

Purpose and scope of the act

The Companies Act, 1994 governs the incorporation, regulation, and dissolution of companies in Bangladesh. It provides a legal framework to ensure companies operate transparently and protect shareholders' interests. Section 3 requires that no company shall be formed unless it complies with the procedures laid down in this Act.

Types of companies and registration

Section 4 defines different types of companies including private companies, public companies, and one-person companies. Section 7 mandates that companies must register with the Registrar of Joint Stock Companies and Firms (RJSC) and obtain a certificate of incorporation before commencing business.

Memorandum and articles of association

Sections 9 and 10 require every company to prepare a memorandum of association and articles of association that state the company's objectives, rules, and regulations. These documents must be filed with the RJSC during registration.

Directors and management

Section 19 specifies the qualifications and appointment procedures for directors. Directors have fiduciary duties to act in the best interests of the company and its shareholders. Section 20 requires companies to maintain a register of directors and their interests. Under Section 22, directors may be removed by a special resolution of the shareholders.

Meetings and resolutions

Section 81 outlines requirements for holding annual general meetings (AGMs) and extraordinary general meetings (EGMs). Proper notice must be given, and minutes recorded as per Section 82. Decisions may be made through ordinary or special resolutions depending on the issue at hand.

Financial reporting and auditing

Section 135 mandates preparation and submission of annual financial statements to the RJSC. Section 136 requires companies to appoint auditors to examine accounts and ensure accuracy. Failure to submit reports or appoint auditors can result in fines under Section 442.

Share capital and dividends

Sections 51 and 52 regulate issuance of share capital and rights attached to shares. Section 60 governs payment of dividends to shareholders from profits. The Act prohibits payment of dividends out of capital, protecting creditors' interests.

Company meetings and voting

Section 109 deals with quorum requirements for meetings. Voting procedures must follow the rules set forth in the articles of association. Proxy voting is permitted under Section 110.

Winding up and dissolution

Sections 301 to 330 cover procedures for winding up a company voluntarily or by court order.

The Official Receiver or liquidator oversees the process to settle debts and distribute remaining assets. Section 320 provides for penalties against directors who obstruct winding up.

Penalties and offenses

Section 442 lists penalties for violations including failure to register a company, false statements, failure to file returns, and obstructing investigations. Offenders may face fines up to BDT 1 lakh or imprisonment up to 6 months, or both. Section 444 allows the court to impose additional penalties for repeated offenses.

Appeals and dispute resolution

Section 466 allows aggrieved persons to appeal decisions made by the RJSC to the High Court. Alternative dispute resolution mechanisms may also be used to resolve company-related disputes.