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EAST AFRICA PROTECTORATE.



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NAIROBI, May 9, 1917.

His Excellency has approved of the following Bills being introduced at the next Session of the Legislative Council.

*T. S. W. THOMAS,
Clerk to the Legislative Council.*

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A Bill

Intituled

An Ordinance to amend the Law relating to Trading Companies and other Associations.

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A BILL

Intituled

An Ordinance to amend the Law relating to Trading Companies and other Associations.

PART I.

PRELIMINARY.

1. (1) This Ordinance may be called the Companies Ordinance, 1916. Short title and commencement.
- (2) It shall come into force on such day as the Governor shall by notice prescribe.
- 5 2. In this Ordinance, unless there is anything repugnant in the subject or context:—
- (1) “articles” means the articles of association of a company as originally framed or as altered by special resolution, including, so far as they apply to the company, the resolutions contained in 10 Table A in the First Schedule annexed to the Indian Companies Act, 1882 as applied to the Protectorate, or in Table A in the First Schedule annexed to this Ordinance.
- (2) “company” means a company formed and registered under this Ordinance or an existing company:
- 15 (3) “the Court” means the Court having jurisdiction under this Ordinance.
- (4) “debenture” includes debenture stock:
- (5) “director” includes any person occupying the position of a director by whatever name called:
- 20 (6) “document” includes summons, notice, order and other legal process and registers.
- (7) “existing company” means a company formed and registered in the Protectorate under the Indian Companies Act, 1882, as applied to the Protectorate.
- 25 (8) “insurance company” means a company that carries on the business of insurance either solely or in common with any other business or businesses:
- (9) “manager” includes any person occupying the position of a manager by whatever name called and whether under a contract of service or not:
- 30 (10) “memorandum” means the memorandum of association of a company as originally framed or as altered in pursuance of the provisions of this Ordinance.
- (11) “officer” includes any director, manager or secretary but save in sections 235, 236, and 237, does not include an auditor.
- 35 (12) “prescribed” means, as respects the provisions of this Ordinance relating to the winding up of companies, prescribed by rules made by the High Court, and as respects the other provisions of this Ordinance prescribed by the Governor in Council.
- (13) “private company” means a company which
- (i) by its articles:—
- (a) restricts the right to transfer its shares; and

(b) limits the number of its members (exclusive of persons who are in the employ of the company) to fifty; and

(c) prohibits any invitation to the public to subscribe for any shares or debentures of the company; and

(ii) continues to observe such restrictions, limitations and prohibitions:

Provided that where two or more persons hold one or more shares in a company jointly they shall, for the purposes of this definition, be considered as a single member:

(14) "prospectus" means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase any shares or debentures of a company:

(15) "the registrar" means a registrar or assistant registrar performing under this Ordinance the duty of registration of companies: and

(16) "share" means share in the share capital of the company, and includes stock except when a distinction between stock and shares is expressed or implied.

Jurisdiction of the Courts. 3. The Court having jurisdiction under this Ordinance shall be the High Court. 20

PART II.

CONSTITUTION AND INCORPORATION.

Prohibition of partnership exceeding certain numbers. 4. (1) No company, association or partnership consisting of more than ten persons shall be formed for the purpose of carrying on the business of banking unless it is registered as a company 25 under this Ordinance, or is formed in pursuance of some other Ordinance or of an Act of Parliament or of Royal Charter or Letters Patent.

(2) No company, association or partnership consisting of more than twenty persons shall be formed for the purpose of carrying on any other business that has for its object the acquisition of gain by the company, association or partnership, or by the individual members thereof, unless it is registered as a company under this Ordinance or is formed in pursuance of some other Ordinance or of an Act of Parliament or of Royal Charter or 35 Letters Patent.

MEMORANDUM OF ASSOCIATION.

Mode of forming incorporated company. 5. Any seven or more persons (or, where the company to be formed will be a private company, any two or more persons) associated for any lawful purpose may, by subscribing their names 40 to a memorandum of association and otherwise complying with the requirements of this Ordinance in respect of registration, form an incorporated company, with or without limited liability (that is to say), either

(i) 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 (in this Ordinance termed a company limited by shares); or

(ii) 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 being wound up (in this Ordinance termed a company limited by guarantee); or

(iii) a company not having any limits on the liability of its members (in this Ordinance termed an unlimited company). 55

6. In the case of a company limited by shares

(1) the memorandum shall state

(i) the name of the company, with "Limited" as the last word in its name;

(ii) the place in which the registered office of the company 60 is to be situate;

(iii) the objects of the company;

(iv) that the liability of the members is limited;

(v) the amount of share capital with which the company proposes to be registered, and the division thereof into shares of 65 a fixed amount;

(2) no subscriber of the memorandum shall take less than one share;

(3) each subscriber shall write opposite to his name the number of shares he takes. 70

7. In the case of a company limited by guarantee
 (1) the memorandum shall state
 (i) the name of the company, with "Limited" as the last word in its name;
 5 (ii) the place in which the registered office of the company is to be situate;
 (iii) the objects of the company;
 (iv) that the liability of the members is limited;
 (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 payments 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 the rights of the contributories among themselves, such amount as may be required not exceeding a specified amount:
- 19 (2) if the company has a share capital
 (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;
- 20 (ii) no subscriber of the memorandum shall take less than one share;
 (iii) each subscriber shall write opposite to his name the number of shares he takes.
- 25 8. In the case of an unlimited company
 (1) the memorandum shall state
 (i) the name of the company;
 (ii) the place in which the registered office of the company is to be situate;
 30 (iii) the objects of the company;
 (2) if the company has a share capital
 (i) no subscriber of the memorandum shall take less than one share;
 (ii) each subscriber shall write opposite to his name the number of shares he takes.
- 35 9. The memorandum shall be signed by each subscriber in presence of at least one witness who shall attest the signature. Signature of Memorandum.
- 40 10. A company shall not alter the conditions contained in its memorandum except in the cases and in the mode and to the extent for which express provision is made in this Ordinance. Restriction on alteration of memorandum.
- 45 11. (1) 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, except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the registrar requires. Name of company and change of name.
- 50 (2) If a company, through inadvertence or otherwise, is, without such consent as aforesaid, registered by a name identical with that by which a company in existence is previously registered, or so nearly resembling it as to be calculated to deceive, the first-mentioned company may, with the sanction of the registrar, change its name.
- 55 (3) A company shall not be registered by a name which contains any of the following words, namely: "Crown," "Emperor," "Empire," "Empress," "Imperial," "King," "Queen," "Royal," or words expressing or implying the sanction, approval or patronage of the Crown or the Government of the Protectorate except where the Governor in Council signifies his consent to the use of such words as part of the name of the company by order 60 in writing under the hand of one of the Secretaries to the Government.
- Provided that nothing in this sub-section shall apply to companies registered before the commencement of this Ordinance.
- 65 (4) Any company may, by special resolution and subject to the approval of the Governor in Council signified in writing, under the hand of one of the Secretaries to the Government, change its name.
- 70 (5) 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. On the issue of such a certificate, the change of name shall be complete.

Alteration of memorandum.

6. 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 it by its former name may be continued or commenced against it by its new name. 5

12. (1) Subject to the provisions of this Ordinance, a company may, by special resolution, alter the provisions of its memorandum 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 10 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 which under existing circumstances may conveniently or advantageously be combined with with the business of the company; or

(e) to restrict or abandon any of the objects specified in the memorandum.

(2) The alteration shall not take effect until and except in so 20 far as it is confirmed by the Court on petition.

(3) Before confirming the alteration, the Court 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 interests will, in the opinion of the Court, be effected 25 by the alteration; and

(b) that, with respect to every creditor who in the opinion of the Court is entitled to object, and who signifies his objection in manner directed by the Court, either his consent to the 30 alteration has been obtained or his debt or claim has been discharged or has determined, or has been secured to the satisfaction of the Court:

Provided that the Court may, in the case of any person or class, for special reasons, dispense with the notice required by this 35 section.

13. The Court may make an order confirming the alteration of a company's memorandum either wholly or in part, and on such terms and conditions as it thinks fit, and may make such order as to costs as it thinks proper. 40

14. The Court shall, in exercising its discretion under sections 12 and 13, 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, adjourn the proceedings in order that an arrangement may be made to the 45 satisfaction of the Court for the purchase of the interests of dissentient members; and may give such directions and make such orders as it may think expedient for facilitating or carrying into effect any such arrangement:

Provided that no part of the capital of the company may be 50 expended in any such purchase.

15. (1) A certified copy of the order confirming the alteration, together with a printed copy of the memorandum as altered, shall, within 60 days 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. 55 60

(2) The Court may by order at any time extend the time for the filing of documents with the registrar under this section for such period as the Court may think proper.

16. No such alteration shall have any operation until registration thereof has been duly effected in accordance with the provisions of section 15, and if such registration is not effected within 60 days next after the date of the order of the Court confirming the alteration, or within such further time as may be allowed by the Court in accordance with the provisions of section 15, such alteration and the order and all proceedings connected therewith shall, at the expiration of such period of 60 days or such further time, as the case may be, become absolutely null and void: 65 70

Provided that the Court may, on sufficient cause shown, revive the order on application made within a further period of 75 30 days.

Power of Court when confirming alteration.

Exercise of discretion by Court.

Procedure on confirmation of the alteration.

Effect of failure to register within 60 days.

17. (1) There may, in the case of a company limited by shares, and there shall, in the case of a company limited by guarantee or unlimited, be registered with the memorandum, articles of association signed by the subscribers to the memorandum and prescribing regulations for the company.
- (2) Articles of association may adopt all or any of the regulations contained in Table A in the First Schedule.
- (3) In the case of an unlimited company or a company limited by guarantee, the articles, if the company has a share capital, shall state the amount of share capital with which the company proposes to be registered.
- (4) In the case of an unlimited company or a company limited by guarantee, if the company has not a share capital, the articles shall state the number of members with which the company proposes to be registered, for the purpose of enabling the registrar to determine the fees payable on registration.
18. In the case of a company limited by shares and registered after the commencement of this Ordinance, if articles are not registered, or, if articles are registered, in so far as the articles do not exclude or modify the regulations in Table "A" in the First Schedule, those regulations shall, so far as applicable, be the regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.
19. Articles shall
- (a) be printed;
 - (b) be divided into paragraphs numbered consecutively; and
 - (c) be signed by each subscriber of the memorandum of association in the presence of at least one witness who must attest the signature.
20. Subject to the provisions of this Ordinance and to the conditions contained in its memorandum, a company may by special resolution alter or add to its articles; and any alteration or addition so made shall be as valid as if originally contained in the articles, and be subject in like manner to alteration by special resolution.
- GENERAL PROVISIONS.**
21. (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 all the provisions of the memorandum and of the articles, subject to the provisions of this Ordinance.
- (2) All money payable by any member to the company under the memorandum or articles shall be a debt due from him to the company.
22. The memorandum and the articles (if any) shall be filed with the registrar and he shall retain and register them.
23. (1) On the registration of the memorandum of a company, the registrar shall certify under his hand that the company is incorporated, and in the case of a limited company that the company is limited.
- (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, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the functions of an incorporated company, with power to hold land 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.
24. (1) A certificate of incorporation given by the registrar in respect of any association shall be conclusive evidence that all the requirements of this Ordinance in respect of registration and of matters precedent and incidental thereto have been complied with, and that the association is a company authorised to be registered and duly registered under this Ordinance.

Application of Table A.

Form and signature of articles.

Alteration of articles by special resolution.

Effect of memorandum and articles.

Registration of memorandum and articles.

Effect of registration.

Conclusiveness of certificate of incorporation.

(2) A statutory declaration by an advocate, entitled to appear before the High Court who is engaged in the formation of a company, or by a person named in the articles as a director, manager or secretary of the company, of compliance with all or any of the said requirements shall be filed with the registrar, and the registrar may accept such declaration as sufficient evidence of compliance. 5

Copies of memorandum
and articles to be given
to members.

25. (1) Every company shall send to every member, at his request, and on payment of one rupee or such less sum as the company may prescribe, a copy of the memorandum and of the articles (if any). 10

(2) If a company makes default in complying with the requirements of this section, it shall be liable for each offence to a fine not exceeding Rs. 15/-.

Power to dispense with
"Limited" in name of
charitable and other
companies.

26. (1) Where it is proved to the satisfaction of the Governor in Council that an association capable of being formed as a limited company has been or is about to be formed for promoting commerce, art, science, 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 Governor in Council may, by licence under the hand of one of the Secretaries to the Government direct that the association be registered as a company with limited liability, without the addition of the word "Limited" to its name, and the association may be registered accordingly. 15
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(2) A licence by the Governor in Council under this section may be granted on such conditions and subject to such regulations as the Governor in Council thinks fit, and those conditions and regulations shall be binding on the associations, and shall, if the Governor in Council so directs, be inserted in the memorandum and articles, or in one of those documents. 25
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(3) The association shall on registration enjoy all the privileges of limited companies, and be subject to all their obligations, except those of using the word "Limited" as any part of its name, and of publishing its name, and of filing list of members and directors and managers with the registrar. 35

(4) A licence under this section may at any time be revoked by the Governor in Council, and upon revocation the registrar shall enter the word "Limited" 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 this section : 40

Provided that, before a licence is so revoked, the Governor in Council 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.

COMPANIES LIMITED BY GUARANTEE.

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Provision as to companies
limited by guarantee.

27. (1) In the case of a company limited by guarantee and not having a share capital, and registered after the commencement of this Ordinance, 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. 50

(2) For the purpose of the provisions of this Ordinance relating to the memorandum of a company limited by guarantee and of this section, every provision in the memorandum or articles, or in any resolution, of any company limited by guarantee and registered after the commencement of this Ordinance, 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. 55

PART III.

SHARE CAPITAL, REGISTRATION OF UNLIMITED COMPANY
AS LIMITED AND UNLIMITED LIABILITY OF DIRECTORS.

DISTRIBUTION OF SHARE CAPITAL.

28. (1) The shares or other interest of any member in a company shall be moveable property, transferable in manner provided by the articles of the company.
- 5 (2) Each share in a company having a share capital shall be distinguished by its appropriate number.
29. A certificate, under the common seal of the company, specifying any shares or stocks held by any member, shall be stock. prima facie evidence of the title of the member to the shares or stock therein specified.
- 10 30. (1) The subscribers of the memorandum of a company shall be deemed to have agreed to become members of the company, and on its registration shall be entered as members in its register of members. Definition of "member."
- 15 (2) Every other person who agrees to become a member of a company, and whose name is entered in its register of members, shall be a member of the company.
31. (1) Every company shall keep in one or more books a register of members, and enter therein the following particulars:—
- 20 (i) the names and addresses and the occupations, if any, of the members, 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;
- 25 (ii) the date at which each person was entered in the register as a member;
- (iii) the date at which any person ceased to be a member.
- 30 (2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding Rs. 75/- for every day during which the default continues; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.
- 35 32. (1) Every company having a share capital shall once at least in every year make a list of all persons who on the day of the first or only ordinary general meeting in the year, are members of the company, and of all persons who have ceased to be members since the date of the last return or (in the case of the first return) of the incorporation of the company. Annual list of members and summary.
- 40 (2) The list shall state the names, addresses, and occupations of all the past and present members therein mentioned, and the number of shares held by each of the existing members at the date of the return, specifying shares transferred since the date of the last return or (in the case of the first return) of the incorporation of the company by persons who have ceased to be members respectively and the dates of registration of the transfers, and shall contain a summary distinguishing between shares issued for cash and shares issued as fully or partly paid up otherwise than in cash, and specifying the following particulars:—
- 45 (a) the amount of the share capital of the company, and the number of the shares into which it is divided;
- 50 (b) the number of shares taken from the commencement of the company up to the date of the return;
- (c) the amount called up on each share;
- (d) the total amount of calls received;
- (e) the total amount of calls unpaid;
- 55 (f) the total amount of the sums (if any) paid by way of commission in respect of any shares or debentures, or allowed by way of discount in respect of any debentures, since the date of the last return;
- (g) the total number of shares forfeited;
- 60 (h) the total amount of shares or stock for which share-warrants are outstanding at the date of the return;

- (i) the total amount of share-warrants issued and surrendered respectively since the date of the last return;
- (k) the number of shares or amount of stock comprised in each share-warrant;
- (l) the names and addresses of the persons who at the date of the return are the directors of the company and of the persons (if any) who at the said date are the managers of the company;
- (m) the total amount of debt due from the company in respect of all mortgages and charges which are required to be registered with the registrar under this Ordinance.
- (3) The above list and summary shall be contained in a separate part of the register of members, and shall be completed within seven days after the day of the first or only ordinary general meeting in the year, and the company shall forthwith file with the registrar a copy signed by a director or by the manager or the secretary of the company together with a certificate from such director, manager or secretary that the list and summary state the facts as they stood on the day aforesaid.
- (4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding Rs. 75/- for every day during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.
33. No notice of any trust, expressed, implied or constructive, shall be entered on the register or be receiveable by the registrar.
34. On the application of the transferor of any share or interest in a company, the company shall enter in its register of members the name of the transferee in the same manner and subject to the same conditions as if the application for the entry were made by the transferee.
35. A transfer of the share or other interest of a deceased member of a company made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.
36. (1) The register of members, commencing from the date of the registration of the company, shall be kept at the registered office of the company, and, except when closed under the provisions of this Ordinance, shall during business hours (subject to such reasonable restrictions, as the company in general meeting may impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member gratis, and to the inspection of any other person on payment of one rupee, or such less sum as the company may prescribe, for each inspection.
- (2) Any member or other person may require a copy of the register, or of any part thereof, or of the list and summary required by this Ordinance, or any part thereof, on payment of 50 cents for every hundred words or fractional part thereof required to be copied.
- (3) If any inspection or copy required under this section is refused, the company shall be liable for each refusal to a fine not exceeding 30/- rupees and to a further fine not exceeding 30/- rupees for every day 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 Court may by order compel an immediate inspection of the register.
37. A company may, on giving notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situate, close the register of members for any time or times not exceeding in the whole thirty days in each year.

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38. (1) If

Power of Court to
rectify register.

(a) the name of any person is fraudulently or without sufficient cause entered in or omitted from the register of members of a company; or

5 (b) default is made or unnecessary delay take place in entering on the register the fact of any person having ceased to be a member,

the person aggrieved, or any member of the company, or the company, may apply to the Court for rectification of the register.

10 (2) The Court may either refuse the application, or may order rectification of the register and 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.

15 (3) On any application under this section 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 alleged members, or between members or alleged members on the one hand and the company on the other hand; and

20 generally may decide any question necessary or expedient to be decided for rectification of the register.

39. In the case of a company required by this Ordinance to file a list of its members with the registrar the Court, when making an order for rectification of the register, shall, by its order, direct notice of the rectification to be filed with the registrar.

Notice to registrar of
rectification of register.

40. The register of members shall be *prima facie* evidence of any matters by this Ordinance directed or authorised to be inserted therein.

Register to be evidence.

30 41. (1) A company having a share capital may, if so authorised by its articles, cause to be kept in the United Kingdom a branch register of members (in this Ordinance called a British register).

Power for company to
keep branch register in
the United Kingdom.

35 (2) The company shall, within one month from the date of the opening of any British register, file with the registrar notice of the situation of the office where such register is kept and, in the event of any change in the situation of such office or of its discontinuance, shall within one month from the date of such change or discontinuance, as the case may be, file notice of such change or discontinuance.

40 (3) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues.

45 42. (1) A British register shall be deemed to be part of the company's register of members (in this section called the principal register).

Regulations as to British
register.

50 (2) It shall be kept in the same manner in which the principal register is by this Ordinance required to be kept, except that the advertisement before closing the register shall be inserted in some newspaper circulating in the locality wherein the British register is kept.

55 (3) The company shall transmit to its registered office in the Protectorate a copy of every entry in its British register as soon as may be after the entry is made; and shall cause to be kept at such office, duly entered up from time to time, a duplicate of its British register, and the duplicate shall, for all the purposes of this Ordinance, be deemed to be part of the principal register.

60 (4) Subject to the provisions of this section with respect to the duplicate register, the shares registered in a British register shall be distinguished from the shares registered in the principal register, and no transaction with respect to any shares registered in a British register shall, during the continuance of that registration, be registered in any other register.

65 (5) The company may discontinue to keep any British register, and thereupon all entries in that register shall be transferred to the principal register.

(6) Subject to the provisions of this Ordinance, any company may, by its articles, make such regulations as it may think fit respecting the keeping of a British register.

Issue of share-warrants to bearer.

43. A company limited by shares, if so authorised by its articles, may, with respect to any fully paid up shares, or to stock, issue under its common seal a warrant stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant, in this Ordinance termed a share-warrant. 5

Effect of share-warrant.

44. A share-warrant shall entitle the bearer thereof to the shares or stock therein specified, and the shares or stock may be transferred by delivery of the warrant. 10

Registration of name of bearer of share-warrant.

45. The bearer of a share-warrant shall, subject to the articles of the company, be entitled on surrendering it for cancellation to have his name entered as a member in the register of members; and the company shall be responsible for any loss incurred by any person by reason of the company entering in its register the name of a bearer of a share-warrant in respect of the shares or stock therein specified without the warrant being surrendered and cancelled. 15

Position of bearer of share-warrant.

46. The bearer of a share-warrant may, if the articles of the company so provide, be deemed to be a member of the company 20 within the meaning of this Ordinance, either to the full extent or for any purposes defined in the articles, except that he shall not be qualified in respect of the shares or stock specified in the warrant for being a director or manager of the company, in cases where such a qualification is required by the articles. 25

Entries in register when share-warrant issued.

4. (1) On the issue of a share-warrant, the company shall strike out of its register of members the name of the member then entered therein as holding the shares or stock specified in the warrant as if he has ceased to be a member, and shall enter in the register the following particulars, namely:— 30

- (i) the fact of the issue of the warrant;
- (ii) a statement of the shares or stock included in the warrant, distinguishing each share by its number; and
- (iii) the date of the issue of the warrant.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues, and every officer of the company who knowingly and wilfully continues or permits the default shall be liable to the like penalty. 35 40

Surrender of share-warrant.

48. Until the warrant is surrendered, the above particulars shall be deemed to be the particulars required by this Ordinance to be entered in the register of members; and, on the surrender, the date of the surrender shall be entered as if it were the date at which a person ceased to be a member. 45

Power of company to arrange for different amounts being paid on shares.

49. A company, if so authorised by its articles, may do any one or more of the following things, namely:—

(1) make arrangements on the issue of shares for a difference between the shareholders in the amounts and times of payment of calls on their shares; 50

(2) accept from any member who assents thereto the whole or a part of the amount remaining unpaid on any shares held by him though no part of that amount has been called up;

(3) pay dividend in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others. 55

Power of company limited by shares to alter its share capital.

50. (1) A company limited by shares, if so authorised by its articles, may alter the conditions of its memorandum as follows, (that is to say), it may

(a) increase its share capital by the issue of new shares 60 of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(c) convert all or any of its paid-up shares into stock and re-convert that stock into paid-up shares of any denomination; 65

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which 70 the reduced share is derived;

- (e) cancel shares which, at the date of 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 shares so cancelled.
- 5 (2) The powers conferred by this section with respect to sub-division of shares must be exercised by special resolution.
- (3) Where any alteration has been made under this section in the memorandum of a company, every copy of the memorandum issued after the date of the alteration shall be in accordance with the alteration.
- 10 (4) If a company makes default in complying with the requirements of sub-section (3), it shall be liable to a fine not exceeding 15/- rupees for each copy in respect of which default is made; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.
- (5) A cancellation of shares in pursuance of this section shall not be deemed to be a reduction of share capital within the meaning of this Ordinance.
- 15 20 51. (1) Where a company having a share capital has consolidated and divided its share capital into shares of larger amount than its existing shares or converted any of its shares into stock, or re-converted stock into share, it shall within 15 days of the consolidation and division, conversion or re-conversion file notice with the registrar of the same, specifying the share consolidated and divided, or converted, or the stock re-converted.
- Notice to registrar of consolidation of share capital, conversion of shares into stock, etc.
- (2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.
- 25 30 35 40 52. Where a company having a share capital has converted any of its shares into stock, and filed notice of the conversion with the registrar, all the provisions of this Ordinance which are applicable to shares only shall cease as to so much of the share capital as is converted into stock; and the register of members of the company, and the list of members to be filed with the registrar, shall show the amount of stock held by each member instead of the amount of shares and the particulars relating to shares hereinbefore required by this Ordinance.
- Effect of conversion of shares into stock.
- 35 45 50 53. (1) Where a company having a share capital whether its share have or have not been converted into stock, has increased its share capital beyond the registered capital, and where a company not having a share capital has increased the number of its members beyond the registered number, it shall file with the registrar, in the case of an increase of share capital, within fifteen days after the passing, or in the case of a special resolution the confirmation, of the resolution authorising the increase, and in the case of an increase of members within fifteen days after the increase was resolved on or took place, notice of the increase of capital or members, and the registrar shall record the increase.
- Notice of increase of share capital or of members.
- 55 60 53. (2) If a company makes a default in complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.
54. (1) A company limited by shares may, by special resolution confirmed by an order of the Court, modify the conditions contained in its memorandum so as to reorganize its share capital, whether by the consolidation of shares or different classes 65 or by the division of its shares into shares of different classes:
- Reorganization of share capital.
- Provided that no preference or special privilege attached to or belonging to any class of shares shall be interfered with except by resolution passed by a majority in number of shareholders of that class holding three-fourths of the share capital of that class 70 and confirmed at a meeting of shareholders of that class in the same manner as a special resolution of the company is required to be confirmed, and every resolution so passed shall bind all shareholders of the class.

(2) Where an order is made under this section, a certified copy thereof shall be filed with the registrar within twenty-one days after making of the order, or within such further time as the Court may allow, and the resolution shall not take effect until such a copy has been so filed.

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REDUCTION OF SHARE CAPITAL.

Reduction of share capital.

55. (1) No company limited by shares shall have power to buy its own shares unless the consequent reduction of capital is effected and sanctioned in manner hereinafter provided.

(2) 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, and in particular (without prejudice to the generality of the foregoing power) may

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(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or

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(b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or

(c) 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 wants of the company,

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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.

(3) A special resolution under this section is in this Ordinance called a resolution for reducing share capital.

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Application to Court for confirming order.

56. Where a company has passed and confirmed a resolution for reducing share capital, it may apply by petition to the Court for an order confirming the reduction.

Addition to name of company of "and reduced."

57. On and from the confirmation by a company of a resolution for reducing share capital, or where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any share-holder of any paid-up share capital, then on and from the presentation of the petition for confirming the reduction, the company shall add to its name, until such date as the Court may fix, the words "and reduced" as the last words in its name, and those words shall, until that date, be deemed to be part of the name of the company:

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Provided that, where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any share-holder of any paid-up share capital, the Court may, if it thinks expedient, dispense altogether with the addition of the words "and reduced."

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Objections by creditors, and settlement of list of objecting creditors.

58. (1) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital, or the payment to any share-holder of any paid-up share capital, and in any other case if the Court so directs, every creditor of the company who at the date fixed by the Court is entitled to any debt or claim which, if that date were the commencement of the winding up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction.

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(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.

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Power to dispense with consent of creditor on security being given for his debt.

59. (1) Where a creditor entered on the list of creditors whose debt or claim is not discharged or determined does not consent to the reduction the Court may, if it thinks fit, dispense with the consent of that creditor, on the company securing payment of his debt or claim by appropriating, as the Court may direct, the following amount (that is to say)

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(i) if the company admits the full amount of his debt or claim, or, though not admitting it, is willing to provide for it, then the full amount of the debt or claim;

- 5 (ii) if the company does not admit or is not willing to provide for the full amount of the debt or claim, or if the amount is contingent or not ascertained, then an amount fixed by the Court after the like inquiry and adjudication as if the company were being wound up by the Court.

60. The Court, if satisfied, with respect to every creditor 10 of the company who under this Ordinance is entitled to object to the reduction, that either his consent to the reduction has been obtained or his debt or claim has been discharged or has determined or has been secured, may make an order confirming the reduction on such terms and conditions as it thinks fit.

Order confirming reduction.

15 61. (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 a minute (approved by the Court) showing, with respect to the share capital of the company as altered by the order, the amount 20 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 deemed to be paid up on each share, shall register the order and minute.

Registration of order and minute of reduction.

(2) On the registration, and not before, the resolution for 25 reducing share capital as confirmed by the order so registered shall take effect.

(3) Notice of the registration shall be published in such manner as the Court may direct.

(4) The registrar shall certify under his hand the registration 30 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.

35 62. (1) The minute when registered shall be deemed to be substituted for the corresponding part of the memorandum of the company, and shall be valid and alterable as if it had been originally contained therein, and shall be embodied in every copy of the memorandum issued after its registration.

Minute to form part of memorandum.

40 (2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 15/- rupees for each copy in respect of which the default is made, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the 45 like penalty.

63. (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 reduced amount, if any, which 50 is to be deemed to have been paid, on the share and the amount of the share as fixed by the minute:

Liability of members in respect of reduced shares.

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 55 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, then

60 (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

65 (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 70 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.

(2) Nothing in this section shall affect the rights of the contributories among themselves.

**Penalty on concealment
of name of creditor.**

64. If any officer of the company wilfully conceals the name of any creditor entitled to object to the reduction, or wilfully 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 which may extend to one year, or with fine, or with both. 5

**Publication of reasons for
reduction.**

65. In any case of reduction of share capital, the Court may require the company to publish as the Court directs the reasons for reduction, or such other information in regard thereto as the Court may think expedient with a view to give proper information to the public, and, if the Court thinks fit, the causes which led to the reduction. 10

**Increase and reduction of
share capital in case of a
company limited by
guarantee having a
share capital.**

66. A company limited by guarantee and registered after the commencement of this Ordinance may, if it has a share capital and is so authorised by its articles, increase or reduce its share capital in the same manner and subject to the same conditions in and subject to which a company limited by shares may increase or reduce its share capital under the provisions of this Ordinance. 15

**Registration of unlimited
company as limited.**

67. (1) Subject to the provisions of this section, any company registered as unlimited, may register under this Ordinance as limited, or any company already registered as a limited company may re-register under this Ordinance, but the registration of an unlimited company as a limited company shall not effect any debts, liabilities, obligations or contracts incurred or entered into by, to, with or on behalf of, the company before the registration, and those debts, liabilities, obligations and contracts may be enforced in manner provided by Part VIII of this Ordinance in the case of a company registered in pursuance of that Part. 25 30

(2) On registration in pursuance of this section, 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. 35

**Power of limited com-
pany to provide for
reserve share capital on
registration.**

68. An unlimited company having a share capital may, by its resolution for registration as a limited company in pursuance 40 of this Ordinance, do either or both of the following things, namely :—

(a) increase the nominal amount of its share capital by increasing the nominal amount of each of its shares, but subject to the condition that no part of the amount by which its capital is so increased shall be capable of being called up except in the event and for the purposes of the company being wound up; 45

(b) provide that a specified portion of its uncalled share capital shall not be capable of being called up except in the 50 event and for the purposes of the company being wound up.

RESERVE LIABILITY OF LIMITED COMPANY.

**Reserve liability of
limited company.**

69. A limited company may by special resolution determine that any portion of its share capital which has not been already called up shall not be capable of being called up, except in the 55 event and for the purposes of the company being wound up, and thereupon that portion of its share capital shall not be capable of being called up except in the event and for the purposes aforesaid.

UNLIMITED LIABILITY OF DIRECTORS.

**Limited company may
have directors with un-
limited liability.**

70. (1) In a limited company the liability of the directors or of any director, may, if so provided by the memorandum, be unlimited. 60

(2) In a limited company in which the liability of any director is unlimited, the directors of the company (if any) and the member who proposes a person for election or appointment to the office of director shall add to that proposal a statement that the liability of the person holding that office will be unlimited, and the promoters and officers of the company, or one of them, shall, before the person accepts the office or acts therein, give him notice in writing that his liability will be unlimited.

(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 not exceeding 1500/- 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.

71. (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. Special resolution of limited company making liability of directors unlimited.

(2) Upon the confirmation of any such special resolution, the provisions thereof shall be as valid as if they had been originally contained in the memorandum, and a copy thereof shall be embodied in or annexed to every copy of the memorandum issued after the confirmation of the resolution.

(3) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 15/- rupees for each copy in respect of which default is made; and every officer of the company who knowingly and wilfully authorises or permits the default, shall be liable to the like penalty.

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PART IV.

MANAGEMENT AND ADMINISTRATION.

OFFICE AND NAME.

72. (1) Every company shall have a registered office to which all communications and notices may be addressed. Registered office of company.

(2) Notice in writing of the situation of the registered office and of any change therein, shall be filed with the registrar who shall record the same.

(3) If a company carries on business without complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which it so carries on business.

73. Every limited company

Publication of name by a limited company.

(a) shall paint or affix, and keep painted or affixed, 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 characters;

(b) shall have its name engraven in legible characters on its seal;

(c) shall have its name mentioned in legible English characters in all bill-heads and letter paper and in all notices, advertisements and other official publications of the company, and in all bills of exchange, hundis, 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.

74. (1) If a limited company does not paint or affix, and keep painted or affixed, its name in the manner directed by this Ordinance, it shall be liable to a fine not exceeding 75/- rupees for not painting or affixing its name, and for every day during which its name is not so kept painted or affixed, and every officer of the company, who knowingly and wilfully authorises or permits the default, shall be liable to the like penalty. Penalties for non-publication of name.

(2) If an officer of a limited company, or any person on its behalf, uses or authorises the use of the seal of the company whereon its name is not so engraven as aforesaid, or issues or authorises the issue of any bill-head, letter-paper, notice, advertisement or other official publication of the company, or signs or authorises to be signed on behalf of the company any bill of exchange, hundi, 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 fine not exceeding 750/- rupees, and shall further be personally liable to the holder of any such bill of exchange, hundi, promissory note, cheque or order for money or goods, for the amount thereof, unless the same is duly paid by the company.

**Publication of authorised
as well as subscribed and
paid-up capital.**

75. (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 this section and every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding 1500/- rupees.

MEETINGS AND PROCEEDINGS.

Annual general meeting.

76. (1) A general meeting of every company shall be held once at the least in every year, and not more than fifteen months after the holding of the last preceding general meeting, and, if not so held, the company and every officer of the company, who is knowingly a party to the default, shall be liable to a fine not exceeding 750/- rupees.

(2) When default has been made in holding a meeting of the company in accordance with the provisions of this section, the Court may, on the application of any member of the company, call or direct the calling of a general meeting of the company.

**Statutory meeting of
company.**

77. (1) Every company limited by shares and registered after the commencement of this Ordinance shall, within a period of 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.

(2) The directors shall, at least ten days before the day on which the meeting is held, forward a report (in this Ordinance called "the statutory report") to every member of the company and to every other person entitled under this Ordinance to receive it.

(3) The statutory report shall be certified by not less than two directors of the company or, where there are less than two directors, by the sole director and shall state

(a) the total number of shares allotted, distinguishing 50 shares allotted as fully or partly paid up otherwise than in cash, and stating in the case of shares partly paid up the extent to which they are so paid up, and in either case the consideration for which they have been allotted;

(b) the total amount of cash received by the company in respect of all the shares allotted distinguished as aforesaid;

(c) an abstract of the receipts of the company whether from its share capital or from debentures, and of the payments made thereout, up to a date within seven days of the date of 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;

(d) the names, addresses and descriptions of the directors, 65 auditors (if any), managers (if any) and secretary of the company;

- (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.
- 5 (4) The statutory report shall, so far as it relates to the shares allotted by the company and to the cash received in respect of such shares and to the receipts and payments of the company on capital account, be certified as correct by the auditors (if any) of the company.
- 10 (5) The directors shall cause a copy of the statutory report, certified as by this section required, to be filed with the registrar forthwith after the sending thereof to the members of the company.
- (6) Every director of the company who knowingly and wilfully authorises or permits a default in complying with the provisions of sub-section (2) or sub-section (5) shall be liable to a fine not exceeding 30/- rupees for every day during which the default continues.
- 15 (7) The directors shall cause a list showing the names, descriptions 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.
- 20 (8) The members of the company present at the meeting shall be at liberty to discuss any matters 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
- 25 passed.
- (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 subsequently to the former meeting, may be passed, and the adjourned meeting
- 30 shall have the same powers as an original meeting.
- (10) If a petition is presented to the Court in manner provided by Part V 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
- 35 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.
- (11) The provisions of this section as to the forwarding and filing of the statutory report shall not apply in the case of a
- 40 private company.
- 45 (1) Notwithstanding anything in the articles, the directors of a company which has a share capital shall, on the requisition of the holders of not less than one-tenth of the issued share capital of the company upon which all calls or other sums
- 50 then due have been paid, forthwith proceed to call an extraordinary general meeting of the company.
- (2) The requisition may state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form, each signed by one or more requisitionists.
- (3) 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 requisitionists, or a majority of them in value, 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.
- (4) If at any such meeting a resolution requiring confirmation at another meeting is passed, the directors shall forthwith call a further extraordinary general meeting for the purpose of considering the resolution and, if thought fit, of confirming it as a special resolution and, if the directors do not call the meeting within seven days from the date of the passing of the first resolution, the requisitionists, or a majority of them in value, may themselves call the meeting.

Calling of extraordinary general meeting on requisition.

(5) Any meeting called under this section 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.

Provisions as to meetings and votes.

79. In default of, and subject to, any regulations in the articles

- (i) a meeting of a company may be called by fourteen days' notice in writing, served on every member in manner in which notices are required to be served by Table A in the First Schedule;
- (ii) five members may call a meeting;
- (iii) any person elected by the members present at a meeting may be chairman thereof; and
- (iv) every member shall have one vote.

Representation of companies at meeting of other companies of which they are members.

80. 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 as if he were an individual share-holder of that other company.

Extraordinary and special resolution.

81. (1) A resolution shall be an extraordinary resolution when it 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 (where proxies are allowed) at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

(2) A resolution shall be a special resolution when it has been

- (a) passed in manner required for the passing of an extraordinary resolution; and

(b) confirmed by a majority of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a subsequent general meeting, of which notice has been duly given, and held after an interval of not less than fourteen days, nor more than one month, from the date of the first meeting.

(3) At any meeting at which an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, a declaration of the chairman on a show of hands that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(4) At any meeting at which an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, a poll may be demanded by three persons for the time being entitled according to the articles to vote, unless the articles of the company require a demand by such member of such persons, not in any case exceeding five, as may be specified in the articles.

(5) In a case where, if a poll is demanded, it may in accordance with the articles be taken in such manner as the chairman may direct; it may, if the chairman so direct be taken at the meeting at which it is demanded.

(6) When a poll is demanded in accordance with this section, in computing the majority on the poll, reference shall be had to the number of votes to which each member is entitled by the articles of the company.

(7) For the purposes of this section notice of a meeting shall be deemed to be duly given and the meeting to be duly held when the notice is given and the meeting held in manner provided by the articles.

Registration and copies of special and extraordinary resolutions.

82. (1) A copy of every special and extraordinary resolution shall, within fifteen days from the confirmation of the special resolution or from the passing of the extraordinary resolution, as the case may be, be printed and filed with the registrar who shall record the same.

(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.

5 (3) Where articles have not been registered, a copy of every special resolution shall be forwarded in print to any member at his request, on payment of one rupee or such less sum as the company may direct.

10 (4) If a company makes default in filing with the registrar a copy of a special extraordinary resolution, it shall be liable to a fine not exceeding 30/- rupees for every day during which the default continues.

15 (5) If a company makes default in embodying in or annexing to a copy of its articles or in forwarding in print to a member when required by this section a copy of a special resolution, it shall be liable to a fine not exceeding 15/- rupees for each copy in respect of which default is made.

20 (6) Every officer of a company who knowingly and wilfully authorises or permits any default by the company in complying with the requirements of this section shall be liable to the like penalty as is imposed by this section on the company for that default.

25 83. (1) Every company shall cause minutes of all proceedings of general meetings and of its directors to be entered in books kept for that purpose. Minutes of proceedings of meetings and directors.

(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.

30 (3) Until the contrary is proved, every general meeting of the company or meeting of directors in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held, and all proceedings had thereat to have been duly had, and all appointments of directors or liquidators shall be 35 deemed to be valid.

35 84. (1) A person shall not be capable of being appointed director of a company by the articles, and shall not be named as a director or proposed director of a company in any prospectus issued by or on behalf of the company or in relation to any intended company or in any statement in lieu of prospectus filed by or on behalf of a company, unless, before the registration of the article or the publication of the prospectus, or the filing of the statement in lieu of prospectus, as the case may be, he has, by himself or by his agent authorised in writing:—

Restrictions on appointment or advertisement of director.

40 (i) signed and filed with the registrar a consent in writing to act as such director; and
 (ii) save in the case of a company limited by guarantee and not having a share capital, either signed the memorandum for a number of shares not less than his qualification (if any),
 50 or signed and filed with the registrar a contract in writing to take from the company and pay for his qualification shares (if any).

55 (2) On the application for registration of the memorandum and articles of a company the applicant shall file with the registrar a list of the persons who have consented to be directors of the company, and, if this list contains the name of any person who has not consented, the application shall be liable to a fine not exceeding 500/- rupees.

60 (3) This section shall not apply to a private company nor to a prospectus issued by or on behalf of a company after the expiration of one year from the date at which the company is entitled to commence business.

65 85. (1) Without prejudice to the restrictions imposed by section 84, it shall be the duty of every director who is by the articles required to hold a specified share qualification, and who is not already qualified, to obtain his qualification within two months after his appointment, or such shorter time as may be fixed by the articles.

Qualification of director.

(2) The office of director of a company shall be vacated if the director does not, within two months from the date of his appointment, or within such shorter time as may be fixed by the articles, obtain his qualification, or if after the expiration of such period or shorter time he ceases at any time to hold his qualification; and a person vacating office under this section shall be incapable of being re-appointed director of the company until he has obtained his qualification. 5

(3) If, after the expiration of the said period or shorter time, any qualified person acts as a director of the company, he shall 10 be liable to a fine not exceeding 75/- rupees for every day between the expiration of the said period or shorter time and the last day on which it is proved that he acted as a director.

86. The acts of a director shall be valid notwithstanding any defect that may afterwards be discovered in his appointment or 15 qualification:

Provided that nothing in this section shall be deemed to give validity to acts done by a director after the appointment of such director has been shown to be invalid.

87. (1) Every company shall keep at its registered office a 20 register containing the names and addresses and the occupations of its directors, and file with the registrar a copy thereof, and from time to time file with the registrar notice of any change among its directors or managers.

(2) If default is made in complying with this section, the company shall be liable to a fine not exceeding 75/- rupees for 25 every day during which the default continues; and every officer of the company, who knowingly or permits the default, shall be liable to the like penalty.

CONTRACTS.

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Form of contracts.

88. (1) Contracts on behalf of a company may be made as follows (that is to say):—

(i) any contract which if made between private persons would be by law required to be in writing signed by the person to be charged and to be under seal may be made on behalf of the 35 company in writing under the common seal of the company and may in the same manner be discharged.

(ii) any contract which if made between private persons, would be by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the company 40 in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(iii) any contract, which if made between 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, and may in the same manner be varied or discharged. 45

(2) All contracts made according to this section shall be 50 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.

89. A bill of exchange, hundi or promissory note shall be deemed to have been made, drawn, accepted or endorsed on 55 behalf of the 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.

90. A company may, by writing under its common seal, empower any person, either generally or in respect of any specified 60 matters, as its attorney, to execute deeds on its behalf in any place not situate in the Protectorate; and every deed signed by such attorney, on behalf of the company, and under his seal, where sealing is required, shall bind the company, and have the same effects as if it were under its common seal. 65

Bills of exchange and promissory notes.

Execution of deeds abroad.

Power for company to have official seal for use abroad.

91. (1) A company whose objects require or comprise the transactions of business beyond the limits of the Protectorate may, if authorised by its articles, have for use in any territory, district or place, not situate in the Protectorate an official seal, which shall be a facsimile of the common seal of the company, 70 with the addition on its face of the name of every territory, district or place where it is to be used.

(2) A company having such an official seal may, by writing under the common seal, authorise any person appointed for the purpose in any territory, district or place not situate in the Protectorate to affix the same to any deed or other document to which the company is party in that territory, district or place.

(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 there mentioned until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.

(4) 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.

(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.

PROSPECTUS.

92. (1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated, and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus. Filing of prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorised in writing, shall be filed for registration with the registrar on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.

(3) The registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been filed for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so filed, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding 75/- rupees for every day from the date of the issue of the prospectus until a copy thereof is so filed.

93. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, shall state Specific requirements as to particulars of prospectus.

(a) the contents of the memorandum, with the names, descriptions and addresses of the signatories and the number of shares subscribed for by them respectively; and the number of founders or management or deferred shares (if any) and the nature and extent of the interest of the holders in the property and profits of the company; and

(b) the number of shares (if any) fixed by the articles as the qualification of a director and any provision in the articles as to the remuneration of the directors; and

(c) the name, descriptions and addresses of the directors or proposed directors and of the managers or proposed managers (if any); and

(d) the minimum subscription on which the directors may proceed to allotment, and the amount payable on application and allotment on each share; and in the case of a second or subsequent offer of shares the amount offered for subscription on each previous allotment made within the two preceding years, and the amount actually allotted, and the amount (if any) paid on the shares so allotted; and

(e) the number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those debentures have been issued or agreed to be issued; and

(f) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of the issue of the prospectus, and the amount payable in cash, shares or debentures to the vendor, and where there is more than one separate vendor or the company is a sub-purchaser, the amount so payable to each vendor: 10
Provided that where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors; and

(g) the amount (if any) paid or payable as purchase-money 15
in cash, shares or debentures, for any such property as aforesaid, specifying the amount (if any) payable for goodwill; and

(h) the amount (if any) paid within two preceding years or payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company, or the rate of any 20
such commission: Provided that it shall not be necessary to state the commission payable to sub-underwriters; and

(i) the amount or estimated amount of preliminary expenses; and

(k) the amount paid within the two preceding years or intended to be paid to any promoter, and the consideration for any such payment; and 25

(l) the dates of, and parties to, every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected: 30
Provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or to any contract entered into more than two years before the date of issue of the prospectus; and

(m) the names and addresses of the auditors (if any) of the company; and 35

(n) full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by, the company, or where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company; and 40
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(o) where the company is a company having shares of more than one class, the right of voting at meetings of the company conferred by the several classes of shares respectively.

(2) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary in the advertisement to specify the contents of the memorandum, or the signatories thereto, and the number of shares subscribed for by them. 50

(3) This section shall not apply to a circular or notice inviting existing members or debenture holders of a company to subscribe either for shares or for debentures of the company, whether with or without the right to renounce in favour of other persons. 55

(4) The requirements of this section as to the memorandum and the qualification, remuneration and interest of directors, the names descriptions and addresses of the directors or proposed directors, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date at which the company is entitled 60
65 to commence business.

(5) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Ordinance apart from this section.

94. For the purposes of section 93 every person shall be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where

- (a) the purchase money is not fully paid at the date of issue of the prospectus; or
- (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus; or
- (c) the contract depends on its validity or fulfilment on the result of that issue.

95. Where any of the property to be acquired by the company is to be taken on lease, section 93 shall apply as if the expression "vendor" included the lessor, and the expression "purchase-money" included the consideration for the lease, and the expression "sub-purchaser" included a sub-lessee.

96. Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirements of section 93, or purporting to affect him with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.

97. In the event of non-compliance with any of the requirements of section 93, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance, if he proves that

- (a) as regards any matter not disclosed, he was not cognisant thereof; or
- (b) non-compliance arose from an honest mistake of fact on his part:

Provided that, in the event of non-compliance with the requirements contained in clause (n) of sub-section (1) of section 93, no such director or other person shall incur any liability in respect of the non-compliance unless it be proved that he had knowledge of the matters not disclosed.

98. (1) A company which does not issue a prospectus on or with reference to its formation shall not allot any of its shares or debentures unless before the first allotment of either shares or debentures there has been filed with the registrar a statement in lieu of prospectus signed by every person who is named therein as a director or a proposed director of the company or by his agent authorised in writing, in the form and containing the particulars set out in the Second Schedule.

(2) This section shall not apply to a private company or to a company which has allotted any shares or debentures before the commencement of this Ordinance or, in so far as it relates to the allotment of shares to a company limited by guarantee and not having a share capital.

99. A company shall not, at any time, vary the terms of a contract referred to in the prospectus or statement in lieu of prospectus, except subject to the approval of the company in general meeting.

100. (1) Where a prospectus invites persons to subscribe for shares in or debentures of a company every person who is a director of the company, at the time of the issue of the prospectus, and every person who has authorised the naming of himself and is named in the prospectus as a director or having agreed to become a director either immediately or after an interval of time, and every promoter of the company, and every person who has authorised the issue of the prospectus, shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for all loss or damage they may have sustained by reason of any misleading or untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved

Meaning of "vendor" in section 93.

Application of section 93 to the case of property taken on lease.

Invalidity of certain conditions as to waiver or notice.

Saving in certain cases of non-compliance with section 93.

Obligations of companies where no prospectus is issued.

Restriction on alteration of terms mentioned in prospectus or statement in lieu of prospectus.

Liability for statements in prospectus.

(a) with respect to every misleading or untrue statement not purporting to be made on the authority of an expert, or, of a public official document or statement, that he had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believe that the statement fairly represented the facts or was true;

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(b) with respect to every misleading or untrue statement purporting to be a statement by or contained in what purports to be a copy of or extract from a report or valuation of an expert that it fairly represented the statement, or was a correct and fair copy of extract from the report or valuation: Provided that the director, person named as director, promoter or person who authorised the issue of the prospectus shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making the statement, report or valuation was competent to make it; and

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(c) with respect to every misleading or untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, that it was a correct and fair representation of the statement or copy of or extract from the document:

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or unless it is proved:—

(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus and that it was issued without his authority or consent; or

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(ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue, he forthwith gave a reasonable public notice that it was issued without his knowledge or consent; or

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(iii) that, after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any misleading or untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor.

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(2) Where a company existing at the commencement of this Ordinance has issued shares or debentures, and for the purpose of obtaining further capital by subscriptions for shares or debentures issues a prospectus, a director shall not be liable in respect of any statement therein, unless he has authorised the issue of the prospectus, or has adopted or ratified it.

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(3) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorised or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any suit or legal proceedings brought against him in respect thereof.

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(4) Every person who, by reason of his being a director or named as a director, or as having agreed to become a director, or of his having authorised the issue of the prospectus, becomes liable to make any payment under this section, may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

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(5) For the purposes of this section—

(a) the expression "promoter" means a promoter who was a party to the preparation of the prospectus, or the portion thereof containing the misleading or untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company;

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(b) the expression "expert" includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him.

ALLOTMENT.

5 101. (1) No allotment shall be made of any share capital of a company offered to the public for subscription, unless the following conditions have been complied with, namely

10 (a) the amount if any fixed by the memorandum or articles and named in the prospectus as the minimum subscription upon which the directors may proceed to allotment; or

15 (b) if no amount is so fixed and named, then the whole amount of the share capital so offered for subscription, has been subscribed, and the sum payable on application for the amount so fixed and named or for the whole amount offered for subscription, has been paid to and received in cash by the company.

20 (2) The amount so fixed and named and the whole amount aforesaid shall be reckoned exclusively of any amount payable otherwise than in cash, and is in this Ordinance referred to as the minimum subscription.

25 (3) The amount payable on application on each share shall not be less than five per cent. of the nominal amount of the share.

30 (4) If the conditions aforesaid have not been complied with on the expiration of 90 days after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest, and, if any such money is not so repaid within 100 days after the issue of the prospectus, the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of seven per cent. per annum from the expiration of the 100th day: Provided that a director shall not be liable if he proves that the loss of the money was not due to any misconduct or negligence on his part.

35 (5) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.

40 (6) This section, except sub-section (3) thereof, shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

(7) In the case of the first allotment of share capital payable in cash of a company which does not issue any invitation to the public to subscribe for its shares, no allotment shall be made unless the minimum subscription (that is to say)

45 (a) the amount (if any) fixed by the memorandum or articles and named in the statement in lieu of prospectus as the minimum subscription upon which the directors may proceed to allotment; or

50 (b) if no amount is so fixed and named the whole amount of the share capital other than that issued or agreed to be issued as fully paid up otherwise than in cash; has been subscribed and an amount not less than five per cent. of the nominal amount of each share payable in cash has been paid to and received by the company.

55 (8) Sub-section (7) shall not apply to a private company or to a company which has allotted any shares or debentures before the commencement of this Ordinance.

60 102. (1) An allotment made by a company to an applicant in contravention of the provisions of section 101 shall be voidable at the instance of the applicant within one month after the holding of the statutory meeting of the company and not later, and shall be so voidable notwithstanding that the company is in course of being wound up.

65 (2) If any director of a company knowingly contravenes or permits or authorises the contravention of any of the provisions of section 101 with respect to allotment, he shall be liable to compensate the company and the allottee respectively for any loss, damages, or costs which the company or the allottee may have sustained or incurred thereby: Provided that proceedings to recover any such loss, damages or costs shall not be commenced after the expiration of two years from the date of the allotment.

Effect of irregular allotment.

Restrictions on commencement of business.

103. (1) A company shall not commence any business or exercise any borrowing powers unless

(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; and 5.

(b) every director of the company has paid to the company on each of the shares taken or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription or, in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, on the shares payable in cash; and 10.

(c) there has been filed with the registrar a statutory declaration by the secretary or one of the directors, in the prescribed form, that the aforesaid conditions have been complied 15. with; and

(d) in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement in lieu of prospectus. 16.

(2) The registrar shall, on the filing of a statutory declaration, in accordance with the provisions of this section certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled. 20.

Provided that, in the case of a company which does not issue 25. a prospectus inviting the public to subscribe for its shares, the registrar shall not give such a certificate unless a statement in lieu of prospectus has been filed with him.

(3) Any contract made by a company before the date at which it is entitled to commence business shall be provisional 30. only, and shall not be binding on the company until that date, and on that date it shall become binding.

(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. 35.

(5) If any company commences business or exercises borrowing powers in contravention of this section, every person who is responsible for the contravention shall, without prejudice to any other liability, be liable to a fine not exceeding 750 rupees for every day during which the contravention continues. 40.

(6) Nothing in this section shall apply to a private company, or to a company registered before the commencement of this Ordinance which does not issue a prospectus inviting the public to subscribe for its shares or, in so far as its provisions relate to shares, to a company limited by guarantee and not having a 45. share capital.

Return as to allotments.

104. (1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within one month thereafter

(a) file with the registrar a return of the allotments, 50. stating the number and nominal amount of the shares comprised in the allotment, the names, addresses and descriptions of the allottees, and the amount (if any) paid or due and payable on each share; and

(b) in the case of shares allotted as fully or partly paid up otherwise than in cash, 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 extent to which they are to be treated as paid up, and the consideration for which they have been allotted. 60. 65.

(2) Where such a contract as above-mentioned is not reduced to writing, the company shall, within one month after the allotment file with the registrar the prescribed particulars of the contract stamped with the same stamp-duty 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 Indian Stamp Act, 1899, as applied to the Protectorate 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.

(3) If default is made in complying with the requirements of this section, every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding 750 rupees for every day during which the default continues:

Provided that, in case of default in filing with the registrar within one month after the allotment any document required to be filed by this section, the company, or any person liable for the default, may apply to the Court for relief, and the Court, if satisfied that the omission to file the document was accidental or due to inadvertence or that on other grounds it is just and equitable to grant relief, may make an order extending the time for the filing of the document for such a period as the Court may think proper.

COMMISSIONS AND DISCOUNTS.

105. (1) It shall be lawful for a company to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, if the payment of the commission is authorised by the articles, and the commission paid or agreed to be paid does not exceed the amount or rate so authorised and if the amount or rate per cent. of the commission paid or agreed to be paid is

Power to pay certain commissions and prohibition of payment of all other commissions, discounts, etc.

(a) in the case of shares offered to the public for subscription, disclosed in the prospectus; or
 (b) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu or prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and filed with the registrar and, where a circular or notice, not being a prospectus inviting subscription for the shares is issued, also disclosed in that circular or notice.

(2) Save as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance, to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase-money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase-money or contract price, or otherwise.

(3) Nothing in this section shall effect the power of any company to pay such brokerage as its has heretofore been lawful for a company to pay, and a vendor to, promoter of, or other person who receives payment in money or shares from, a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been legal under this section.

106. Where a company has paid any sums by way of commission in respect of any shares or debentures, or allowed any sums by way of discount in respect of any debentures, the total amount so paid or allowed or so much thereof as has not been written off, shall be stated in every balance-sheet of the company until the whole amount thereof has been written off.

Statement in balance sheet as to commissions and discounts.

PAYMENT OF INTEREST OUT OF CAPITAL.

Power of company to pay interest out of capital in certain cases.

107. Where any shares of a company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions in this section mentioned, and may charge the same to the capital as part of the cost of construction of the work or building, or the provision of plant:

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Provided that

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(1) No such payment shall be made unless the same is authorised by the articles or by special resolution;

(2) no such payment, whether authorised by the articles or by special resolution, shall be made without the previous sanction of the Governor in Council which sanction shall be conclusive evidence for the purposes of this section that the shares of the company, in respect of which such sanction is given, have been issued for a purpose specified in this section;

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(3) before sanctioning any such payment, the Governor in Council may, at the expense of the company, appoint a person to inquire and report to the Governor in Council as to the circumstances of the case, and may, before making the appointment, require the company to give security for the payment of the costs of the inquiry;

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(4) the payment shall be made only for such period as may be determined by the Governor in Council; and such period shall in no case extend beyond the close of the half-year next after the half-year during which the works or buildings have been actually completed or the plant provided;

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(5) the rate of interest shall in no case exceed four per cent. per annum or such lower rate as the Governor in Council may, by notification in the Gazette, prescribe;

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(6) the payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid;

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(7) the accounts of the company shall show the share capital on which, and the rate at which, interest has been paid out of capital during the period to which the accounts relate.

CERTIFICATES OF SHARES, ETC.

Limitation of time for issue of certificates.

108. (1) Every company shall within three months after the allotment of any of its shares, debentures or debenture stock, and within three months after the registration of the transfer of any such shares, debentures or debenture stock, complete and have ready for delivery the certificates of all shares, the debentures and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide.

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(2) 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 75 rupees for every day during which the default continues.

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INFORMATION AS TO MORTGAGES, CHARGES, ETC.

Certain mortgages and charges to be void if not registered.

109. Every mortgage or charge created after the commencement of this Ordinance by a company and being either

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(a) a mortgage or charge for the purpose of securing any issue of debentures; or

(b) a mortgage or charge on uncalled share capital of the company; or

(c) a mortgage or charge created or evidenced by an instrument which, if executed by an individual would require registration as a bill of sale;

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(d) a mortgage or charge on any immoveable property wherever situate, or any interest therein; or

(e) a mortgage or charge on any book debts of the company; or

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(f) a floating charge on the undertaking or property of the company;

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 the instrument (if any) by which the mortgage or charge is created or evidenced, or a copy thereof verified in the prescribed manner are filed with the registrar for registration in manner required by this Ordinance within twenty-one days after the date of its creation, 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:

Provided that

- (i) in the case of a mortgage or charge created out of the Protectorate comprising solely property situate outside the Protectorate twenty-one days after the date on which the instrument or copy could, in due course of post, and if despatched with due diligence have been received in the Protectorate shall be substituted for twenty-one 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
- (ii) where the mortgage or charge is created in the Protectorate but comprises property outside the Protectorate the instrument creating or purporting to create the mortgage or charge or a copy thereof verified in the prescribed 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
- (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 purposes of this section be treated as a mortgage or charge on those book debts; and
- (iv) the holding of debentures entitling the holder to a charge on immoveable property shall not be deemed to be an interest in immoveable property.

40 110. 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 *pari passu* is created by a company, it shall be sufficient for the purposes of section 109 if there are filed with the registrar within twenty-five one days 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

- (a) the total amount secured by the whole series; and
- (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; and
- (c) a general description of the property charged; and
- (d) the name of the trustees (if any) for the debenture holders;

55 together with the deed or a copy thereof verified in the prescribed manner containing the charge, 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:

60 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.

65 111. Where any commission, allowance or discount has been paid or made either directly or indirectly by the company to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debentures of the company, or procuring or agreeing to procure subscriptions, whether

70 absolute or conditional, for any such debentures the particulars required to be filed for registration under sections 109 and 110 shall include particulars as to the amount or rate per cent. of the commission, discount or allowance so paid or made, but an omission to do this shall not affect the validity of the debentures issued:

Particulars in case of series of debentures entitling holders *pari passu*.

Particulars in case of commission, etc., on debentures.

Provided that the deposit of any debentures as security for any debt of the company shall not for the purposes of this provision be treated as the issue of the debentures at a discount.

**Register of mortgages
and charges.**

112. (1) The registrar shall keep, with respect to each company a register in the prescribed form of all the mortgages and charges created by the company after the commencement of this Ordinance and requiring registration under section 109, 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. 10

(2) After making the entry required by sub-section (1), the registrar shall return the instrument (if any) or the verified copy thereof, as the case may be, filed in accordance with the provisions of section 109 or section 110 to the person filing the same. 15

(3) The register kept in pursuance of this section shall be open to inspection by any person on payment of the prescribed fee, not exceeding one rupee for each inspection.

**Index to register of
mortgages and charges.**

113. The registrar shall keep a chronological index in the prescribed form with the prescribed particulars, of the mortgages or charges registered with him under this Ordinance. 20

Certificate of registration.

114. The registrar shall give a certificate under his hand of the registration of any mortgage or charge registered in pursuance of section 109, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of sections 109 to 112 as to registration have been complied with. 25

**Endorsement of certifi-
cate of registration on
debenture or certificate of
debenture stock.**

115. The company shall cause a copy of every certificate of registration given under section 114, 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: 30

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. 35

**Duty of company and
right of interested party
as regards registration.**

116. (1) It shall be the duty of the company to file with the registrar for registration the prescribed particulars of every mortgage or charge created by the company and of the issues of debentures of a series, requiring registration under section 109, but registration of any such mortgage or charge may be effected on the application of any person interested therein. 40

(2) Where the registration is effected 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 by him to the registrar on the registration. 45

**Copy of instrument
creating mortgage or
charge to be kept at
registered office.**

117. Every company shall cause a copy of every instrument creating any mortgage or charge requiring registration under section 109, to be kept at the registered office of the company: 50 Provided that, in the case of a series of uniform debentures, a copy of one such debenture shall be sufficient.

**Registration of appoint-
ment of receiver.**

118. (1) If any person obtains an order for the appointment of a receiver or manager of the property of a company, or appoints such a receiver or manager under any powers contained in any instrument, he shall, within fifteen days 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, and the registrar shall, on payment of the prescribed fee, enter the fact in the register of mortgages and charges. 55

(2) If any person makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding 75 rupees for every day during which the default continues. 60

119. (1) Every receiver or manager of the property of a company who has been appointed under the powers contained in any instrument, and who has taken possession, shall once in every half-year while he remains in possession, and also on ceasing to act as receiver or manager file with the registrar an abstract in the prescribed form of his receipts and payments during the period to which the abstract relates, and shall also on ceasing to act as receiver or manager file with the registrar notice to that effect, and the registrar shall enter the notice in the register of mortgages and charges.

Filing of accounts of receivers.

(2) Every receiver or manager who makes default in complying with the provisions of this section shall be liable to a fine not exceeding 750 rupees.

120. The Court, on being satisfied that the omission to register a mortgage or charge within the time required by section 109, or that the omission or mis-statement of any particular with respect to any such mortgage or charge, 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 Court 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.

121. The registrar may, on evidence being given to his satisfaction that the debt for which any registered mortgage or charge was given has been paid or satisfied, order that a memorandum of satisfaction be entered on the register, and shall if required furnish the company with a copy thereof.

Entry of satisfaction.

122. (1) If any company makes default in filing with the registrar for registration the particulars

- (a) of any mortgage or charge created by the company; or
- (b) of the issues of debentures of a series,

requiring registration with the registrar under the foregoing provisions of this Ordinance then, unless the registration has been effected on the application of some other person, the company, and every officer of the company or other person who is knowingly a party to the default, shall on conviction be liable to a fine not exceeding 750 rupees for every day during which the default continues.

(2) Subject as aforesaid, if any company makes default in complying with any of the requirements of this Ordinance as to the registration with the registrar of any mortgage or charge created by the company, the company, and every officer of the company, who knowingly and wilfully authorises or permits the default shall, without prejudice to any other liability, be liable on conviction to a fine not exceeding 1,500 rupees.

(3) If any person knowingly and wilfully authorises or permits the delivery of any debenture or certificate of debenture stock requiring registration with the registrar under the foregoing provisions of this Ordinance without a copy of the certificate of registration being endorsed upon it, he shall, without prejudice to any other liability, be liable on conviction to a fine not exceeding 1,500 rupees.

123. (1) Every limited company shall keep a register of Company's register of mortgages and enter therein all mortgages and charges specifically affecting 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.

(2) If any director, manager or other officer of the company knowingly and wilfully authorises or permits the omission of any entry required to be made in pursuance of this section, he shall be liable to a fine not exceeding 750 rupees.

Right to inspect copies of instruments creating mortgages and charges and company's register of mortgages.

124. (1) The copies kept at the registered office of the company in pursuance of section 117 of instruments creating any mortgage or charge requiring registration under this Ordinance with the registrar and the register of mortgages kept in pursuance of section 123, 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 one rupee for each inspection, as the company may prescribe. 5

(2) If inspection of the said copies or register is refused, the company shall be liable to a fine not exceeding 75 rupees and a further fine not exceeding 30 rupees for every day 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 Court may by 15 order compel an immediate inspection of the copies or register. 10

Right to inspect the register of debenture holders and to have copies of trust-deed.

125. (1) Every register of holders of debentures of a company shall, except when closed in accordance with the articles during such period or periods (not exceeding in the whole thirty days in any year) as may be specified in the articles be open to the inspection of the registered holder of any such debentures, and of any holder of shares in the company, but subject to such reasonable restrictions as the company may in general meeting impose, so that at least two hours in each day are appointed for inspection, and every such holder may require a copy of the register or any part thereof on payment of 50 cents for every one hundred words or fractional part thereof required to be copied. 20 25

(2) A copy of any trust-deed for securing any issue of debentures shall be forwarded to every holder of any such debentures at his request on payment in the case of a printed trust-deed of the sum of one rupee or such less sum as may be prescribed by the company, or, where the trust-deed has not been printed, on payment of 50 cents for every one hundred words or fractional part thereof required to be copied. 30

(3) If inspection is refused, or a copy is refused or not forwarded, the company shall be liable to a fine not exceeding 75 rupees, and to a further fine not exceeding 30 rupees for every day during which the refusal continues, and every officer of the company who knowingly authorises or permits the refusal shall incur the like penalty, and the Court may by order compel an 40 immediate inspection of the register. 35

DEBENTURES AND FLOATING CHARGES.

Perpetual debentures.

126. A condition contained in any debentures or in any deed for securing any debentures, whether issued or executed before or after the commencement of this Ordinance, shall not be invalid 45 by reason only that thereby the debentures are made irredeemable or redeemable only on the happening of a contingency, however remote, or on the expiration of a period however long.

Power to issue redeemed debentures in certain cases.

127. (1) Where either before or after the commencement of this Ordinance a company has redeemed any debentures previously issued, the company, unless the articles or conditions of issue expressly otherwise provide, or unless the debentures have been redeemed in pursuance of any obligation of the company so to do (not being an obligation enforceable only by the person to whom the redeemed debentures were issued or his assigns) shall 50 have power, and shall be deemed always to have had power, to keep the debentures alive for the purposes of re-issue, and where a company has purported to exercise such a power the company shall have power, and shall be deemed always to have had power, to re-issue the debentures either by re-issuing the same debentures or by issuing other debentures in their place, and upon such re-issue the person entitled to the debentures shall have, and shall be deemed always to have had, the same rights and priorities as if the debentures had not previously been issued. 55 60

(2) Where with the object of keeping debentures alive for 65 the purpose of re-issue they have, either before or after the commencement of this Ordinance, been transferred to a nominee of the company a transfer from that nominee shall be deemed to be a re-issue for the purposes of this section.

(3) Where a company has, either before or after the commencement of this Ordinance, deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit whilst the debentures remained so deposited.

(4) The re-issue of a debenture or the issue of another debenture in its place under the power by this section given to, or deemed to have been possessed by, a company, whether the 10 re-issue or issue was made before or after the commencement of this Ordinance, shall be treated as the issue of a new debenture for the issue purposes of stamp duty, but it shall not be so treated for the purposes of any provision limiting the amount or number of debentures to be issued:

15 Provided that any person lending money on the security of a debenture re-issued under this section which appears to be duly stamped may give the debenture in evidence in any proceedings for enforcing his security without payment of the stamp-duty or any penalty in respect thereof, unless he had notice or, but for 20 his negligence, might have discovered, that the debenture was not duly stamped, but in any such case the company shall be liable to pay the proper stamp-duty and penalty.

(5) Nothing in this section shall prejudice

25 (a) the operation of any decree or order of a Court of competent jurisdiction pronounced or made before the enactment of this Ordinance, as between the parties to the proceedings in which the decree or order was made, and any appeal from any such decree or order shall be decided as if this Ordinance had not been enacted; or

30 (b) any power to issue debentures in the place of any debentures paid off or otherwise satisfied or extinguished, reserved to a company by its debentures or the securities for the same

128. A contract with a company to take up and pay for any 35 debentures of the company may be enforced by a decree for Specific performance of contract to subscribe for debentures.

129. (1) Where either a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge, or possession is taken by or on behalf of those debenture-holders of any property comprised in or subject to the charge, then, if the company is not at the time in course of being wound up, the debts which in every winding up are under the provisions of Part V relating to preferential payments to be paid in priority to all other debts, shall be paid forthwith out of any assets 45 coming to the hands of the receiver or other person taking possession as aforesaid in priority to any claim for principal or interest in respect of the debentures.

(2) The periods of time mentioned in the said provisions of Part V shall be reckoned from the date of the appointment of 50 the receiver or of possession being taken as aforesaid, as the case may be.

(3) Any payments under this section shall be recouped, as far as may be, out of the assets of the company available for payment of general creditors.

55 STATEMENTS, BOOKS AND ACCOUNTS.

130. Every company shall keep proper books of account in Company to keep proper which shall be entered full, true and complete accounts of the books of account. affairs and transactions of the company.

131. (1) Every company shall, once at least in every year Annual balance-sheet. 60 and at intervals of not more than fifteen months, cause the accounts of the company to be balanced and a balance-sheet to be prepared.

(2) The balance-sheet shall be audited by the auditor of the company as hereinafter provided, and the auditor's report shall 65 be attached thereto, or there shall be inserted at the foot thereof a reference to the report, and the report shall be read before the company in general meeting and shall be open to inspection by any member of the company.

(3) Every company other than a private company shall send a copy of such balance-sheet so audited to the registered address of every member of the company at least seven days before the meeting at which it is to be laid before the members of the company, and shall deposit a copy at the registered office of the company for the inspection of the members of the company during a period of at least seven days before that meeting. 5

(4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 1,500 rupees, and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty. 10

Contents of balance-sheet. 132. (1) The balance-sheet shall contain a summary of the property and assets and of the capital and liabilities of the company giving such particulars as will disclose the general nature 15 of those liabilities and assets and how the value of the fixed assets has been arrived at.

(2) The balance-sheet shall be in the form marked "F" in the Third Schedule or as near thereto as circumstances admit.

Authentication of balance-sheet. 133. (1) Save as provided by sub-section (2) the balance- 20 sheet shall

(i) in the case of a banking company, be signed by the secretary or manager (if any) and, where there are more than three directors of the company, by at least three of those directors and, where there are not more than three directors, 25 by all the directors;

(ii) in the case of any other company, be signed by two directors or, when there are less than two directors, by the sole director and by the secretary or manager (if any) of the company. 30

(2) When the total number of directors of the company for the time being in the Protectorate is less than the number of directors whose signatures are required by sub-section (1), then the balance-sheet shall be signed by all the directors for the time being in the Protectorate or, if there is only one director for the time being in the Protectorate, by such director, but in such a case there shall be subjoined to the balance-sheet a statement signed by such directors or director explaining the reason for non-compliance with the provisions of sub-section (1). 35

(3) If any copy of a balance-sheet which has not been signed 40 as required by this section is issued, circulated or published, the company and every officer of the company who is knowingly a party to the default shall be punishable with fine which may extend to 750/- rupees.

Copy of balance-sheet and auditor's report to be forwarded to the registrar. 134. (1) After the balance-sheet has been laid before the company at the general meeting, a copy thereof signed by the manager or secretary of the company shall be filed with the registrar at the same time as the copy of the annual list of members and summary prepared in accordance with the requirements of section 32. 45 50

(2) If the general meeting before which a balance-sheet is laid does not adopt the balance-sheet, a statement of that fact and of the reasons therefor shall be annexed to the balance-sheet and to the copy thereof required to be filed with the registrar.

(3) This section shall not apply to a private company. 55

(4) If a company makes default in complying with the requirements of this section, the company and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty as is provided by section 32 for a default in complying with the provisions of that 60 section.

Right of member of company to copies of the balance-sheet and the auditor's report. 135. Save as otherwise provided in this Ordinance, any member of a company shall be entitled to be furnished with copies of the balance-sheet and the auditor's report at a charge not exceeding 50 cents for every hundred words or fractional part 65 thereof.

**STATEMENT TO BE PUBLISHED BY INSURANCE AND CERTAIN
OTHER COMPANIES.**

136. (1) Every company being an insurance company or a deposit, provident or benefit society shall, before it commences business, and also on the first Monday in February and the first Tuesday in August in every year during which it carries on business, make a statement in the form marked "G" in the Third Schedule, or as near thereto as circumstances will admit.

(2) A copy of the statement shall be displayed and, until the display of the next following statement, kept displayed in a conspicuous place in the registered office of the company, and 10 in every branch office or place where the business of the company is carried on.

(3) Every member and every creditor of the company shall be entitled to a copy of the statement on payment of a sum not exceeding 50 cents.

15 (4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to the 20 like penalty.

(5) For the purposes of this Ordinance a company that carries on the business of insurance in common with any other business or businesses shall be deemed to be an insurance company.

25 INVESTIGATION BY THE REGISTRAR.

137. (1) Where the registrar, on perusal of any document which a company is required to submit to him under the provisions of this Ordinance, is of opinion that any information is necessary in order that such document may afford full particulars 30 of the matter to which it purports to relate, he may, by a written order call on the company submitting the document to furnish in writing such information or explanation within such time as he may specify in his order.

(2) On the receipt of an order under sub-section (1), it shall 35 be the duty of all persons who are or have been officers of the company to furnish such information or explanation to the best of their power.

(3) If any such person refuses or neglects to furnish any 40 such information or explanation, he shall be liable to a fine not exceeding 75/- rupees in respect of each offence.

(4) On receipt of such information or explanation the registrar may annex the same to the original document submitted to him; and any additional document so annexed by the registrar shall be subject to the like provisions as to inspection 45 and the taking of copies as the original document is subject.

(5) If such information or explanation is not furnished within the specified time, or if after perusal of such information or explanation the registrar is of opinion that the document in question discloses an unsatisfactory state of affairs, or that it 50 does not disclose a full and fair statement of the matters to which it purports to relate, the registrar shall report in writing the circumstances of the case to the Governor.

INSPECTION AND AUDIT.

138. The Governor in Council may appoint one or more competent inspectors to investigate the affairs of any company and 55 to report thereon in such manner as the Governor in Council may direct

(i) in case of any company other than a banking company having a share capital, on the application of members holding 60 not less than one-tenth of the shares issued;

(ii) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members;

(iii) in the case of any company, on a report by the registrar under section 137, sub-section (5).

Certain companies to publish statement in Schedule.

Power of registrar to call for information or explanation.

Investigation of affairs of company by inspectors.

Application for inspection
to be supported by
evidence.

139. An application by members of a company under section 138 shall be supported by such evidence as the Governor in Council may require for the purpose of showing that the applicants have good reason for, and are not actuated by malicious motives in, requiring the investigation; and the Governor in Council may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry.

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Inspection of books and
examination of officers.

140. (1) It shall be the duty of all persons who are or have been officers of the company to produce to the inspectors all books and documents in their custody or power relating to the company.

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(2) An inspector may examine on oath any such person in relation to its business, and may administer an oath accordingly.

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(3) If any person refuses to produce any book or document which under this section it is his duty to produce, or to answer any question relating to the affairs of the company, he shall be liable to a fine not exceeding 75/- rupees in respect of each offence.

Results of examination
how dealt with.

141. (1) On the conclusion of the investigation the inspectors shall report their opinion to the Governor, and a copy of the report shall be forwarded by the Governor to the registered office of the company, and a further copy shall, at the request of the applicants for the investigation, be delivered to them.

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(2) The report shall be written or printed, as the Governor directs.

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(3) All expenses of, and incidental to, the investigation shall be defrayed by the applicants unless the Governor in Council directs the same to be paid by the company, which the Governor in Council is hereby authorised to do.

Power of company to
appoint inspectors.

142. (1) A company may by special resolution appoint inspectors to investigate its affairs.

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(2) Inspectors so appointed shall have the same powers and duties as inspectors appointed by the Governor in Council, except that, instead of reporting to the Governor in Council, they shall report in such manner and to such persons as the company in general meeting may direct.

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(3) All persons who are or have been officers of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the Governor in Council.

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Report of inspectors to
be evidence.

143. A copy of the report of any inspectors appointed under this Ordinance authenticated by the seal of the company whose affairs they have investigated, shall be admissible in any legal proceeding as evidence of the opinion of the inspectors in relation to any matter contained in the report.

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Qualifications and appoint-
ment of auditors.

144. (1) No person shall be appointed as an auditor of any company other than a private company unless he holds a certificate from the Governor entitling him to act as an auditor of companies.

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Provided that the Governor in Council may, by notification in the "Gazette," declare that the members of any institution or association specified in such notification shall be entitled to be appointed and to act as auditors of companies throughout the Protectorate.

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(2) The Governor in Council shall, by notification in the "Gazette," make rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies, and may by such rules provide the conditions and restrictions on and subject to which such certificate shall be granted. The holder of such a certificate shall be entitled to act as an auditor of companies throughout the Protectorate unless such certificate restricts or limits the exercise of the right.

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(3) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

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(4) If an appointment of an auditor is not made at an annual general meeting, the Governor in Council may, on the application of any member of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

(5) The following persons, that is to say,

(i) a director or officer of the company; and

(ii) a partner of such director or officer; and

(iii) in the case of a company other than a private com-

pany, any person in the employment of such director or officer, shall not be appointed auditors of the company.

(6) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a member of the company to the company not less than fourteen days before such annual general meeting, and the company shall send a copy of any such notice to the retiring auditor, and shall give notice thereof to its members either by advertisement or in any other mode allowed by the articles not less than seven days before the annual general meeting:

Provided that, if after notice of the intention to nominate an auditor has been given to the company, an annual general meeting is called for a date fourteen days or less after the notice has been given, the requirements of this section as to time in respect of such a notice shall be deemed to have been satisfied, and the notice to be sent or given by the company may, instead of being sent or given within the time required by this section, be sent or given at the same time as the notice of the annual general meeting.

(7) The first auditors of the company may be appointed by the directors before the statutory meeting, and if so appointed shall hold office until the first annual general meeting, unless previously removed by a resolution of the members of the company in general meeting, in which case such members at that meeting may appoint auditors.

(8) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues, the surviving or continuing auditor or auditors (if any) may act.

(9) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any auditors appointed before the statutory meeting, or to fill any casual vacancy, may be fixed by the directors.

145. (1) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.

(2) The auditors shall make a report to the members of the company on the accounts examined by them, and on every balance-sheet laid before the company in general meeting during their tenure of office, and the report shall state

(a) whether or not they have obtained all the information and explanations they have required; and

(b) whether, in their opinion, the balance-sheet referred to in the report is drawn up in conformity with the law; and

(c) whether such balance-sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

(3) In the case of a banking company, if the company has branch banks beyond the limits of the Protectorate, it shall be sufficient if the auditor is allowed access to such copies of and extracts from the books and accounts of any such branch as have been transmitted to the head office of the company in the Protectorate.

146. (1) Holders of preference shares and debentures of a company shall have the same right to receive and inspect the balance-sheets of the company and the reports of the auditors and other reports as is possessed by the holders of ordinary shares in the company.

(2) This section shall not apply to a private company registered before the commencement of this Ordinance.

Powers and duties of auditors.

Rights of preference shareholders, etc., as to receipt and inspection of reports, etc.

**CARRYING ON BUSINESS WITH LESS THAN THE LEGAL
MINIMUM OF MEMBERS.**

Liability for carrying on business with fewer than seven or, in the case of a private company, two members.

147. If at any time the number of members of a company is reduced, in the case of a private company, below two, or in the case of any other company, below seven, and it carries on business for more than six months while the number is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact that it is carrying on business with fewer than two members or seven members, as the case may be, shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be sued for the same without joinder in the suit of any other member. 5

SERVICE AND AUTHENTICATION OF DOCUMENTS.

Service of documents on company.

148. A document may be served on a company by leaving it at, or sending it by post to, the registered office of the company. 10

Service of documents on registrar.

149. A document may be served on the registrar by sending it to him by post, or delivering it to him, or leaving it for him at his office. 20

Authentication of documents.

150. A document or proceeding requiring authentication by a company may be signed by a director, secretary or other authorised officer of the company, and need not be under its common seal. 25

TABLES, FORMS AND RULES AS TO PRESCRIBED MATTERS.

Application and alteration of tables and forms, and power to make rules as to prescribed matters.

151. (1) The forms in the Third Schedule or forms as near thereto as circumstances admit shall be used in all matters to which those forms refer. 30

(2) The Governor in Council may alter any of the tables and forms in the First Schedule, so that he does not increase the amount of fees payable to the registrar in the said Schedule mentioned, and may alter or add to the forms in the Third Schedule. 35

(3) Any such table or form, when altered, shall be published in the "Gazette," and on such publication shall have effect as if enacted in this Ordinance, but no alteration made by the Governor in Council in Table "A" in the First Schedule shall affect any company registered before the alteration, or repeal, as respects that company, of any portion of that table. 40

(4) In addition to the powers hereinbefore conferred by this section, the Governor in Council may make rules providing for all or any matters which by this Ordinance are to be prescribed by his authority. 45

(5) Every such rule shall be published in the "Gazette," and on such publication shall have effect as if enacted in this Ordinance. 45

ARBITRATION AND COMPROMISE.

Power for companies to refer matters to arbitration.

152. (1) A company may by written agreement refer to arbitration, in accordance with the Arbitration Ordinance, 1913, an existing or future difference between itself and any other company or person. 50

(2) Companies parties to the arbitration, may delegate to the arbitrator power to settle any terms or to determine any matter capable of being lawfully settled or determined by the companies themselves, or by their directors or other managing body. 55

(3) The provisions of the Arbitration Ordinance, 1913, shall apply to all arbitrations between companies and persons in pursuance of this Ordinance. 60

Power to compromise with creditors and members.

153. (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, the Court may, on the application in a summary way 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 Court directs. 65

(2) If a majority in number representing three-fourths in value of the creditors or class of creditors, or members or class of members, as the case may be, present either in person or by proxy at the meeting, agree to any compromise or arrangement, 5 the compromise or arrangement shall, if sanctioned by the Court, be binding on all the creditors or class of creditors, or on all the members or class of members, as the case may be, 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.

10 (3) In this section the expression "company" means any company liable to be wound up under this Ordinance.

CONVERSION OF PRIVATE COMPANY INTO PUBLIC COMPANY.

154. (1) A private company may, subject to anything contained in its memorandum or articles, by a special resolution and 15 by filing with the registrar a copy of such resolution and also such a statement in lieu of prospectus as the company, if a public company, would have had to file before allotting any of its shares or debentures, together with such a duly verified declaration as the company, if a public company, would have had to file before 20 commencing business, turn itself into a public company.

Conversion of private
into public company.

(2) Upon the filing of the documents mentioned in subsection (1), the registrar shall record the change in his books relating to the company

PART V.

25 WINDING UP.

PRELIMINARY.

155. (1) The winding up of a company may be either Mode of winding up.

- (i) by the Court; or
- (ii) voluntary;
- 30 (iii) subject to the supervision of the Court.

(2) The provisions of this Ordinance with respect to winding up apply, unless the contrary appears, to the winding up of a company in any of these modes.

CONTRIBUTORIES.

156. (1) In the event of a company being wound up, every present and past member shall, subject to the provisions of this section, be liable to contribute to the assets of the company to an amount sufficient for payment of its debts and liabilities and the costs, charges and expenses of the winding up, and for the 40 adjustment of the rights of the contributories among themselves, with the qualifications following (that is to say):—

Liability as contributories
of present and past
members.

(i) a past member shall not be liable to contribute if he has ceased to be a member for one year or upwards before the commencement of the winding up;

45 (ii) a past member shall not be liable to contribute in respect of any debt or liability of the company contracted after he ceased to be a member;

(iii) a past member shall not be liable to contribute unless it appears to the Court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of this Ordinance;

.50 (iv) in the case of a company limited by shares, no contribution shall be required from any member exceeding the amount (if any) unpaid on the shares in respect to which he is liable as a present or past member;

.55 (v) in the case of a company limited by guarantee, no contribution shall be required from any member exceeding the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up;

(vi) nothing in this Ordinance shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual members on the policy or contract is restricted, or whereby the funds of the company are alone made liable in respect of the policy or contract;

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(vii) a sum due to any member of a company in his character of a member, by way of dividends, profits or otherwise, shall not be deemed to be a debt of the company payable to that member in a case of competition between himself and any other creditor not a member of the company; but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves.

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(2) In the winding up of a company limited by guarantee which has a share capital, every member of the company shall be liable, in addition to the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up, to contribute to the extent of any sums unpaid on any shares held by him.

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Liability of directors whose liability is unlimited.

157. In the winding up of a limited company any director or manager whether past or present, whose liability is, in pursuance of this Ordinance, unlimited, shall, in addition to his liability (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:

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Provided that

(i) a past director or manager 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;

(ii) a past director or manager 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;

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(iii) subject to the articles a director or manager 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.

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Meaning of "contributory".

158. The term "contributory" means every person liable to contribute to the assets of a company in the event of its being wound up, and, in all proceedings for determining and in all proceedings prior to the final determination of the persons who are to be deemed contributories, includes any person alleged to be a contributory.

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Nature of liability of contributory.

159. (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 when calls are made for enforcing the liability.

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(2) Any claim founded on the liability of a contributory shall be cognizable only by the High Court.

Contributories in case of death of member.

160. (1) If a contributory dies either before or after he has been placed on the list of contributories, his legal representatives and his heirs 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.

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(2) If the legal representatives or heirs make default in paying any money ordered to be paid by them, proceedings may be taken for administering the property of the deceased contributory, whether moveable or immoveable, or both, and of compelling payment thereout of the money due.

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Contributories in case of insolvency of member.

161. If a contributory become bankrupt either before or after he has been placed on the list of contributories, then

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(i) his trustee in bankruptcy shall represent him for all the purposes of the winding up, and shall be contributories accordingly, and may be called on to admit proof against the estate of the insolvent, or otherwise to allow to be paid out of his assets in the due course of law, any money due from the bankrupt in respect of his liability to contribute to the assets of the company; and

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(ii) there may be proved against the estate of the bankrupt the estimated value of his liability to future calls as well as calls already made.

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WINDING UP BY COURT.

162. A company may be wound up by the Court
 (i) if the company has by special resolution resolved that the company be wound up by the Court:
 Circumstances in which company may be wound up by Court.
- 5 (ii) if default is made in filing the statutory report or in holding the statutory meeting:
 (iii) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year:
 10 (iv) if the number of members is reduced, in the case of a private company, below two, or, in the case of any company, below seven:
 (v) if the company is unable to pay its debts:
 (vi) if the Court is of opinion that it is just and equitable that the company should be wound up.
- 15 163. A company shall be deemed to be unable to pay its debts Company when deemed unable to pay its debts.
 (i) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding 750/- rupees then due, has served on the company, by leaving the same at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum, or to secure or compound for it to the reasonable satisfaction of the creditor; or
 20 (ii) if execution or other process issued on a decree or order of any Court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
 (iii) 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.
- 25 164. 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 Resident Magistrate's Court; and thereupon such Resident Magistrate's Court shall, for the purpose of winding up the company, be deemed to be "the Court" within the meaning of this Ordinance, and shall have, for the purposes of such winding up, all the jurisdiction and powers 30 of the High Court. Winding up may be referred to the Resident Magistrate's Court.
- 35 165. If during the progress of a winding up in a Resident Magistrate's Court it is made to appear to the High Court that the same could be more conveniently prosecuted in any other Resident Magistrate's Court, the High Court may transfer the 40 same to such other Court, and thereupon the winding up shall proceed in such other Resident Magistrate's Court. Transfer of winding up from one Resident Magistrate's Court to another.
- 45 166. 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 any contingent or prospective creditor or creditors), contributory or contributories, or by all or any of those parties, together or separately: Provisions as to applications for winding up.
- 50 Provided that
 (a) a contributory shall not be entitled to present a petition for winding up a company unless
 55 (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
 (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;
 60 (b) a petition for winding up a company on the ground of default in filing the statutory report or in holding the statutory meeting shall not be presented by any person except a shareholder, nor before the expiration of fourteen days after the last day on which the meeting ought to have been held;

(c) 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.

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Effect of winding up order.

167. 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.

Commencement of winding up by Court.

168. A winding up of a company by the Court shall be 10 deemed to commence at the time of the presentation of the petition for the winding up.

Court may grant injunction.

169. The Court may, at any time after the presentation of the petition for winding up a company under this Ordinance, and before making an order for winding up the company, upon the application of the company or of any creditor or contributory of the company, restrain further proceedings in any suit or proceeding against the company, upon such terms as the Court thinks fit.

15

Powers of Court on hearing petition.

170. (1) On hearing the petition the Court may dismiss it with or without costs, or adjourn the hearing conditionally or 20 unconditionally, or make any interim order 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.

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(2) Where the petition is presented on the ground of default in filing the statutory report or in holding the statutory meeting, the Court may order the costs to be paid by any persons who, in the opinion of the Court, are responsible for the default.

Suits stayed on winding up order.

171. When a winding up order has been made, no suit or 30 other legal proceeding 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.

Copy of winding up order to be filed with registrar.

172. (1) On the making of a winding up order, it shall be the duty of the company forthwith to file with the registrar a copy 35 of the order, and the petitioner in the winding up proceedings may so file a copy.

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(2) On the filing of a copy of a winding up order, the registrar shall make a minute thereof in his books relating to the company, and shall notify in the "Gazette" that such an order 40 has been made.

(3) 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.

Power of Court to stay winding up.

173. The Court may at any time after an order for winding 45 up, on the application of any creditor or contributory, and on proof to the satisfaction of the Court that all proceedings in relation to the winding up ought to be stayed, make an order staying the proceedings, either altogether or for a limited time, on such terms and conditions as the Court thinks fit.

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Court may have regard to wishes of creditors or contributories.

174. The Court may, 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 evidence.

OFFICIAL LIQUIDATORS.

Appointment of official liquidator.

175. (1) For the purpose of conducting the proceedings in 55 winding up a company and performing such duties in reference thereto as the Court may impose, the Court may appoint a person or persons, to be called an official liquidator or official liquidators.

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(2) The Court may make such an appointment provisionally at any time after the presentation of a petition and before the 60 making of an order for winding up.

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(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.

(2) The Court in making such an order may, 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 may in the case of a limited company, make to any director or manager whose liability is unlimited or to his estate the like allowance:

Provided that 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.

187. (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.

(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.

188. The Court may order any contributory, purchaser or other person from whom money is due to the company to pay the same into a specified bank, or any branch thereof, respectively, to the account of the official liquidator, instead of to the official liquidator, and any such order may be enforced in the same manner as if it had directed payment to the official liquidator.

189. All moneys, bills, hundis, notes and other securities paid and delivered into a specified bank or any branch thereof, respectively, in the event of a company being wound up by the Court, shall be subject in all respects to the orders of the Court.

190. (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.

(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.

191. 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 any distribution made before those debts are proved.

192. The Court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitled thereto.

193. 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.

194. (1) When the affairs of the company have been completely wound up, the Court shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly.

(2) The order shall be reported within fifteen days of the making thereof by the official liquidator to the registrar, who shall make in his books a minute of the dissolution of the company.

(3) If the official liquidator makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding 75/- rupees for every day during which he is in default.

Power of Court to make calls.

Power to order payment into bank.

Regulation of account with Court.

Order on contributory conclusive evidence.

Power to exclude creditors not proving in time.

Power to order costs.

Dissolution of company.

EXTRAORDINARY POWERS OF COURT.

Power to summon persons suspected of having property of company.

195. (1) The Court may, after it has made a winding up order, summon before it any officer of the company or person known or suspected to have in his possession any property of the company, or supposed to be indebted to the company, or any person whom the Court deems capable of giving information concerning the trade, dealings, affairs or property of the company.

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(2) The Court may examine him on oath concerning the same, either by word of mouth or on written interrogatories, and require him to sign them.

(3) The Court may require him to produce any documents 10 in his custody or power relating to the company; but where he claims any lien on documents 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.

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(4) If any person so summoned, after being tendered a reasonable sum for his expenses, refuses to come before the Court at the time appointed, not having a lawful impediment (made known to the Court at the time of its sittings, and allowed by it), the Court may cause him to be apprehended and brought before 20 the Court for examination.

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Power to order public examination of promoters, directors, etc.

196. (1) When an order has been made for winding up a company by the Court, and the official liquidator has applied to the Court stating that in his opinion a fraud 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 application, direct that any person who has taken part in the promotion or formation of the company, or has been a director, manager or other officer of the company, shall attend 30 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.

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(2) The official liquidator shall take part in the examination, 35 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.

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(3) Any creditor or contributory may also take part in the examination either personally or by any person entitled to appear 40 before the Court.

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(4) The Court may put such questions to the person examined as the Court thinks fit.

(5) The person examined shall be examined on oath, and shall answer all questions as the Court may put or allow to be 45 put to him.

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(6) A person ordered to be examined under this section 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 50 explain or qualify any answers given to 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.

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(7) Notes of the examination shall be taken down in writing, 55 and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him in civil proceedings, and shall be open to the inspection of any creditor or contributory at all reasonable times.

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(8) The Court may, if it thinks fit, adjourn the examination 60 from time to time.

(9) An examination under this section may, if the Court so directs, and subject to any rules in this behalf, be held before any Resident Magistrate or before any officer of the High Court, being an official referee, registrar or deputy registrar, and 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.

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197. 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 the Protectorate 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 moveable property to be seized, and him and them to be safely kept until such time as the Court may order.

Power to arrest absconding contributory.

10 198. Any powers by this Ordinance conferred on the Court shall be in addition to, and not in restriction of, any existing powers of instituting proceedings against any contributory or debtor of the company, or the estate of any contributory or debtor, for the recovery of any calls or other sums.

Saving of other proceedings.

15 ENFORCEMENT OF AND APPEAL FROM ORDERS.

199. 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 pending therein may be enforced.

200. Any order made by a Court for or in the course of the winding up of a company shall be enforced in any place in the Protectorate.

Order made in any Court to be enforced by other Courts.

201. 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.

Mode of dealing with orders to be enforced by other Courts.

30 202. Re-hearings of, and appeals from, any order or decision made or given in the matter of the winding up of a company by the Court may be had in the same manner and subject to the same conditions in and subject to which appeals may be had from any order or decision of the Court in cases within its ordinary jurisdiction.

Appeals from orders.

VOLUNTARY WINDING UP.

203. A company may be wound up voluntarily:—

Circumstances in which company may be wound up voluntarily.

40 (1) 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;

45 (2) if the company resolves by special resolution that the company be wound up voluntarily;

(3) if the company resolves by extraordinary resolution to the effect that it cannot by reason of its liabilities continue its business, and that it is advisable to wind up.

204. A voluntary winding up shall be deemed to commence at the time of the passing of the resolution authorising the winding up.

Commencement of voluntary winding up.

205. When a company is wound up voluntarily, 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:

Effect of voluntary winding up on status of company.

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.

206. (1) Notice of any special resolution or extraordinary advertisement in the "Gazette," and also in some newspaper (if any) circulating in the district where the registered office of by the company within ten days of the passing of the same by resolution for winding up a company voluntarily shall be given the company is situate.

Notice of resolution to wind up voluntarily.

(2) If a company makes default in complying with the requirements of this section it shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues; and every officer of the company who knowingly and wilfully authorises or permits the default shall be liable to a like penalty. 5

Consequences of voluntarily winding up.

207. The following consequences shall ensue on the voluntary winding up of a company:—

(i) the assets of the company shall be applied in satisfaction of its liabilities *pari passu* and, subject thereto, shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the company; 10

(ii) the company in general meeting shall appoint one or more liquidators for the purpose of winding up the affairs and distributing the assets of the company, and may fix the remuneration to be paid to him or them; 15

(iii) on the appointment of a liquidator all the powers of the directors shall cease, except so far as the company in general meeting, or the liquidator, sanctions the continuance thereof; 20

(iv) the liquidator may, without the sanction of the Court, exercise all powers by this Ordinance given to the official liquidator in a winding up by the Court; 25

(v) the liquidator may exercise the powers of the Court under this Ordinance of settling a list of contributories, and of making calls, and shall pay the debts of the company, and adjust the rights of the contributories among themselves; 30

(vi) the list of contributories shall be *prima facie* evidence of the liability of the persons named therein to be contributories;

(vii) when several liquidators are appointed, every power hereby given may be exercised by such one or more of them as may be determined by the company at the time of their appointment, or in default of such determination by any number not less than two; 35

(viii) if from any cause whatever there is no liquidator acting, the Court may, on the application of a contributory, appoint a liquidator; and 35

(ix) the Court may, on cause shown, remove a liquidator, and appoint another liquidator.

Notice by liquidator of his appointment.

208. (1) The liquidator in a voluntary winding up shall, within twenty-one days after his appointment, file with the registrar a notice of his appointment in the form prescribed. 40

(2) If the liquidator fails to comply with the requirements of this section, he shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues. 45

Rights of creditors in a voluntary winding up.

209. (1) Every liquidator appointed by a company in a voluntary winding up shall, within seven days from his appointment, send notice by post to all persons who appear to him to be creditors of the company that a meeting of the creditors of the company will be held on a date, not being less than twenty-one days nor more than one month after his appointment, and at a place and hour, to be specified in the notice, and shall also advertise notice of the meeting once in the "Gazette" and once at least in some newspaper (if any) circulating in the district where the registered office or principal place of business of the company was situate. 50

(2) At the meeting to be held in pursuance of the foregoing provisions of this section the creditors shall determine whether an application shall be made to the Court for the appointment of any person as liquidator in the place of, or jointly with, the liquidator appointed by the company, and, if the creditors so resolve, an application may be made accordingly to the Court at any time not later than fourteen days after the date of the meeting, by any creditor appointed for the purpose at the meeting: 60

Provided that the Court may, by order at any time, extend the time for making an application under this sub-section for such period as the Court thinks proper. 65

(3) On any such application the Court may make an order either for the removal of the liquidator appointed by the company and for the appointment of some other person as liquidator or for the appointment of some other person to act as liquidator jointly with the liquidator appointed by the company, or such other order as, having regard to the interests of the creditors and contributories of the company, may seem just. 70

(4) The Court shall make such order as to the costs of the application as it may think fit, and, if it is of opinion that, having regard to the interests of the creditors in the liquidation, there were reasonable grounds for the application, may order the costs 5 of the application to be paid out of the assets of the company, notwithstanding that the application is dismissed or otherwise disposed of adversely to the applicant.

210. (1) If a vacancy occurs by death, resignation or otherwise in the office of liquidator appointed by the company in a 10 voluntary winding up, the company in general meeting may, subject to any arrangement with its creditors, fill the vacancy.

Power to fill vacancy in office of liquidator.

(2) For that purpose a general meeting may be called by any contributor or, if there were more liquidators than one, by the continuing liquidators.

15 (3) The meeting shall be held in manner prescribed by the articles, or in such manner as may, on application by any contributory or by the continuing liquidators, be determined by the Court.

211. (1) A company about to be, or in course of being, wound up voluntarily may, by extraordinary resolution, delegate to its creditors, or to any committee of them, the power of appointing liquidators or any of them, and of supplying vacancies among the liquidators, or enter into any arrangement with respect to the powers to be exercised by the liquidators, and the manner in 25 which they are to be exercised.

Delegation of authority to appoint liquidators.

(2) Any act done by creditors in pursuance of any such delegated power shall have the same effect as if it had been done by the company.

212. (1) Any arrangement entered into between a company 30 about to be, or in the course of being, wound up voluntarily and its creditors shall, subject to any right of appeal under this section, be binding on the company if sanction by an extraordinary resolution, and on the creditors if acceded to by three-fourths in number and value of the creditors.

Arrangement when binding on creditors.

35 (2) Any creditor or contributory may, within three weeks from the completion of the arrangement, appeal to the Court against it, and the Court may thereupon, as it thinks just, amend, vary or confirm the arrangement.

213. (1) Where a company is proposed to be, or is in course 40 of being, wound up altogether voluntarily, and the whole or part of its business or property is proposed to be transferred or sold to another company (in this section called the transferee company) the liquidator of the first-mentioned company (in this section called the transferor company) may, with the sanction of a special 45 resolution of that company conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive, in 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 50 transferor company, or may 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.

Power for liquidators to accept shares, etc., as a consideration for sale of property of company.

55 (2) Any sale or arrangement in pursuance of this section shall be binding on the members of the transferor company.

(3) If any member of the transferor company who did not vote in favour of the special resolution at either of the meetings held for passing and confirming the same expresses his dissent 60 therefrom in writing addressed to the liquidator, and left at the registered office of the company within seven days after the confirmation of the special resolution, he may require the liquidator either to abstain from carrying the resolution into effect, or to purchase his interest at a price to be determined by agreement 65 or by arbitration in manner hereinafter provided.

(4) If the liquidator elects to purchase the member's interest, the purchase-money must be paid before the company is dissolved, and be raised by the liquidator in such manner as may be determined by special resolution.

(5) A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for winding up the company, 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 sanctioned by the Court.

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Mode of determining price.

214. (1) The price to be paid for the purchase of the interest of any dissentient member may be determined by agreement. If the parties dispute about the same, such dispute shall be settled by arbitration.

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(2) The provisions of the Arbitration Ordinance, 1913, shall apply to all arbitrations in pursuance of this section.

Power to apply to Court.

215. (1) Where a company is being wound up voluntarily, the liquidator or any contributory or creditor may apply to the Court to determine any question arising in the winding up, or to exercise as respects the enforcing of calls, or any other matters, all or any of the powers which the Court might exercise if the company were being wound up by the Court.

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(2) The Court, if satisfied that the determination of the question or the required exercise of power will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as the Court thinks fit, or may make such other order on the application as the Court thinks just.

20

Power of liquidator to call general meeting.

216. (1) Where a company is being wound up voluntarily, the liquidator may, from time to time, summon general meetings of the company for the purpose of obtaining the sanction of the company by special or extraordinary resolution, or for any other purposes he may think fit.

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(2) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year from the commencement of the winding up, and of each succeeding year, or as soon thereafter as may be convenient and shall lay before the meeting a statement in the prescribed form containing the prescribed particulars with respect to the proceedings in and the position of the liquidation.

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Final meeting and dissolution.

217. (1) In the case of every voluntary winding up, as soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of; and thereupon shall call a general meeting of the company for the purpose of laying before it the account, and giving any explanation thereof.

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(2) The meeting shall be called by advertisement, specifying the time, place and object thereof, and published one month at least before the meeting in the manner specified in section 206.

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(3) Within one week after the meeting, the liquidator shall file with the registrar a return of the holding of the meeting, and of its date, and in default of so doing shall be liable to a fine not exceeding 75/- rupees for every day during which the default continues.

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(4) The registrar on the filing of the return shall forthwith register it, and, on the expiration of three months from the registration of the return, the company shall be deemed to be dissolved;

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Provided 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.

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(5) It shall be the duty of the person on whose application an order of the Court under sub-section (4) is 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 liable to a fine not exceeding 75/- rupees for every day during which the default continues.

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218. All costs, charges and expenses properly incurred in the voluntary winding up of a company including the remuneration of the liquidator, shall be payable out of the assets of the company in priority to all other claims at the date of the winding up. Cost of voluntary liquidation.
- 5 219. 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, if the Court is of opinion, in the case of an application by a creditor, that the rights of the creditor or, in the case of an application by a contributory that the rights of the contributories will be prejudiced by a voluntary winding up. Saving for rights of creditors and contributories.
- 10 220. 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. Power of Court to adopt proceedings of voluntary winding up.
- 15
- WINDING UP SUBJECT TO SUPERVISION OF COURT.
221. When a company has by special or extraordinary resolution resolved to wind up voluntarily, the Court may 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. Power to order winding up subject to supervision.
- 20
222. 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, be deemed to be a petition for winding up by the Court. Effect of petition for winding up subject to supervision.
- 25
223. 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. Court may have regard to wishes of creditors and contributories.
- 30
224. (1) Where an order is made for a winding up subject to supervision, the Court may by the same or any subsequent order appoint any additional liquidator. Power for Court to appoint or remove liquidators.
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- (2) A liquidator appointed by the Court under this section 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.
- 40
- (3) The Court may remove any liquidator so appointed by the Court or any liquidator continued under the supervision order, and fill any vacancy occasioned by the removal, or by death or resignation.
- 45
225. (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. Effect of supervision order.
- 50
- (2) Except as provided in sub-section (1), and save for the purposes of section 196, any 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 calls, or to enforce calls made by the liquidators, 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.
- 55
- (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.
- 60

Appointment in certain cases of voluntary liquidators to office of official liquidators.

226. 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 the Court, the Court may, by the last-mentioned order or by any subsequent order, appoint the voluntary liquidators or any of them, 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.

5

SUPPLEMENTAL PROVISIONS.

Avoidance of transfers, etc., after commencement of winding up.

227. (1) In the case of voluntary winding up every transfer of shares, except transfers made to or with the sanction of the liquidator, and every alteration in the status of the members of the company made after the commencement of the winding up shall be void.

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(2) In the case of a winding up by or subject to the supervision of the Court, every disposition of the property (including actionable claims) of the company, and every transfer of shares, or alteration in the status of its members, made after the commencement of the winding up shall, unless the Court otherwise orders, be void.

15

Debts of all descriptions to be proved.

228. In every winding up (subject in the case of insolvent companies to the application in accordance with the provisions of this Ordinance of the law of bankruptcy) all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, 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 for some other reason do not bear a certain value.

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Application of bankruptcy rules in winding up of insolvent companies.

229. 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 bankruptcy with respect to the estates of persons adjudged bankrupt; and all persons who in any such case would be entitled to prove for and receive dividends 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.

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Preferential payments.

230. (1) In a winding up there shall be paid in priority to all other debts

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(a) all revenue, taxes, cesses and rates, whether payable to the Crown or to a local authority, due from the company at the date hereinafter mentioned and having become due and payable within the twelve months next before that date;

(b) all wages or salary of any clerk or servant in respect of service rendered to the company within the two months next before the said date, not exceeding one thousand rupees for each clerk or servant; and

(c) all wages of any labourer or workman, not exceeding five hundred rupees for each, whether payable for time or piece-work, in respect of services rendered to the company within the two months next before the said date.

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(2) The foregoing debts shall

(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

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(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.

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(3) 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 insufficient to meet them.

(4) 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 a 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.

- 10 (5) The date hereinbefore in this section referred to is
 (a) in the case of a company ordered to be wound up compulsorily which had not previously commenced to be wound up voluntarily, the date of the winding up order; and
 (b) in any other case, the date of the commencement of
 15 the winding up.

231. (1) Any transfer, mortgage, delivery of goods, payment, execution or other act relating to property which would, if made or done by or against an individual, be deemed in his bankruptcy a fraudulent preference, shall, if made or done by or against a company, be deemed, in the event of its being wound up, a fraudulent preference of its creditors, and be invalid accordingly.

(2) For the purposes of this section the presentation of a petition for winding up in the case of a winding up by or subject to the supervision of the Court, and a resolution for winding up 25 in the case of a voluntary winding up, shall be deemed to correspond with the act of bankruptcy in the case of an individual.

(3) Any transfer or assignment by a company of all its property to trustees for the benefit of all its creditors shall be void.

30 232. (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 of the company after the commencement of the winding up shall be void. Avoidance of certain attachments, executions, etc.

35 (2) Nothing in this section applies to proceedings by the Government.

233. Where a company is being wound up a floating charge on the undertaking or property of the company created within three months of the commencement of the winding up shall, 40 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 interest on that amount at the rate of five per cent. per 45 annum.

234. (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 an extraordinary resolution of the company in the case of a voluntary winding up, do the following things or any 50 of them:—

- (i) pay any classes of creditors in full;
 (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;
 55 (iii) compromise all 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 the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharge in 60 respect thereof.

(2) The exercise by the liquidator of the powers of this section 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.

Power of Court to assess damages against delinquent directors, etc.

235. (1) Where, in the course of winding up a company, it appears that any person who has taken part in the formation or promotion of the company, or any past or present director, manager or liquidator, or any officer of the company, has misapplied or retained or become liable or accountable for any money or property of the company, or been guilty of any misfeasance or breach of trust in relation to the company, the Court may, on the application of the liquidator, or of any creditor or contributory, examine into the conduct of the promoter, director, manager, liquidator or officer, and compel him to repay or restore the money or property or any part thereof respectively with interest 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. 15

(2) This section shall apply notwithstanding that the offence is one for which the offender may be criminally responsible.

(3) The Indian Limitation Act, 1877, as applied to the Protectorate or any Ordinance that may be substituted therefor shall apply to an application under this section as if such application were a suit. 20

XV. of 1877,

Penalty for falsification of books.

236. If any director, manager, officer 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, book of account or document belonging to the company with intent to defraud or deceive any person, he shall be liable to imprisonment for a term which may extend to seven years, and shall also be liable to a fine. 25

Prosecution of delinquent directors, etc.

237. (1) If it appears to the Court in the course of a winding up by or subject to the supervision of the Court that any past or present director, manager, officer or member of the company has been guilty of any offence in relation to the company for which he is criminally responsible, the Court may, on the application of any person interested in the winding up, or of its own motion, direct the official liquidator or the liquidator (as the case may be) to prosecute for the offence, and may order the costs and expenses to be paid out of the assets of the company. 30 35

(2) If it appears to the liquidator in the course of a voluntary winding up that any past or present director, manager, officer or member of the company has been guilty of any offence in relation to the company for which he is criminally responsible, the liquidator, with the previous sanction of the Court, may prosecute the offender, and all expenses properly incurred by him in the prosecution shall be payable out of the assets of the company in priority to all other liabilities. 40 45

Penalty for false evidence.

238. If any person, upon any examination upon oath authorised under this Ordinance, or in any affidavit, deposition 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 seven years, and shall also be liable to a fine. 50

Meetings to ascertain wishes of creditors or contributories.

239. (1) Where by this Ordinance the Court is authorised in relation to winding up to have regard to the wishes of creditors or contributories, as proved to it by any sufficient evidence, the Court 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 may appoint a person to act as chairman of any such meeting and to report the result thereof to the Court. 55 60

(2) In the case of creditors, regard shall be had to the value of each creditor's debt.

(3) In the case of contributories, regard shall be had to the number of votes conferred on each contributory by the articles. 65

Documents of company to be evidence.

240. Where any company is being wound up, all documents 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.

241. 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, but not further or otherwise.

242. (1) When a company has been wound up and is about to be dissolved, the documents of the company and of the liquidators may be disposed of as follows (that is to say):

10 (a) in the case of a winding up by or subject to the supervision of the Court, in such way as the Court directs;

(2) After 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 documents has been committed, by reason of the same not being forthcoming to any person claiming to be interested therein.

243. (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.

25 (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 liable to a fine not exceeding seventy-five rupees for every day during which the default continues.

244. (1) Where a company is being wound up, if the winding up is not concluded within one year after its commencement, the liquidator shall, at such intervals as may be prescribed, until the winding up is concluded, file with the registrar a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in and position of the liquidation.

(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 Indian Penal Code, and shall be punishable accordingly on the application of the liquidator.

45 (3) If a liquidator fails to comply with the requirements of this section, he shall be liable to a fine not exceeding seven hundred and fifty rupees for each day during which the default continues.

245. (1) Any affidavit required to be sworn under the provisions or for the purposes of this Part may be sworn in the Protectorate, or elsewhere within the dominions of His Majesty, before any Court, judge or person lawfully authorised to take and receive affidavits, or in any place outside His Majesty's dominions before any of His Majesty's Consuls or Vice-Consuls.

55 (2) All Courts, Judges, Justices, Commissioners and persons acting judicially in the Protectorate shall take judicial notice of the seal or stamp or signature (as the case may be) of such 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.

RULES.

246. (1) The High Court may, from time to time, make rules consistent with this Ordinance and with the law for the time being relating to procedure in civil Courts, concerning the mode of proceedings to be had for winding up a company in such Court and in the Courts subordinate thereto, and for giving effect to the provisions hereinbefore contained as to the reduction of the capital and the sub-division of the shares of a company.

(2) Without prejudice to the generality of the foregoing power, the High Court may by such rules 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 to say, the powers and duties of the Court in respect of

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- (a) holding and conducting meetings to ascertain the wishes of creditors and contributories;
- (b) settling lists of contributories and rectifying the register of members where required, and collecting and applying the assets;
- (c) requiring delivery of property or documents to the liquidator;
- (d) making calls;
- (e) fixing a time within which debts and claims must be proved:

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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.

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REMOVAL OF DEFUNCT COMPANIES FROM REGISTER.

Registrar may strike defunct company off register.

247. (1) Where the registrar has reasonable cause to believe that a company is not carrying on business or in operation, he shall send to the company by post a letter inquiring whether the company is carrying on business or in operation.

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(2) If the registrar does not within one month of sending the letter receive any answer thereto, he shall within fourteen 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 within one month from the date thereof, a notice will be published in the "Gazette" with a view of striking the name of the company off the register.

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(3) If the registrar either receives an answer from the company to the effect that it is not carrying on business or in operation, or does not within one month after sending the second letter receive any answer, he may publish in the "Gazette," and send to the company by post a notice that, at the expiration of three months 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.

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(4) 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 up, and the returns required to be made by the liquidator have not been made for a period of six 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 "Gazette" and send to the company a like notice as is provided in the last preceding sub-section.

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(5) At the expiration of the time mentioned in the notice the registrar may, unless cause is previously shown by the company, strike its name off the register, and shall publish notice thereof in the "Gazette," and, on the publication in the "Gazette" of this notice, the company shall be dissolved:

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Provided that the liability (if any) of every director and member of the company shall continue and may be enforced as if the company had not been dissolved.

(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 member or creditor, 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 to be restored to the register, and thereupon 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.

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(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, manager or other officer of the company, or, if there is no director, manager or other officer of the company whose name and address are 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.

PART VI.

10 REGISTRATION OFFICE AND FEES.

248. (1) For the purposes of the registration of companies under this Ordinance, there shall be an office or offices at such place or places as the Governor in Council thinks fit. *Registration offices.*

15 (2) The Governor in Council may appoint such registrars and assistant registrars as he thinks necessary for the registration of companies under this Ordinance, and may make regulations with respect to their duties.

20 (3) The salaries of the persons appointed under this section shall be fixed by the Governor.

25 (4) The Governor may direct a seal or seals to be prepared for the authentication of documents required for or connected with the registration of companies.

30 (5) Any person may inspect the documents kept by the registrar on payment of such fees as may be appointed by the Governor in Council, not exceeding one rupee for each inspection; and any person may require a certificate of the incorporation of any company, or a copy or extract of any other document or any part of any other document, to be certified by the registrar on payment for the certificate, certified copy or extract, of such fees as the Governor in Council may appoint, not exceeding three rupees for a certificate of incorporation, and not exceeding fifty cents for every hundred words or fractional part thereof required to be copied.

35 (6) Whenever any act is by this Ordinance directed to be done to or by the registrar it shall, until the Governor in Council otherwise directs, be done to or by the existing registrar of joint-stock companies or in his absence to or by such person as the Governor in Council may for the time being authorise; but, in the event of the Governor in Council altering the constitution of 40 the existing registry 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 Governor in Council may appoint.

45 249. (1) There shall be paid to the registrar in respect of the several matters mentioned in Table "B" in the First Schedule the several fees therein specified, or smaller fees as the Governor in Council may direct. *Fees.*

(2) All fees paid to the registrar in pursuance of this Ordinance shall be accounted for to the Crown.

50 PART VII.

APPLICATION OF ORDINANCE TO COMPANIES FORMED AND REGISTERED UNDER FORMER COMPANIES ACTS.

250. In the application of this Ordinance to existing companies, it shall apply in the same manner in the case of a limited 55 company, other than a company limited by guarantee, as if the company had been formed and registered under this Ordinance as a company limited by shares; in the case of a company limited by guarantee as if the company had been formed and registered under this Ordinance as a company limited by guarantee; and, in 60 the case of a company other than a limited company, as if the company had been formed and registered under this Ordinance as an unlimited company:

Application of Ordinance to companies formed under former Companies Acts.

Provided that

65 (1) nothing in Table "A" in the First Schedule shall apply to a company formed and registered under the Indian Companies Act, 1882, as applied to the Protectorate; *VI. of 1882.*

(2) reference, express or implied, to the date of registration shall be construed as a reference to the date at which the company was registered under the Indian Companies Act, 1882, as applied to the Protectorate or as the case may be.

Application of Ordinance
to companies registered
but not formed under
former law.

Reference to date of
registration under
repealed law.

Companies capable of
being registered.

Definition of "joint-
stock company."

251. This Ordinance shall apply to every company registered but not formed under the Indian Companies Act, 1882, as applied to the Protectorate in the same manner as it is hereinafter in this Ordinance declared to apply to companies registered but not formed under this Ordinance.

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252. Any reference, express or implied, to the date of registration of a company registered but not formed under the Indian Companies Act, 1882, as applied to the Protectorate shall be construed as a reference to the date at which the company was registered under the said Act.

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PART VIII.

COMPANIES AUTHORISED TO REGISTER UNDER THIS ORDINANCE.

253. (1) With the exceptions and subject to the provisions mentioned and contained in this section any company formed after the 15th day of June, 1903, whether before or after the commencement of this Ordinance in pursuance of an Act of Parliament or Letters Patent being otherwise duly constituted according to law, and consisting of seven or more members, may at any time register under this Ordinance as an unlimited company or as a company limited by shares, or as a company limited by guarantee; 20 and the registration shall not be invalid by reason that it has taken place with a view to the company being wound up:

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(2) Provided as follows:

(a) a company having the liability of its members limited by Act of Parliament or by Letters Patent, and not being a 25 joint-stock company as hereinafter defined, shall not register in pursuance of this section;

(b) a company having the liability of its members limited by Act of Parliament or by Letters Patent shall not register in pursuance of this section as an unlimited company or as a com- 30 pany limited by guarantee;

(c) a company that is not a joint-stock company, as hereinafter defined shall not register in pursuance of this section as a company limited by shares;

(d) a company shall not register in pursuance of this 35 section without the assent of a majority of such of its members as are present in person or by proxy (in case where proxies are allowed by the articles) at a general meeting summoned for the purpose;

(e) where a company not having the liability of its members 40 limited by Act of Parliament or by Letters Patent is about to register as a limited company, the majority required to assent as aforesaid shall consist of not less than three-fourths of the members present in person or by proxy at the meeting;

(f) where a company is about to register as a company 45 limited by guarantee, the assent to its being registered shall be accompanied by a resolution declaring 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 ceased to be a member, and of the costs and expenses of winding up, and for the adjustment of the rights of the contributories among themselves such amount as may be required not exceeding a specified amount.

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(3) In computing any majority under this section when a 55 poll is demanded, regard shall be had to the number of votes to which each member is entitled according to the articles.

(4) A company registered under the Indian Companies Act, 1882, as applied to the Protectorate shall not be registered in pursuance of this section.

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254. For the purposes of this Part as far as relates to registration of companies as companies limited by shares, a joint-stock company means a company having a permanent paid-up or nominal share capital of fixed amount divided into shares, also of fixed amount, or held and transferable as stock, or divided and held partly in one way and partly in the other, and formed on the principle of having for its members the holders of those shares or that stock, and no other persons; and such a company, when registered with limited liability under this Ordinance shall be deemed to be a company limited by shares.

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255. Before the registration in pursuance of this Part of a Requirements for registration by joint-stock company there shall be delivered to the registrar the companies.
following documents (that is to say):—

- 5 (1) a list showing the names, addresses and occupations of all persons who on a day named in the list, not being more than six clear days before the day of registration, were members of the company, with the addition of the shares or stock held by them respectively, distinguishing, in cases where the shares are numbered, each share by its number;
- 10 (2) a copy of any Act of Parliament, Royal Charter, Letters Patent, deed of settlement, contract of co-partnery or other instrument constituting or regulating the company; and
- 15 (3) if the company is intended to be registered as a limited company, a statement specifying the following particulars (that is to say):—
 - (a) the nominal share capital of the company and the number of shares into which it is divided or the amount of stock of which it consists;
 - 20 (b) the number of shares taken and the amount paid on each share;
 - (c) the name of the company, with the addition of the word "Limited" as the last word thereof; and
 - 25 (d) in the case of a company intended to be registered as a company limited by guarantee, the resolution declaring the amount of the guarantee.

256. Before the registration of this Part of any company not being a joint-stock company, there shall be delivered to the Requirements for registration by other than joint-stock companies.
registrar

- 30 (1) a list showing the names, addresses and occupations of the directors of the company; and,
- (2) a copy of any Act of Parliament, Letters Patent, deed of settlement, contract of co-partnery or other instrument constituting or regulating the company; and
- 35 (3) in the case of a company intended to be registered as a company limited by guarantee, a copy of the resolution declaring the amount of the guarantee.

257. The list of members and directors and any other particulars relating to the company required to be delivered to the registrar shall be duly verified by a declaration of any two or 40 more directors or other principal officers of the company. Authentication of statement of existing companies.

258. The registrar may require such evidence as he thinks necessary for the purpose of satisfying himself whether any company proposing to be registered is or is not a joint-stock company as hereinbefore defined. Registrar may require evidence as to nature of company.

45 259. (1) Where a banking company, which was in existence on the 3rd day of June, 1903, proposes to register as a limited company, it shall at least thirty days before so registering, give notice of its intention so to register to every person who has a banking account with the company, either by delivery of the 50 notice to him, or by posting it to him at, or delivering it at, his last known address. On registration of banking with limited liability, notice to be given to customers.

55 (2) If the company omits to give the notice required by this section, then as between the company and the person for the time being interested in the account in respect of which the notice ought to have been given, and so far as respects the account down to the time at which notice is given, but not further or otherwise, the certificate of registration with limited liability shall have no operation.

260. No fees shall be charged in respect of the registration 60 in pursuance of this Part of a company if it is not registered as a limited company, or if before its registration as a limited company the liability of the shareholders was limited by some Act of Parliament or by Letters Patent. Exemption of certain companies from payment of fees.

Addition of "Limited" to name.

261. When a company registers in pursuance of this Part with limited liability, the word "Limited" shall form and be registered as part of its name.

Certificate of registration of existing companies.

262. On compliance with the requirements of this Part with respect to registration, and on payment of such fees, if any, as are payable under Table "B" in the First Schedule, the registrar shall certify under his hand that the company applying for registration is incorporated as a company under this Ordinance, and in the case of a limited company that it is limited, and thereupon the company shall be incorporated, and shall have perpetual 10 succession and a common seal. 5

Vesting of property on registration.

263. All property, moveable and immoveable, including all interests and rights in, and out of property, moveable and immoveable, and including obligations and actionable claims as may belong to or be vested in a company at the date of its registration in pursuance of this Part, shall, on registration, pass to and vest in the company as incorporated under this Ordinance for all the estate and interest of the company therein. 15

Saving of existing liabilities.

264. The registration of a company in pursuance of this Part shall not affect the rights or liabilities of the company in respect 20 of any debt or obligation incurred or any contract entered into, by, to, with, or on behalf of, the company before registration.

Continuation of existing suits.

265. All suits and other legal proceedings which at the time of the registration of a company in pursuance of this Part are pending by or against the company, or the public officer or any 25 member thereof, may be continued in the same manner as if the registration had not taken place; nevertheless execution shall not issue against the effects of any individual member of the company on any decree or order obtained in any such suit or proceeding; but, in the event of the property and effects of the company 30 being insufficient to satisfy the decree or order, an order may be obtained for winding up the company.

Effect of registration under Ordinance.

266. When a company is registered in pursuance of this Part

(i) all provisions contained in any Act of Parliament, deed of 35 settlement, contract of co-partnery, Letters Patent, or other instrument constituting or regulating the company, including, in the case of a company registered as a company limited by guarantee, the resolution declaring the amount of the guarantee, shall be deemed to be conditions and regulations of the company, 40 in the same manner and with the same incidents as if so much thereof as would, if the company had been formed under this Ordinance, have been required to be inserted in the memorandum, and the residue thereof were contained in registered articles;

(ii) all the provisions of this Ordinance shall apply to the 45 company and the members, contributories and creditors thereof, in the same manner in all respects as if it had been formed under this Ordinance subject as follows (that is to say):—

(a) the regulations in Table "A" in the First Schedule shall not apply unless adopted by special resolution; 50

(b) the provisions of this Ordinance relating to the numbering of shares shall not apply to any joint-stock company whose shares are not numbered;

(c) subject to the provisions of this section, the company shall not have power to alter any provision contained in any 55 Act of Parliament relating to the company;

(d) subject to the provisions of this section, the company shall not have power, without the sanction of the Governor in Council, to alter any provision contained in any Letters Patent relating to the company; 60

(e) the company shall not have power to alter any provision contained in a Royal Charter or Letters Patent with respect to the objects of the company;

- (f) in the event of the company being wound up, every person shall be a contributory, in respect of the debts and liabilities of the company contracted before registration, who is liable to pay or contribute to the payment of any debt or liability of the company contracted before registration, or to pay or contribute to the payment of any sum for the adjustment of the rights of the members among themselves in respect of any such debt or liability; or to pay or contribute to the payment of the costs and expenses of winding up the company, so far as relates to such debts or liabilities as aforesaid, and every contributory shall be liable to contribute to the assets of the company, in the course of the winding up, all sums due from him in respect of any such liability as aforesaid; and in the event of the death or insolvency of any contributory, the provisions of this Ordinance with respect to the legal representatives and heirs of deceased contributories, and with reference to the assignees of insolvent contributories, shall apply;
- (iii) the provisions of this Ordinance with respect to
- (a) the registration of an unlimited company as limited;
- (b) the powers of an unlimited company on registration as a limited company to increase the nominal amount of its share capital and to provide that a portion of its share capital shall not be capable of being called upon except in the event of winding up;
- (c) the power of a limited company to determine that a portion of its share capital shall not be capable of being called up except in the event of winding up;
- shall apply notwithstanding any provisions contained in any Act of Parliament, Royal Charter, deed of settlement, contract of co-partnery, Letters Patent, or other instrument constituting or regulating the company; ...
- (iv) nothing in this section shall authorise the company to alter any such provisions contained in any deed of settlement, contract of co-partnery, Letters Patent or other instrument constituting or regulating the company, as would, if the company had originally been formed under this Ordinance, have been required to be contained in the memorandum and are not authorised to be altered by this Ordinance;
- (v) nothing in this Ordinance shall derogate from any lawful power of altering its constitution or regulations which may by virtue of any Act of Parliament, deed of settlement, contract of co-partnery, Letters Patent or other instrument constituting or regulating the company, be vested in the company.

267. (1) Subject to the provisions of this section, a company registered in pursuance of this Part may by special resolution alter the form of its constitution by substituting a memorandum and article for a deed of settlement. Power to substitute memorandum and articles for deed of settlement.

(2) The provisions of this Ordinance with respect to confirmation by the Court and registration of an alteration of the objects of a company shall, so far as applicable, apply to an alteration under this section with the following modifications:—

(a) there shall be substituted for the printed copy of the altered memorandum required to be filed with the registrar a printed copy of the substituted memorandum and articles; and,

(b) on the registration of the alteration being certified by the registrar, the substituted memorandum and articles shall apply to the company in the same manner as if it were a company registered under this Ordinance with that memorandum and those articles, and the company's deed of settlement shall cease to apply to the company.

(3) An alteration under this section may be made either with or without any alteration of the objects of the company under this Ordinance.

(4) In this section the expression "deed of settlement" includes any contract of co-partnery or other instrument constituting or regulating the company, not being an Act of Parliament, a Royal Charter or Letters Patent.

268. 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 a company registered in pursuance of this Part, where the application to stay or restrain is by a creditor, extend to suits and legal proceedings against any contributory of the company. Power of Court to stay or restrain proceedings.

Suits stayed on winding up order.

269. Where an order has been made for winding up a company registered in pursuance of this Part, no suit or other legal proceeding shall be commenced or proceeded with against the company or 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. 5

PART IX.

WINDING UP OF UNREGISTERED COMPANIES.

Meaning of "unregistered company."

270. For the purposes of this Part, the expression "unregistered company" shall not include a railway company 10 incorporated by Act of Parliament or under the Indian Companies Act, 1882, as applied to the Protectorate or under this Ordinance, but, save as aforesaid, shall include any partnership, association or company consisting of more than seven members.

Winding up of unregistered companies.

271. (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:— 15

(i) no unregistered company shall be wound up under this Ordinance voluntarily or subject to supervision; 20

(ii) 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 its 25 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;

(iii) an unregistered company shall, for the purposes of this 30 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 five hundred rupees then due, has served on the company, by leaving at its principal place of business, or by delivering to the secretary, or 35 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 three weeks after the service of the demand neglected to pay the sum, or to 40 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 institution of the suit or 45 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 50 company has not within ten 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, 55 damages and expenses to be incurred by him by reason of the same;

(c) if execution or other process issued on a decree or order obtained in any Court in favour of a creditor against the company, or any member thereof as such, or any person authorised 60 to be sued as nominal defendant on behalf of the company, is returned unsatisfied; and

(d) if it is otherwise proved to the satisfaction of the Court that the company is unable to pay its debts.

(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 enactment repealed by this Ordinance, except that references in any such first-named enactment to any such repealed enactment shall be read as references to the corresponding provision (if any) of this Ordinance.

272. (1) In the event of an unregistered company being wound up, every person shall be deemed to be a contributory who 10 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 costs and expenses of winding up the company, and every 15 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.

(2) In the event of any contributory dying or being adjudged insolvent, the provisions of this Ordinance with respect to the 20 legal representatives and heirs of deceased contributories, and to the assignees of insolvent contributories shall apply.

273. The provisions of this Ordinance with respect to staying and restraining suits and legal proceedings against a company at 25 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.

274. Where an order has been made for winding up an un- 30 registered company, no suit or other legal proceeding 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.

275. If an unregistered company has no power to sue and be 35 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, moveable or immoveable, including all interests and rights in, to and out of property, moveable and immoveable, and including obligations 40 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 name, and thereupon the property or the part thereof specified in the order shall vest accordingly; and the official liquidator may, after giving such indemnity (if any) as the Court 45 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.

276. The provisions of this Part with respect to unregistered 50 companies shall be in addition to, and not in restriction of, any provisions hereinbefore in this Ordinance contained with respect to winding up companies by the Court, and the Court or official liquidator may exercise any powers or do any act in the case of unregistered companies which might be exercised or done by it 55 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.

PART X.

60 COMPANIES ESTABLISHED OUTSIDE THE PROTECTORATE.

277. (1) Every company incorporated outside the Protectorate which at the commencement of this Ordinance has a place of business in the Protectorate and every such company which 65 after the commencement of this Ordinance establishes such a place of business within the Protectorate shall, within six months from the commencement of this Ordinance or within one month from the establishment of such place of business, as the case may be, file with the registrar;

Contributories in winding up of unregistered companies.

Power to stay or restrain proceedings.

Suits stayed on winding up order.

Directions as to property in certain cases.

Provisions of this Part cumulative.

Requirements as to companies established outside the Protectorate.

(a) a certified copy of the charter, statutes 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 language, a certified translation thereof; 5
 (b) the full address of the registered or principal office of the company;
 (c) a list of the directors and managers (if any) of the company;
 (d) the names and addresses of some one or more persons resident in the Protectorate authorised to accept on behalf of the company service of process and any notices required to be served on the company; and, in the event of any alteration being made in any such instrument or in such address or in the directors or managers or in the names or addresses of any such persons as aforesaid, the company shall, within the prescribed time, file with the registrar a notice of the alteration. 10 15

(2) Any process or notice required to be served on the company shall be sufficiently served, if addressed to any person whose name has been so filed as aforesaid and left at or sent by post to the address which has been so filed. 20

(3) Every company to which this section applies shall in every year file with the registrar:—

(i) 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 balance-sheet, a copy of that balance-sheet; or 25

(ii) in a case where no such provision is made by the law, for the time being in force, of the country in which the company is incorporated, such a statement in the form of a balance-sheet as such company would if it were a company formed and registered under this Ordinance, be required to file in accordance with the provisions of this Ordinance: 30 35

Provided that the Governor in Council may, by notification in the "Official Gazette" subject to such restrictions and conditions, if any, as he may therein prescribe, exempt any such company or any class of such companies from this requirement.

(4) Every company to which this section applies and which uses the word "Limited" as part of its name, shall

(a) in every prospectus inviting subscriptions for its shares or debentures in the Protectorate state the country in which the company is incorporated; and 40

(b) conspicuously exhibit on every place where it carries on business in the Protectorate the name of the company and the country in which the company is incorporated in letters easily legible in English characters; and 45

(c) have the name of the company and of the country in which the company is incorporated mentioned in legible English characters in all bill-heads and letter paper, and in all notices, advertisements and other official publications of the company. 50

(5) If any company to which this section applies fails to comply with any of the requirements of this section, the company, and every officer or agent of the company, shall be liable to a fine not exceeding seven hundred and fifty rupees or, in the case of a continuing offence, seventy-five rupees for every day during which the default continues. 55

(6) For the purposes of this section

(a) the expression "certified" means certified in the prescribed manner to be a true copy or a correct translation;

(b) the expression "place of business" includes a share transfer or share registration office; 60

(c) the expression "director" includes any person occupying the position of director, by whatever name called; and

(d) the expression "prospectus" means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase any shares or debentures of the company. 65

(7) There shall be paid to the registrar for registering any document required by this section to be filed with him a fee of five rupees or such smaller fee as may be prescribed.

PART XI.

SUPPLEMENTAL.

LEGAL PROCEEDINGS, OFFENCES, ETC.

278. (1) No Court inferior to that of a Subordinate Court of Cognizance of offences of the first class shall try any offence against this Ordinance.

(2) Notwithstanding anything in the Criminal Procedure Ordinance, 1913, every offence against this Ordinance shall, for 5 the purposes of the said Criminal Procedure Ordinance, 1913, be deemed to be non-cognizable.

279. The Court imposing any fine under this Ordinance may direct that the whole or any part thereof be applied in or towards payment of the costs of the proceedings, or in or towards the 10 rewarding of the person on whose information the fine is recovered. Applications of fines.

280. Where a limited company is plaintiff or petitioner in any suit or other legal proceeding, any Court having jurisdiction in the matter may, if it appears that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his defence, require sufficient security to be given for those costs, and may stay all proceedings until the 15 security is given. Power to require limited company to give security for costs.

281. If in any proceeding before any Court against a director of a company for negligence or breach of trust it appears to such 20 Court that the director is or may be liable in respect of the negligence or breach of trust, but has acted honestly and reasonably, and ought fairly to be excused for the negligence or breach of trust, that Court may relieve him, either wholly or partly, from his liability on such terms as the Court may think proper. Power of Court to grant relief in certain cases.

282. Whoever in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Ordinance wilfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment of either description for a term which 30 may extend to three years, and shall also be liable to fine. Penalty for false statement.

283. If any person or persons trade or carry on business under any name or title of which "Limited" is the last word, that person or those persons shall, unless duly incorporated with limited liability, be liable to a fine not exceeding seventy-five rupees for 35 every day upon which that name or title has been used. Penalty for improper use of word "Limited."

284. The provisions of this Ordinance with respect to winding up shall not apply to any company of which the winding up has commenced before the commencement of this Ordinance, but every such company shall be wound up in the same manner and 40 with the same incidents as if this Ordinance had not been passed, and, for the purposes of the winding up, the Indian Companies Act, 1882, as applied to the Protectorate shall be deemed to remain in full force. Saving of pending proceedings for winding up.

285. Every instrument of transfer or other document made 45 before the commencement of this Ordinance in pursuance of any enactment hereby repealed, shall be of the same force as if this Ordinance had not been passed, and for the purposes of that instrument or document the repealed enactment shall be deemed to remain in full force. Saving of document.

286. (1) The office existing at the commencement of this Ordinance for registration of joint-stock companies shall be continued as if it had been established under this Ordinance. 50 Former registration office, registers, and registrar continued.

(2) Registers of companies kept in such existing office shall respectively be deemed part of the registers of companies to be 55 kept under this Ordinance.

(3) The existing registrar and officers in that office shall, during the pleasure of the Governor, hold the office and receive the salaries hitherto held and received by them, but subject to any regulations of the Governor with regard to the execution of 60 their duties.

287. Nothing in this Ordinance shall affect the provisions of the Bank Ordinance, 1910. Saving of Bank Ordinance 1910.

Repeal of Act and savings.

288. (1) The enactments mentioned in the Fourth Schedule are hereby repealed to the extent specified in the fourth column thereof:

Provided that the repeal shall not affect

(a) the incorporation of any company registered under any enactment hereby repealed; nor 5

(b) Table "A" in the First Schedule annexed to the Indian Companies Act, 1882, as applied to the Protectorate or any part thereof so far as the same applies to any company existing at the commencement of this Ordinance. 10

(2) All fees directed, resolutions passed and other things duly done under any enactment hereby repealed, shall be deemed to have been directed, passed or done under this Ordinance.

SCHEDULES.

THE FIRST SCHEDULE. 15

(See Sections 2, 17, 18, 79, 266.)

TABLE "A."

REGULATIONS FOR MANAGEMENT OF A COMPANY LIMITED BY SHARES.

PRELIMINARY.

1. In these regulations, unless the context otherwise requires, 20 expressions defined in the Companies Ordinance, 1916, or any statutory modification thereof in force at the date at which these regulations become binding on the company, shall have the meanings so defined; and words importing the singular shall include the plural, and *vice versa*, and words importing the masculine 25 gender shall include females, and words importing persons shall include bodies corporate.

BUSINESS.

2. The directors shall have regard to the restrictions on the commencement of business imposed by section 103 of the 30 Companies Ordinance, 1916, if, and so far as, those restrictions are binding upon the company.

SHARES.

3. Subject to the provisions, if any, in that behalf of the memorandum of association of the company, and without 35 prejudice to any special rights previously conferred on the holders of existing shares in the company, any share in the company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital, or otherwise, as the company may from time to 40 time by special resolution determine.

4. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the 45 necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class.

5. No share shall be offered to the public for subscription except upon the terms that the amount payable on application shall be at least five per cent. of the nominal amount of the share; 55 and the directors shall, as regards any allotment of shares, duly comply with such of the provisions of sections 101 and 104 of the Companies Ordinance, 1916, as may be applicable thereto.

6. Every person whose name is entered as a member in the register of members shall, without payment, be entitled to a certificate under the common seal of the company specifying the share or shares held by him and the amount paid up thereon:
 5 Provided that, in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint-holders shall be sufficient delivery to all.

7. If a share certificate is defaced, lost or destroyed, it may
 10 be renewed on payment of such fee, if any, not exceeding fifty cents, and on such terms, if any, as to evidence and indemnity as the directors think fit.

8. No part of the funds of the company shall be employed in the purchase of, or in loans upon the security of, the company's
 15 shares.

LIEN.

9. The company shall have a lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and
 20 the company shall also have a lien on all shares (other than fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. The
 25 company's lien, if any, on a share shall extend to all dividends payable thereon.

10. The company may sell, in such manner as the director thinks fit, any shares on which the company has a lien, but no sale shall be made unless some sum in respect of which the lien
 30 exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled by reason of his
 35 death or insolvency to the share.

11. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior
 40 to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see to the application of the purchase-money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference
 45 to the sale.

CALLS ON SHARES.

12. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, provided that no call shall exceed one-fourth of the nominal
 50 amount of the share, or be payable at less than one month from the last call; and each member shall (subject to receiving at least fourteen days' notice specifying the time or times of payments) pay to the company at the time or times so specified the amount called on his shares.

55 13. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

14. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the
 60 rate of five per cent. per annum from the day appointed for the payment thereof to the time of the actual payment, but the directors shall be at liberty to waive payment of that interest wholly or in part.

15. The provisions of these regulations as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified. 5

16. The directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

17. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of the company in general meeting, six per cent.) as may be agreed upon between the member paying the sum in advance and the directors. 10 15

TRANSFER AND TRANSMISSION OF SHARES.

18. The instrument of transfer of any share in the company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof 20

19. Shares in the company shall be transferred in the following form, or in any usual or common form which the directors shall approve:— 25

I, A. B. of , in consideration of the sum of rupees paid to me by C. D. of (hereinafter called "the said transferee"), do hereby transfer to the said transferee the share (or shares) numbered 30 in the undertaking called the Company, Limited, to hold unto the said transferee, his executors administrators and assigns, subject to the several conditions on which I held the same at the time of the execution thereof, and I, the said transferee, do hereby agree to take the said share (or 35 shares) subject to the conditions aforesaid.

As witness our hands the day of

Witness to the signatures of, etc.

20. The directors may decline to register any transfer of shares, not being fully-paid shares, to a person whom they do not approve, and may also decline to register any transfer of shares on which the company has a lien. The directors may also suspend the registration of transfers during the fourteen days immediately preceding the ordinary general meeting in each year. The directors may decline to recognise any instrument of transfer 45 unless

(a) a fee not exceeding two rupees is paid to the company in respect thereof; and

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence 50 as the directors may reasonably require to show the right of the transferor to make the transfer.

21. The executors or administrators of a deceased sole holder of a share shall be the only persons recognised by the company as having any title to the share. In the case of a share registered 55 in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor, shall be the only persons recognised by the company as having any title to the share.

22. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made; but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or insolvent person before the death or insolvency.

23. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

FORFEITURE OF SHARES.

24. If a member fails to pay any call or instalment of a call on the day appointed thereof, the directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

25. The notice shall name a further day (not earlier than the expiration of fourteen days, from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

27. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

28. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all moneys which, at the date of forfeiture, were presently payable by him to the company in respect of the shares, but his liability shall cease if and when the company receive payment in full of the nominal amount of the shares.

29. A duly verified declaration in writing that the declarant is a director of the company; and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration, and the receipt of the company for the consideration, if any, given for the share on the sale or disposition thereof, shall constitute a good title to the share, and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase-money (if any), nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

30. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK.

31. The directors may, with the sanction of the company previously given in general meeting, convert any paid-up shares into stock, and may with the like sanction re-convert any stock into paid-up shares of any denomination.

32. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as, and subject to which, the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; but the directors may from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose. 5 10

33. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company) shall be conferred by any such aliquot part of stock as would not, if 15 existing in shares, have conferred that privilege or advantage. 20

34. Such of the regulations of the company (other than those relating to share-warrants), as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder." 25

SHARE-WARRANTS.

35. The company may issue share-warrants, and accordingly the directors may in their discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the directors may from time to time require as to the identity of the person signing the request, and on receiving the certificate (if any) of the share, and the amount of the stamp-duty on the warrant and such fee as the directors may from time to time require, issue under the company's seal 30 35 a warrant, duly stamped, stating that the bearer of the warrant is entitled to the shares therein specified, and may provide by coupons or otherwise for the payment of dividends, or other moneys, on the shares included in the warrant.

36. A share-warrant shall entitle the bearer to the shares included in it, and the share shall be transferred by the delivery of the share-warrant, and the provisions of the regulations of the company with respect to transfer and transmission of shares shall not apply thereto. 40

37. The bearer of a share-warrant shall, on surrender of the warrant to the company for cancellation, and on payment of such sum as the directors may from time to time prescribe, be entitled to have his name entered as a member in the register of members in respect of the shares included in the warrant. 45

38. The bearer of a share-warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiration of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant. Not more than one person shall be recognised as depositor of the share-warrant. The company shall, on two days' written notice, return the deposited 50 55 share-warrant to the depositor. 60

39. Subject as herein otherwise expressly provided, no person shall, as bearer of a share-warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of a member at a meeting of the company, or be entitled to receive any notices from the company; but the bearer of a share-warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the company. 65

40. The directors may from time to time make rules as to the terms on which (if they shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

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ALTERATION OF CAPITAL.

41. The directors may, with the sanction of an extraordinary resolution of the company, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

- 10 42. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the 15 circumstances admit, to the amount of the existing shares to which they are entitled.

The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of 20 that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the company. The directors may likewise so dispose of any new shares which (by reason of the ratio 52 which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion of the directors be conveniently offered under this article.

43. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

44. The company may, by special resolution,

- (a) consolidate and divide its share capital into shares of larger amount than its existing shares;
- 35 (b) by sub-division of its existing shares or any of them, divide the whole or any part of its share capital into shares of smaller amount than is fixed by the memorandum of association, subject, nevertheless, to the provisions of paragraph (d) of sub-section (1) of section 50 of the Companies Ordinance, 40 1916.
- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person;
- 45 (d) reduce its share capital in any manner and with, and subject to, any incident authorised, and consent required, by law.

GENERAL MEETINGS.

45. The statutory general meeting of the company shall be held within the period required by section 77 of the Companies Ordinance, 1916.

46. A general meeting shall be held once in every year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as may be prescribed by the company in general meeting, or, in default, at such time in the month following that in which the anniversary of the company's incorporation occurs, and at such place as the directors shall appoint. In default of a general meeting being so held, a general meeting shall be held in the month next following, and may be called by any two members in the same manner as 60 nearly as possible as that in which meetings are to be called by the directors.

47. The above mentioned general meetings shall be called ordinary meetings; all other meetings shall be called extraordinary.

48. The directors may, whenever they think fit, call an extraordinary general meeting, and extraordinary general meetings shall also be called on such requisition, or in default, may be called by such requisitionists, as provided by section 78 of the Companies Ordinance, 1916. If at any time there are not within the Protectorate sufficient directors capable of acting to form a quorum, any director or any two members of the company may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the directors.

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PROCEEDINGS AT GENERAL MEETING.

49. Fourteen days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, 15 the general nature of that business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company; but the non-receipt of the notice 20 by any member shall not invalidate the proceedings at any general meeting.

50. All business shall be deemed special that is transacted at an extraordinary meeting, and all that is transacted at an ordinary meeting with the exception of sanctioning a dividend, the consideration of the accounts, balance-sheets, and the ordinary report of the directors and auditors, the election of directors and other officers in the place of those retiring by rotation, and the fixing of the remuneration of the auditors.

51. No business shall be transacted at any general meeting 30 unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, three members personally present shall be a quorum.

52. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the 35 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 shall be a quorum.

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53. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company.

54. 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, the 45 members present shall choose some one of their number to be chairman.

55. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to 50 place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, 55 it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

56. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) 60 demanded by at least three members, and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority or lost, and an entry to that effect in the book of the proceedings of the company shall be conclusive 65 evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

57. If a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll 70 was demanded.

58. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

- 5 59. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS.

- 10 60. On a show of hands every member present in person shall have one vote. On a poll every member shall have one vote for each share of which he is the holder.

- 15 61. In the case of joint-holders, the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

62. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

- 25 68. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

64. On a poll votes may be given either personally or by proxy: Provided that no company shall vote by proxy as long as a resolution of its directors in accordance with the provisions of section 80 of the Companies Ordinance, 1916, is in force.

- 30 65. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney so authorised. No person shall act as a proxy unless either he is
35 entitled on his own behalf to be present and vote at the meeting at which he acts as proxy, or he has been appointed to act at that meeting as proxy for a corporation.

- that meeting as proxy for a corporation.

66. The instrument appointing a proxy and the power-of-attorney or other authority (if any), under which it is signed or
40 a notarially certified copy of that power or authority shall be deposited at the registered office of the company not less than seventy-two hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

- 45 67. An instrument appointing a proxy may be in the following form, or in any other form which the directors shall approve:

COMPANY, LIMITED.

"I of in the district
of , being a member of the
50 Company, Limited, hereby appoint of
as my proxy to vote for me and on my
behalf at the (ordinary or extraordinary, as the case may be)
general meeting of the company to be held on the
day of and at any adjournment thereof."
55 "Signed this day of ."

DIRECTORS.

68. The number of the directors and the names of the first directors shall be determined in writing by a majority of the subscribers of the memorandum of association.

- 60 69. The remuneration of the directors shall from time to time be determined by the company in general meeting.

70. The qualification of a director shall be the holding of at least one share in the company, and it shall be his duty to comply with the provisions of section 85 of the Companies Ordinance,
65 1916.

POWERS AND DUTIES OF DIRECTORS.

71. The business of the company shall be managed by the directors, who may pay all expenses incurred in getting up and registering the company, and may exercise all such powers of the company as are not, by the Companies Ordinance, 1916, or any statutory modification thereof for the time being in force, or by these articles, required to be exercised by the company in general meeting, subject nevertheless to any regulation of these articles, to the provisions of the said Ordinance, and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made

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72. The directors may from time to time appoint one or more of their body to the office of managing director or manager for such term, and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as they may think fit, and a director so appointed shall not, while holding that office, be subject to retirement by rotation, or taken into account in determining the rotation of retirement of directors, but his appointment shall be subject to determination *ipso facto* if he ceases from any cause to be a director, or if the company in general meeting resolve that his tenure of the office of managing director or manager be determined.

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

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74. The directors shall duly comply with the provisions of the Companies Ordinance, 1916, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the property of the company or created by it, and to keeping a register of the directors, and to sending to the registrar an annual list of members, and a summary of particulars relating thereto and notice of any consolidation or increase of share capital, or conversion of shares into stock, and copies of special resolutions and a copy of the register of directors and notifications of any changes therein.

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75. The directors shall cause minutes to be made in books provided for the purpose

(a) of all appointments of officers made by the directors;
 (b) of the names of the directors present at each meeting of the directors and of any committee of the directors;

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(c) of all resolutions and proceedings at all meetings of the company, and, of the directors, and of committees of directors; and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose.

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THE SEAL.

76. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the board of directors, and in the presence of at least two directors and of the secretary or such other person as the directors may appoint for the purpose; and those two directors and secretary or other person as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

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DISQUALIFICATION OF DIRECTORS.

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77. The office of director shall be vacated if the director
 (a) ceases to be a director by virtue of section 85 of the Companies Ordinance, 1916; or

(b) holds or any partner of his, or the firm of which he is a member, holds any other office of profit under the company except that of managing director or manager; or

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(c) is adjudged insolvent; or

(d) is found lunatic or become of unsound mind; or

- (e) is concerned or participates in the profit of any contract with the company; or
 (f) is punished with imprisonment for a term exceeding six months:
- 5 Provided, however, that no director shall vacate his office by reason of his being a member of any company which has entered into contracts with, or done any work for, the company of which he is director; but a director shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.
- 10

ROTATION OF DIRECTORS.

78. At the first ordinary meeting of the company, the whole of the directors shall retire from office, and at the ordinary meeting in every subsequent year, one-third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

79. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

80. A retiring director shall be eligible for re-election.

81. The company at the general meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

82. If at any meeting at which an election of directors ought to take place, the places of the vacating directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place, and, if at the adjourned meeting the places of the vacating directors are not filled up, the vacating directors or such of them as have not had their places filled up shall be deemed to have been re-elected at the adjourned meeting.

83. The company may from time to time in general meeting increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

84. Any casual vacancy occurring on the board of directors may be filled up by the directors, but the person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

85. The directors shall have power at any time and from time to time, to appoint a person as an additional director who shall retire from office at the next following ordinary general meeting, but shall be eligible for election by the company at that meeting as an additional director.

86. The company may by extraordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

PROCEEDINGS OF DIRECTORS.

87. The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of directors.

88. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall (when the number of directors exceeds three) be three.

89. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the necessary quorum of directors, the continuing directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.

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90. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting. 5

91. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be 10 imposed on them by the directors.

92. A committee may elect a chairman of their meetings: if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their 15 number to be chairman of the meeting.

93. A committee may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and, in case of an equality of votes, the chairman shall have a second or casting vote. 20

94. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such directors or persons acting as aforesaid, or that they or any of them were disqualified, 25 be as valid as if every such person had been duly appointed and was qualified to be a director.

DIVIDENDS AND RESERVE.

95. The company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the 35 directors.

96. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

97. No dividends shall be paid otherwise than out of profits. 40

98. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the company, dividends may be declared and paid according to 45 the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.

99. The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they 50 think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the directors may from time to time think fit. 55

100. If several persons are registered as joint-holders of any share, any one of them may give effectual receipts for any dividend 60 payable on the share.

101. Notice of any dividend that may have been declared shall be given in manner hereinafter mentioned to the persons entitled to share therein.

102. No dividend shall bear interest against the company. 65

ACCOUNTS.

103. The directors shall cause true accounts to be kept

(a) of the sums of money received and expended by the company, and the matter in respect of which such receipt and expenditure takes place; and

(b) of the assets and liabilities of the company. 70

104. The books of account shall be kept at the registered office of the company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors. 75

105. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books 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 or book or document of the company except as conferred by law or authorised by the directors or by the company in general meeting.

106. Once at least in every year the directors shall lay before the company in general meeting a profit and loss account for the period since the preceding account or (in the case of the first account) since the incorporation of the company, made up to a date not more than six months before such meeting.

107. The profit and loss account shall show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting, and, in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one 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 year.

108. A balance-sheet shall be made out in every year and laid before the company in general meeting up to a date not more than six months before such meeting. The balance-sheet shall be accompanied by a report of the directors as to the state of the company's affairs, and the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to a reserve fund.

109. A copy of the balance-sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

110. The directors shall in all respects comply with the provisions of sections 130 to 135 of the Companies Ordinance, 1916, or any statutory modification thereof for the time being in force.

AUDIT.

111. Auditors shall be appointed and their duties regulated in accordance with sections 144 and 145 of the Companies Ordinance, 1916, or any statutory modification thereof for the time being in force.

NOTICES.

112 (1) A notice may be given by the company to any member either personally or by sending it by post to him to his registered address, or (if he has no registered address in the Protectorate) to the address, if any, within the Protectorate 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.

113. If a member has no registered address in the Protectorate and has not supplied to the company an address within the Protectorate for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the company shall be deemed to be duly given to him on the day on which the advertisement appears.

114. 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.

115. A notice may be given by the company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in the Protectorate supplied for the purpose by the persons 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. 10

116. Notice of every general meeting shall be given in some manner hereinbefore authorised to (a) every member of the company (including bearers of share-warrants) except those members who (having no registered address within the Protectorate) have not supplied to the company an address within the Protectorate for the giving of notices to them, and also to (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. No other persons shall be entitled to receive notices of general meetings. 15 20

TABLE "B."

(See Sections 259 and 262.)

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TABLE OF FEES TO BE PAID TO THE REGISTRAR.

I.—BY A COMPANY HAVING A SHARE CAPITAL.

1. For registration of a company whose nominal share capital does not exceed Rs. 20,000, a fee of ...	40 00
2. For registration of a company whose nominal share capital exceeds Rs. 20,000, the above fee of forty rupees, with the following additional fees regulated according to the amount of nominal capital (that is to say):—	30
For every 10,000 rupees of nominal share capital or part of 10,000 rupees, after the first 20,000 rupees up to 50,000 rupees	35 20 00
For every 10,000 rupees of nominal share capital, or part of 10,000 rupees, after the first 50,000 rupees up to 10,00,000 rupees	5 00 40
For every 10,000 rupees of nominal share capital, or part of 10,000 rupees, after the first 10,00,000 rupees	1 00
3. For registration of any increase of share capital made after the first registration of the company, the same fees per 10,000 rupees or part of 10,000 rupees as would have been payable if such increased share capital had formed part of the original share capital at the time of registration: Provided that no company shall be liable to pay in respect of nominal share capital on registration, or afterwards, any greater amount of fees than 1,000 rupees taking into account, in the case of fees payable on an increase of share capital after registration, the fees paid on registration.	45 50 55
4. For registration of any existing company, except such companies as are by this Ordinance exempted from payment of fees in respect of registration under this Ordinance, the same fee as is charged for registering a new company.	

5	For filing any document by this Ordinance required or authorised to be filed, other than the memorandum or the abstract required to be filed with the registrar by a receiver or the statement required to be filed with the registrar by the liquidator in a winding up	5 00
6	For making a record of any fact by this Ordinance authorised or required to be recorded by the registrar, a fee of	5 00
10 II.—BY A COMPANY NOT HAVING A SHARE CAPITAL.		
15	1. For registration of a company whose number of members, as stated in the articles of association, does not exceed 20	40 00
20	2. For registration of a company whose number of members, as stated in the articles of association, exceeds 20, but does not exceed 100	100 00
25	3. For registration of a company whose number of members, as stated in the articles of association, exceeds 100, but is not stated to be unlimited, the above fee of Rs. 100 with an additional Rs. 5 for every 50 members, or less number than 50 members, after the first 100.	400 00
30	4. For registration of a company in which the number of members is stated in the articles of association to be unlimited, a fee of	5 00
35	5. For registration of any increase on the number of members made after the registration of the company, the same fees as would have been payable if such increase had been stated in the articles of association at the time of registration Provided that no one company shall be liable to pay on the whole a greater fee than Rs. 400 in respect of its number of members, taking into account the fee paid on the first registration of the company.	5 00
40	6. For registration of any existing company except such companies as are by this Ordinance exempted from payment of fees in respect of registration under this Ordinance, the same fee as is charged for registering a new company.	
45	7. For filing any document by this Ordinance required or authorised to be filed, other than the memorandum or the abstract required to be filed with the registrar by a receiver or the statement required to be filed with the registrar by the liquidator in a winding up	5 00
	8. For making a record of any fact by this Ordinance authorised or required to be recorded by the registrar, a fee of	5 00

THE SECOND SCHEDULE.

(SEE SECTION 98).

STATEMENT IN LIEU OF PROSPECTUS.

FILED BY

LIMITED.

pursuance to section 98 of the Companies Ordinance, 1916.

Presented for filing by The Companies Ordinance, 1916.

LIMITED.

STATEMENT IN LIEU OF PROSPECTUS

The nominal share capital of the company.	Rs.
Divided into.	Share of Rs. each. " " " " " "
Names, descriptions and addresses of directors or proposed directors and of the managers or proposed managers.	
Minimum subscription (if any) fixed by the memorandum or articles of association on which the company may proceed to allotment.	
Number and amount of shares and debentures agreed to be issued as fully or partly paid up otherwise than in cash.	1. shares of Rs. fully paid. 2. shares upon which Rs. per share credited as paid 3. Debenture Rs. 4. Consideration.
Names and addresses of (a) vendors of property purchased or acquired. (b) or proposed to be purchased or acquired by the company.	
Amount (in cash, shares or debentures) payable to each separate vendor.	
Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill.	Total purchased price Rs. Cash " Shares " Debentures " Goodwill Rs.
Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company or Rate of the commission.	Amount paid. " payable. Rate per cent.

(a) For definition of vendor, see section 94 of the Companies Ordinance, 1916.

(b) See section 95 of the Companies Ordinance, 1916.

THE SECOND SCHEDULE.—*Contd.*

Estimated amount of preliminary expenses.	Rs.
Amount paid or intended to be paid to any promoter.	Name of promoter amount Rs.
Consideration for the payment.	Consideration :—
Dates of, and parties to every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the filing of this statement.)	
Time and place at which the contracts or copies thereof may be inspected.	
Names and addresses of the auditors of the company (if any).	
Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares, or otherwise by any person either to induce him to become, or to qualify him as a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.	
Whether the articles contain any provisions precluding holders of shares or debentures receiving and inspecting balance-sheets or reports of the auditors or other reports.	Nature of the provisions.
Signature of the persons abovenamed as directors or proposed directors, or of their agents authorised in writing.)

THE THIRD SCHEDULE.

FORM "A."

(See Sections 6 and 151.)

MEMORANDUM OF ASSOCIATION OF A COMPANY
LIMITED BY SHARES.

1st.—The name of the company is "The African Steam Packet Company, Limited."

2nd.—The registered office of the company will be situate in the Protectorate.

3rd.—The objects for which the company is established are "the conveyance of passengers and goods in ships or boats between such places as the company may from time to time determine, and the doing of all such other things as are incidental or conducive to the attainment of the above object."

4th.—The liability of the members is limited.

5th.—The share capital of the company is two hundred thousand rupees, divided into one thousand shares of two hundred rupees each.

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

Names, addresses and descriptions of subscribers.	Number of shares taken by each subscriber.
1. A.B., of Merchant. ...	200
2. C.D., " "	25
3. E.F., " "	30
4. G.H., " "	40
5. I.J., " "	15
6. K.L., " "	5
7. M.N., " "	10
Total shares taken ...	325

Dated the day of 19 .

Witness to the above signatures,

X. Y., of

FORM "B."

(See Sections 7 and 151.)

MEMORANDUM AND ARTICLES OF ASSOCIATION OF
A COMPANY LIMITED BY GUARANTEE, AND NOT
HAVING A SHARE CAPITAL.

MEMORANDUM OF ASSOCIATION.

1st.—The name of the company is "The Mutual Mombasa Marine Association, Limited."

2nd.—The registered office of the company will be situate in Mombasa.

3rd.—The objects for which the company is established are "the mutual assurance of ships belonging to members of the company, and the doing of all such other things as are incidental or conducive to the attainment of the above object."

4th.—The liability of the members is limited.

5th.—Every member of the company 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 the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one hundred rupees.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS.

"1. A. B. of		, merchant.
"2. C. D. of		"
"3. E. F. of		"
"4. G. H. of		"
"5. I. J. of		"
"6. K. L. of		"
"7. M. N. of		"

Dated the day of 19

Witness to the above signatures—

X. Y. of

ARTICLES OF ASSOCIATION TO ACCOMPANY
PRECEDING MEMORANDUM OF ASSOCIATION.

NUMBER OF MEMBERS.

1. The company for the purpose of registration is declared to consist of five hundred members.

2. The directors hereinafter mentioned may, whenever the business of the association requires it, register an increase of members.

DEFINITION OF MEMBERS.

3. Every person shall be deemed to have agreed to become a member of the company who insures any ship or share in a ship in pursuance of the regulations hereinafter contained.

GENERAL MEETINGS.

4. The first general meeting shall be held at such time, not being less than one month nor more than three months after the incorporation of the company, and at such place, as the directors may determine.

5. A general meeting shall be held once in every year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as may be prescribed by the company in general meeting, or, in default, at such time in the month following that in which the anniversary of the company's incorporation occurs, and at such place, as the directors shall appoint. In default of a general meeting being so held, a general meeting shall be held in the month next following, and may be called by any two members in the same manner as nearly as possible as that in which meetings are to be called by the directors.

6. The above-mentioned general meetings shall be called ordinary meetings; all other general meetings shall be called extraordinary.

7. The directors may, whenever they think fit, and shall, on a requisition made in writing by any five or more members, call an extraordinary general meeting.

8. Any requisition made by the members must state the object of the meeting proposed to be called, and must be signed by the requisitionists and deposited at the registered office of the company.

9. On receipt of the requisition the directors shall forthwith proceed to call a general meeting. If they do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any other five members may themselves call a meeting.

PROCEEDINGS AT GENERAL MEETINGS.

10. Fourteen days' notice at the least, specifying the place, the day and the hour of meeting, and in case of special business the general nature of the business, shall be given to the members in manner hereinafter mentioned or in such other manner (if any) as may be prescribed by the company in general meeting; but the non-receipt of such notice by any member shall not invalidate the proceedings at any general meeting.

11. All business shall be deemed special that is transacted at an extraordinary meeting, and all that is transacted at an Ordinary meeting, with the exception of the consideration of the accounts, balance-sheets and the ordinary report of the directors and auditors, the election of directors and other officers in the place of those retiring by rotation, and the fixing of remuneration of the auditors.

12. No business shall be transacted at any meeting except the declaration of a dividend, unless a quorum of members is present at the commencement of the business. The quorum shall be ascertained as follows (that is to say):—If the members of the company at the time of the meeting do not exceed ten in number, the quorum shall be five; if they exceed ten, there shall be added to the above quorum one for every five additional members with this limitation, that no quorum shall in any case exceed ten.

13. If within one hour from the time appointed for the meeting a quorum of members is not present, the meeting, if called on the requisition of the members, shall be dissolved; in any other case it shall stand adjourned to the same day in the following week at the same time and place; and if at such adjourned meeting a quorum of members is not present, it shall be adjourned *sine die*.

14. The chairman (if any) of the directors shall preside as chairman at every general meeting of the company.

15. If there is no such chairman, or if at any meeting he is not present at the time of holding the same, the members present shall choose some one of their number to be chairman of that meeting.

16. The chairman may, with the consent of the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

17. At any general meeting, unless a poll is demanded by at least three members, a declaration by the chairman that a resolution has been carried, and an entry to that effect in the book of proceedings of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

18. If a poll is demanded in manner aforesaid, the same shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

VOTES OF MEMBERS.

19. Every member shall have one vote and no more.

20. If any member is a lunatic or idiot, he may vote by his committee or other legal guardian.

21. No member shall be entitled to vote at any meeting unless all moneys due from him to the company have been paid.

22. On a poll votes may be given either personally or by proxy: Provided that no company shall vote by proxy as long as a resolution of its directors in accordance with the provisions of section 80 of the Companies Ordinance, 1916, is in force. A proxy shall be appointed in writing under the hand of the appointor, or if such appointor is a corporation, under its common seal.

23. (1) No person shall act as a proxy unless he is a member, or unless he is appointed to act at the meeting as a proxy for a corporation.

(2) The instrument appointing him shall be deposited at the registered office of the company not less than forty-eight hours before the time of holding the meeting at which he proposes to vote.

24. Any instrument appointing a proxy shall be in the following form:—

COMPANY, LIMITED.

I, of the Company, Limited, hereby appoint of proxy, to vote for me and on my behalf at the (ordinary or extraordinary, as the case may be) general meeting of the company to be held on the day of and at any adjournment thereof.

Signed this day of

DIRECTORS.

25. The number of the directors and the names of the first directors shall be determined by the subscribers of the memorandum of association.

26. Until directors are appointed, the subscribers of the memorandum of association shall, for all the purposes of the Companies Ordinance, 1916, be deemed to be directors.

POWERS OF DIRECTORS.

27. The business of the company shall be managed by the directors, who may exercise all such powers of the company as are not by the Companies Ordinance, 1916, or by any statutory modification thereof for the time being in force, or by these articles, required to be exercised by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

ELECTIONS OF DIRECTORS.

28. The directors shall be elected annually by the company in general meeting.

BUSINESS OF COMPANY.

(Here insert rules as to mode in which business of insurance is to be conducted.)

AUDIT.

29. Auditors shall be appointed and their duties regulated in accordance with sections 144 and 145 of the Companies Ordinance, 1916, or any statutory modification thereof for the time being in force, and for this purpose the said sections shall have effect as if the word "members" were substituted for "shareholders," and as if "first general meeting" were substituted for "statutory meeting."

NOTICES.

30. A notice may be given by the company to any member either personally, or by sending it by post to him to his registered address.

31. 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.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS.

"1. A. B. of		, merchant.
"2. C. D. of		"
"3. E. F. of		"
"4. G. H. of		"
"5. I. J. of		"
"6. K. L. of		"
"7. M. N. of		"

Dated the day of 19

Witness to the above signatures—

X. Y. of

FORM "C."

(See Sections 7 and 151.)

MEMORANDUM AND ARTICLES OF ASSOCIATION OF A
 COMPANY LIMITED BY GUARANTEE, AND HAVING
 A SHARE CAPITAL.

MEMORANDUM OF ASSOCIATION.

1st.—The name of the company is "The Snowy Mountain Hotel Company, Limited."

2nd.—The registered office of the company will be situate in the Province of Kenia.

3rd.—The objects for which the company is established are 'the facilitating travelling in the snowy mountain, by providing hotels and conveyances by sea and by land for the accommodation of travellers, and the doing of all such other things as are incidental or conducive to the attainment of the above object.'

4th.—The liability of the members is limited.

5th.—Every member of the company 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 the costs, charges and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding fifty rupees.

6th.—The share capital of the company shall consist of five hundred thousand rupees, divided into five thousand shares of one hundred rupees each.

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

Names, Addresses and descriptions of subscribers.		Number of shares taken by each subscriber.
1. A.B., of	Merchant.	200
2. C.D., "	"	25
3. E.F., "	"	30
4. G.H., "	"	40
5. I.J., "	"	15
6. K.L., "	"	5
7. M.N., "	"	10
Total shares taken	...	325

Dated the day of 19

Witness to the above signatures—

X. Y. cf

ARTICLES OF ASSOCIATION TO ACCOMPANY
PRECEDING MEMORANDUM OF ASSOCIATION.

1. The share capital of the company is five hundred thousand rupees, divided into five thousand shares of one hundred rupees each.
2. The directors may, with the sanction of the company in general meeting, reduce the amount of shares in the company.
3. The directors may, with the sanction of the company in general meeting, cancel any shares belonging to the company.
4. All the articles of Table "A" of the Companies Ordinance, 1916, shall be deemed to be incorporated with these articles and to apply to the company.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS.

"1. A. B. of	, merch ^{nt} .
"2. C. D. of	"
"3. E. F. of	"
"4. G. H. of	"
"5. I. J. of	"
"6. K. L. of	"
"7. M. N. of	"

Dated the _____ day of _____ 19_____

Witness to the above signatures—

X. Y. of

FORM "D."

(See Sections 8 and 151.)

MEMORANDUM AND ARTICLES OF ASSOCIATION OF
AN UNLIMITED COMPANY HAVING A SHARE
CAPITAL.

MEMORANDUM OF ASSOCIATION.

1st.—The name of the company is "The Patent Stereotype Company."

2nd.—The registered office of the company will be situate in Mombasa.

3rd.—The objects for which the company is established are "the working of a patent method of founding and casting stereotype plates of which method P. Q. of Mombasa is the sole patentee."

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

Names, Addresses and Descriptions of Subscribers.	Number of shares taken by each Subscriber.
"1. A. B.	3
"2. C. D.	2
"3. E. F.	1
"4. G. H.	2
"5. I. J.	2
"6. K. L.	1
"7. M. N.	1
Total shares taken ...	12

Dated the _____ day of _____ 19____

Witness to the above signatures.

X. Y., of

ARTICLES OF ASSOCIATION TO ACCOMPANY THE PRECEDING
MEMORANDUM OF ASSOCIATION.

1. The share capital of the company is twenty thousand rupees, divided into twenty share of one thousand rupees each.
 2. All the articles of Table "A" of the Companies Ordinance, 1916, shall be deemed to be incorporated with these articles, and to apply to the company.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS.

- “1. A. B. of , merchant.
“2. C. D. of
“3. E. F. of
“4. G. H. of
“5. I. J. of
“6. K. L. of
“7. M. N. of

Dated the _____ day of _____ 19____

Witness to the above signatures.

X. Y. of

FORM "E."

A'S REQUIRED BY PART II. OF THE ORDINANCE.

(See Section 32.)

Summary of Share Capital and Shares of the Company,

(being the day of the first ordinary general meeting in 19 .)

Nominal share capital Rs.....divided } shares of Rupees each
into*

Total number of shares taken up* to the.....day
of.....191 . which number must agree
with the total shown in the list as held by existing
members.

Number of shares issued subject to payment wholly in cash.

Number of shares issued as fully paid up otherwise than in cash.

Number of shares issued as partly paid up to the extent of per share otherwise than in cash)

† There has been called up on each — of shares Rs.

There has been called up on each — of shares Rs.

There has been called up on each — of shares Rs.

‡ Total amount of calls received, including payments }
on application and allotment. } Rs.

Total amount (if any) agreed to be considered as }
paid on shares which have been issued as fully paid }
up otherwise than in cash. } Rs.

Total amount (if any) agreed to be considered as }
paid on shares which have been issued as partly }
paid up to the extent of.....per share. } Rs.

Total amount of calls unpaid | Rs.

Total amount (if any) of sums paid by way of commis- }
sion in respect of shares or debentures or allowed }
by way of discount since date of last summary. } Rs.

Total amount (if any) paid on §shares forfeited. | Rs.

Total amount of shares and stock for which share- }
warrants are outstanding. } Rs.

Total amount of share-warrants issued and surren- }
dered respectively since date of last summary. } Rs.

Number of shares or amount of stock comprised in }
each share-warrant. } Rs.

Total amount of debt due from the company in respect }
of all mortgages and charges which are required }
to be registered with the registrar under this }
Ordinance. } Rs.

* When there are shares of different kinds or amounts (e.g. Preference and Ordinary or Rs. 200 or Rs. 100) state the numbers and nominal values separately.

† Where various amounts have been called or there are shares of different kinds, state them separately.

‡ Include what has been received on forfeited as well as on existing shares.

§ State the aggregate number of shares forfeited.

List of Persons holding shares in the Company, Limited,
on the _____ day of _____ 19_____, and of
persons who have held shares herein at any time since the date
of the last return, showing their names and addresses and an
account of the shares so held.

Folio in register ledger containing particulars.	Names, Addresses and Occupations.				Account of shares.				Remarks.	
	Name in full.	Father's name.	Address.	Occupation or caste.	* Number of Shares held by existing Members at Date of Return.	Number. †	Date of Registration of Transfer.	Number. ‡	Date of Registration of Transfer.	

* State the aggregate number of shares forfeited (if any).

† The aggregate number of shares held, and not the distinctive numbers, must be stated and the column must be added up throughout so as to make one total to agree with that stated in the summary to have been taken up.

‡ When the shares are of different classes, these columns may be subdivided so that the number of each class held or transferred may be shown separately.

§ The date of registration of each transfer should be given as well as the number of shares transferred on each date. The particulars should be placed opposite the name of the transferer and not opposite to that of the transferee, but the name of the transferee may be inserted in the Remarks column immediately opposite the particulars of each transfer.

Names and addresses of the persons who are the Directors
of the , Limited, on the
day of 19 .

Names.	Addresses.

Name and addresses of the persons who are the managers of
the , Limited on the day of
19 .

Names.	Addresses.

NOTE.—Banking companies must add a list of all their places of business.

I, do hereby certify that the above list and summary truly and correctly states the facts as they stood on the day of 191 .

Signature.....

(State whether director, manager or secretary).

FORM "F."

(See Section 132).

LIMITED.

Balance sheet as at.....19.....

CAPITAL AND LIABILITIES.	Rs.	Cts.	Rs.	Cts.	PROPERTY AND ASSETS.	Rs.	Cts.	Rs.	Cts.
Capital :—									
Authorised Capital... shares of Rs.....each			Fixed Capital Expenditure (Distinguishing as far as possible between expenditure upon goodwill, land, buildings, leaseholds, railway sidings, plant, machinery, furniture, development of property, patents, trade mark and designs, interest paid out of Capital during construction, etc., and stating in every case the original cost and the total Depreciation written off under each head).
Issued Capital...shares of Rs.....each			Preliminary expenses... Commission or Brokerage
Subscribed Capital..... shares of Rs.....each			(Commission or Brokerage paid for underwriting or placing shares or debentures until written off).
Amount called up at Rs.....per share...			Stores and Spare Gear
Less—Calls unpaid			Loose Tools
Add—Forfeited shares (amount paid up.)	Live Stock
Reserve Fund or Development Fund			Stock in Trade
Any Sinking Fund.....			(Stating mode of valuation, e.g., cost or market-value)
Any other Fund created out of net profits			Bills of Exchange
Any Pension or Insurance Fund			Book Debts
Provision for Bad and Doubtful Debts			(Distinguishing in the case of a Bank between those considered good and in respect of which the Bank holds no security other than the debtor's personal security, and distinguishing in all cases between debts considered good and debts considered doubtful or bad. Debts due by directors or other officers of the company or any of them either severally or jointly with any other persons to be separately stated in all cases).
Loans on Mortgage or Mortgage Debenture Bonds							
Loans otherwise secured (Stating the nature of security)							
Loans unsecured							
Interest							
Accrued on Mortgages, Debentures or other Secured Loans							
Unclaimed Dividends							
Liabilities							
For Goods supplied							
,, Expenses							
,, Acceptances							
,, Other Finance							
Advance Payments and Unexpired Discounts (For the portion for which value has still to be given, e.g., in the case of the following classes of Companies—Newspaper, Fire Insurance, Theatre, Club, Banking, Steamship Companies, &c.)							

FORM "F."—(Contd.)

(See Section 132).

LIMITED.

Balance sheet as at.....19.....

CAPITAL AND LIABILITIES.	Rs.	Cts.	Rs.	Cts.	PROPERTY AND ASSETS.	Rs.	Cts.	Rs.	Cts.
Profit and Loss	Advances
Balance as per previous Balance-sheet....			(Recoverable in cash or in kind or for value to be received e.g., Rates, Taxes, Insurance, etc.)				
Less—Appropriation thereof			Investments
Balance brought forward			(Nature of Investment and mode of valuation e.g., cost or market value).				
Profit since last Balance-sheet			Interest accrued on Investments
(N.B.—These details need not be given if the same be contained in a Profit and Loss account attached to the Balance-sheet).					Cash and other Balances
Contingent Liabilities—					Amount in hand		
Claims against the Company not acknowledged as debts			Balances with agents and Bankers (in detail showing whether on Deposit or current account, etc.)		
Money for which the Company is contingently liable			Profit and Loss (giving, in the case of a debit balance, details as far as possible as in the case of a credit balance).
Arrears of Cumulative Preference Dividends							

FORM "G."

(See Section 136.)

FORM OF STATEMENT TO BE PUBLISHED BY BANKING AND INSURANCE COMPANIES AND DEPOSIT, PROVIDENT, OR BENEFIT SOCIETIES.

*The share capital of the company is Rs. divided into shares of each.

The number of shares issued is . Calls to the amount of Rs. per share have been made, under which the sum of Rs. has been received.

The liabilities of the company on the thirty-first day of December (or thirtieth of June) were:—

Debts owing to sundry persons by the Company

Under decree, Rs

On mortgages or bonds, Rs.

On notes, bills or hundis Rs.

On other contracts Rs.

On estimated liabilities Rs.

The assets of the company on that day were:—

Government securities (stating them), Rs.

Bills of exchange, hundis and promissory notes, Rs.

Cash at the Bankers, Rs.

Other securities, Rs.

* If the company has no capital divided into shares, the portion of the statement relating to capital and shares must be omitted.

THE FOURTH SCHEDULE.

(See section 290).

ENACTMENTS REPEALED.

1.	2.	3.	4.
Year.	No.	Subject or Short title.	Extent of repeal.
1882	VI	The Indian Companies Act, 1882, as applied to the Protectorate.	The whole
1887	VI	The Indian Companies Act, (1882), Amendment Act, 1887, as applied to the Protectorate.	The whole
1895	XII	The Indian Companies (Memorandum of Association) Act, 1895, as applied to the Protectorate.	The whole
1900	IV	The Indian Companies (Branch Registers) Act, 1900, as applied to the Protectorate.	The whole
1903	10	The Indian Companies Acts Application Ordinance.	The whole
1914	IV	The Arbitration Ordinance, 1913.	The second proviso to section 2 relating to the Indian Companies Act, 1882.

A Bill

Intituled

An Ordinance to prohibit the use of the word Anzac in connection with any trade, business, calling, or profession.

1. This Ordinance may be cited as the "Anzac" (Restriction on Trade Use of Word) Ordinance, 1917. Short title
and commen-
cement.

2. (1) As from the commencement of this Ordinance it shall not be lawful to use in connection with any trade, business, calling, or profession the word "Anzac" or any word closely resembling that word, without the authority of the Governor given on the request of the Government of the Commonwealth of Australia or of the Dominion of New Zealand, and this 10 prohibition shall apply notwithstanding that such word forms part of any trade mark, or of the name of any company or society or other body, which has been registered before the passing of this Ordinance. Prohibition of
the use of the
word Anzac
in connection
with any
trade, &c.

(2) If any person acts in contravention of this Ordinance 15 he shall be guilty of an offence against this Ordinance, and liable on conviction by a Magistrate holding a Subordinate Court of the 1st or 2nd Class to a fine not exceeding 150 rupees, or in the case of a second or subsequent conviction not exceeding 1,500 rupees, and when a company or society is guilty of any 20 such contravention, without prejudice to the liability of the company or society, every director, manager, secretary, or other officer of the company or society who is knowingly a party to the contravention, shall be guilty of an offence against this Ordinance and liable to the like penalty.

A Bill

Intituled

An Ordinance to amend the Diseases of Animals Ordinance, 1906.

1. This Ordinance may be cited as "The Diseases of Short title.
Animals Ordinance, 1917," and shall be read together with the
Diseases of Animals Ordinance, 1906, hereinafter called the
Principal Ordinance and all Ordinances amending the Principal
Ordinance.

2. Section 10 of the Principal Ordinance is hereby repealed
and the following section is substituted therefor :—

10. No action shall lie against the Government or any
Officer of the Administration or any local authority for any
act done in good faith under the provisions of the Diseases
of Animals Ordinance, 1906, or any amendment thereof or
of any Proclamation, Rule or Order thereunder and no
compensation shall be payable to any person for any act
done under the provisions of the aforesaid Ordinance or
any amendment thereof unless the Governor otherwise
directs, provided that, subject to the provisions of section
11 of the Principal Ordinance compensation for animals
slaughtered under the Principal Ordinance shall be paid to
the owner as follows :—that is to say, where the animal
was affected with disease one half of its value immediately
before it became so affected but so that the compensation
shall not exceed in the case of horses Rs. 300/- in the case
of mules Rs. 200/- in the case of cattle Rs. 150/- in the case
of donkeys and camels Rs. 100/- and in the case of other
animals Rs. 50/- and where the animal was not so affected
but was suspected of being so affected the value of the
animal immediately before it was slaughtered, but so that
the compensation shall not exceed in the case of horses
Rs. 600/- in the case of mules Rs. 400/- in the case of cattle
Rs. 300/- in the case of donkeys and camels Rs. 200/- and
in the case of other animals Rs. 100/-.

A Bill

Intituled

An Ordinance to amend the Law Relating to Infectious Diseases.

1. This Ordinance may be cited as "The Infectious Diseases Amendment Ordinance, 1917," and shall be construed with the Infectious Diseases Ordinance, 1903, hereinafter referred to as the Principal Ordinance.

2. In addition to the powers prescribed by section 1 of the Principal Ordinance the Governor may make rules for:—

- (a) the notification of Infectious Diseases;
- (b) the removal of persons who are suffering from an infectious disease and persons who have been in contact with such persons;
- (c) the removal of corpses;
- (d) the destruction of rats;
- (e) the regulation of hospitals used for the reception of persons suffering from an infectious disease and of observation camps and stations;
- (f) the removal of articles which have been exposed to infection;
- (g) prohibiting any person living in any building or using any building for any other purpose whatsoever if in the opinion of the Health Officer or of a Medical Officer assisting or performing the duties of a Health Officer any such use is liable to cause the spread of any infectious disease. Any rule made under this clause may give the Health Officer or a Medical Officer assisting or performing the duties of a Health Officer power to prescribe the conditions on which such a building may be used.
- (h) any other purpose whether of the same kind or nature as the foregoing or not, having for its object the prevention, control or suppression of infectious diseases.

3. Any Rules made under the Principal Ordinance dealing with any of the matters for which the Governor may by the provisions of the preceding section make rules shall be deemed to be rules made under this Ordinance and shall have full force and effect as rules made under this Ordinance.

4. To the definition of "Infectious Disease" contained in section 5 of the Principal Ordinance shall be added the following words "and any other infectious or contagious disease of man that the Governor may by Proclamation declare to be included in this definition for the purposes of this Ordinance."

Application
of Rules.

Definition of
Disease.

5. Any person committing a breach of any rule in force Punishment.
under the Principal Ordinance or under this Ordinance and any
person disobeying any order lawfully given under any such rule
and any person obstructing in the performance of his duty an
officer lawfully appointed to perform any duty under the
Principal Ordinance or under this Ordinance or under any rules
thereunder shall be guilty of an offence and shall be liable on
conviction to a fine not exceeding Rs. 1,500/- or to a term of
imprisonment of either description not exceeding six months or
to both.

6. Sections 4 (2) and 6 of the Principal Ordinance are Repeal.
hereby repealed.