



Business vehicles

Common forms of business vehicles

The main business vehicles are:

Proprietorship



Partnership



Limited liability company
(public and private limited)



Branch office
(foreign company)



Liaison office



Societies



Associations

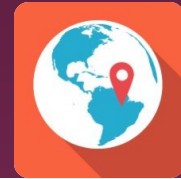


A trust under
Trusts Act 1882

Commonly used business vehicles for the foreign companies.



Limited liability company



Branch office



Liaison office

A company is set up by registration with the **Registrar of Joint Stock Companies and Firms (RJSC), Dhaka.**

Minimum of **two promoters** are required to incorporate a private limited company.

Branches are only allowed in commercial service sectors.

Liaison office's functions are limited to facilitation of sales, marketing and exhibition.

The permission of the BIDA will be required for setting up a branch or liaison offices.

Typically there's requirement for minimum paid up capital for incorporation of a company.



Management structure of common form of business vehicles

At least two directors in a private limited company &
Three directors in a public limited company

The company has the leverage to dictate the rights and obligations of the management and the shareholder.

A company duly incorporated under the Companies Act 1994, are managed by the board of directors.

There are no residency requirements for directors and no restriction on control by foreign directors.

Subject to Article of Association, the board meetings must be held once in each quarter.

The shareholders should attend the AGM and review/approve acts of the Board.

Several matters, including the following, require the approval of the shareholders in a general meeting:

- Election and removal of directors
- Appointment of auditors
- Investment in associated entities
- Alternation of MoA/AoA
- Increase in share capital
- Dividend declaration
- Any restriction stipulated in the AoA



Restriction against withdrawal (e.g. dissolution and liquidation)

There is no particular restriction dissolution, so long the interests of the creditors are protected.

A Company may be wound up under the Companies Act 1994:

- By Court (s. 241);
- Voluntary winding up by the Members' (ss 286-296)
- Voluntary winding up by the Creditors (ss.297-305)
- Subject to the supervision of the Court (ss. 316-321)



A petition for winding of the Company by **the Court** or **members voluntary winding up subject to the supervision of the Court** is filed.

The Court shall entertain petition by: i) the Company; ii) the creditor (s); iii) Contributory; iv) Shareholders; v) The Registrar of the Joint Stock of Companies and Firms

The Member's Voluntary Winding up initiated by passing a special or extraordinary resolution of the shareholders

In case of voluntary winding up through special or extraordinary resolution, on an application by the creditors, contributories or others, the Court may make an order for the winding up to the company subject to the supervision of the Court.