charge</u> of the Federal Government may, by notification, in the official Gazette, alter or add to, <u>the Sixth and Eighth Schedules.</u></p> <p>(2) <u>The Commission may</u>, by notification in the official Gazette, alter or add to any of the tables, regulations, requirements, forms and other provisions contained in any of the schedules <u>except Sixth and Eighth Schedules</u>, and such alterations or additions shall have effect as if enacted in this Ordinance and shall come into force on the date of the notification, unless the notification otherwise directs.</p>
430.	506.	<p><b>Power of the Federal Government to make rules.-</b> (1)</p>	508.	<p><b>Power of the Federal Government to make rules.—</b> (1) In</p>

	<p>In addition to the powers conferred by any other section, the Federal Government may, by notification in the official Gazette, make rules-</p> <p>(a) for <del>all or any</del> of the matters which by this Ordinance are to be, <del>or may be</del>, prescribed <del>by the Federal Government</del>;</p> <p>(aa) for establishment and regulating the activities of any company or class of companies; and</p> <p>(b) generally to carry out the purposes of this Ordinance:</p> <p>Provided that, before making any such rule, the draft thereof shall be published by the Federal Government in the official Gazette for eliciting public opinion thereon within a period of not less than fourteen days from the date of publication.</p> <p>(2) Any rule made under sub-section (1) may provide that a contravention thereof shall be punishable with a <del>fine</del> which may extend to [five <del>hundred</del>] thousand rupees and, where the contravention is a continuing one, with a further <del>fine</del> which may extend to [<del>ten</del> thousand] rupees for every day after the first during which such contravention continues.</p>		<p>addition to the powers conferred by any other section, the Federal Government may, by notification in the official Gazette, make rules-</p> <p>(a) for the matters which by this Ordinance are to be prescribed;</p> <p>(b) for establishment and regulating the activities of any company or class of companies; and</p> <p>(c) generally to carry out the purposes of this Ordinance:</p> <p>Provided that, before making any such rule, the draft thereof shall be published <u>by the concerned Minister-in-Charge of the</u> Federal Government in the official Gazette for eliciting public opinion thereon within a period of not less than fourteen days from the date of publication.</p> <p>(2) Any rule made under sub-section (1) may provide that a contravention thereof shall be punishable with a <u>penalty</u> which may extend to five <u>million</u> rupees and, where the contravention is a continuing one, with a further <u>penalty</u> which may extend to <u>one hundred</u> thousand rupees for every day after the first during which such contravention continues.</p>
431.	506B		<p><b>Power to issue directives, circulars, guidelines, etc. —</b> (1) The Commission may issue such directives, prudential requirements, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Ordinance and the rules and regulations made under this Ordinance.]</p> <p><b>Power to issue directives, circulars, guidelines. —</b> (1) The Commission may issue such directives, prudential requirements, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Ordinance and the rules and regulations made under this Ordinance.</p>

				(2) Any person, who obstructs or contravenes or does not comply with any <u>directive, prudential requirements, codes, circulars or notifications, given under this section shall be liable to a penalty of level 3 on the standard scale.</u>
432.	506A.	<p><b>506A. Power to make regulations.</b>—(1) The Commission may, by notification in the official Gazette, make such regulations as may be necessary to carry out the purposes of this Ordinance:</p> <p>Provided that the power to make regulations conferred by this section shall be subject to the condition of previous publication and before making any regulations the draft thereof shall be published in the manner considered most appropriate by the Commission for eliciting public opinion thereon within a period of not less than fourteen days from the date of publication.</p> <p>(2) Any regulation made under sub-section (1) may provide that a contravention thereof shall be punishable with a fine which may extend to five <del>hundred thousand</del> rupees and, where the contravention is a continuing one, with a further fine which may extend to <del>ten</del> thousand rupees for every day after the first during which such contravention continues.</p>	512.	<p><b>Power to make regulations.</b>— (1) The Commission may, by notification in the official Gazette, make such regulations as may be necessary to carry out the purposes of this Act:</p> <p>Provided that the power to make regulations conferred by this section shall be subject to the condition of previous publication and before making any regulations the draft thereof shall be published in the manner considered most appropriate by the Commission for eliciting public opinion thereon within a period of not less than fourteen days from the date of publication.</p> <p>(2) Any regulation made under sub-section (1) may provide that a contravention thereof shall be punishable with a penalty which may extend to five <u>million</u> rupees and, where the contravention is a continuing one, with a further penalty which may extend to <u>one hundred</u> thousand rupees for every day after the first during which such contravention continues.</p>
433.	511.	<p><b>Former registration offices, registers and registrars continued.</b>— (1) The offices existing at the commencement of this Ordinance for registration of companies shall be continued as if they had been</p>	515.	<p><b>Former registration offices and registers continued.</b>— (1) The offices existing at the commencement of this Ordinance for registration of companies shall be continued as if they had been established under this Ordinance.</p>

	<p>established under this ordinance.</p> <p>(2) <u>Any person appointed to any office under or by virtue of any previous Companies Act shall be deemed to have been appointed to that office under or by virtue of this Ordinance.</u></p> <p>(3) Any books of <del>accounts</del>, book or paper, register or document kept under the provisions of any previous law relating to companies shall be deemed part of the books of accounts, book or paper, register or document to be kept under this Ordinance,</p>		<p>(2) Any books of <u>account</u>, book or paper, register or document kept under the provisions of any previous law relating to companies shall be deemed part of the books of accounts, book or paper, register or document to be kept under this Ordinance.</p>
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