

**THE AZAD GOVT.OF THE STATE OF JAMMU & KASHMIR,
LAW & PARLIAMENTARY AFFAIRS SECRETARIAT,
MUZAFFARABAD.**

Dated the February 23, 1980

No. 1077/SL/80. The following Ordinance made by the President on the 18th day of February, 1980, is hereby published for general information:-

(ORDINANCE XXXVII OF 1980)

AN

ORDINANCE

to amend the Companies Act, 1913

WHEREAS it is expedient to amend the Companies Act, 1913 (VII of 1913), for the purposes hereinafter appearing;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of Section 41 of the Azad Jammu and Kashmir Interim Constitution Act, 1974, the President is pleased to make and promulgate the following Ordinance:-

1. **Short title and Commencement.-** (1) This Ordinance may be called the Companies (Amendment) Ordinance 1980.
(2) It shall come into force at once.
2. **Amendment of Section 2, Act VII of 1913.-** In the Companies Act, 1913 (Act VII of 1913), hereinafter referred to as the said Act, in Section 2, in sub-section (1) in clause (15), after the word 'Registrar' the commas and words "additional registrar, joint registrar, deputy registrar," shall be inserted.
3. **Amendment of Section 11, Act VII of 1913.-** In the said Act, in Section 11.-
 - (a) in sub section (3) in clause (a) after the words 'Bank of Pakistan, the comma and words. "Finance or any derivative thereof" shall be inserted;
 - (b) after sub-section (3-A), the following new sub-section shall be inserted namely:-

"(3-B) No company shall be registered by a name which contains any word which in the opinion of the Azad Government of the State of Jammu and Kashmir is undesirable or deceptive or is designed to exploit the religious susceptibilities of people.

(3-C) A Company in existence immediately before the commencement of the Companies (Amendment) Ordinance, 1979 which has in its name –

- (a) the words 'Finance' shall, within thirty days of such commencement; or
- (b) any such word as is referred to in sub-section (3-B) shall within thirty days of the day on which the Azad Government of the State of Jammu and Kashmir declares that the company has such a word in its name, alter its name with sanction of the registrar.

(3-D) If a company acts in contravention of sub-section (3-B) or sub-section (3-C), the company and every officer of the company who is knowingly and wilfully in default shall be liable to a fine not exceeding ten thousand rupees and to a further fine not exceeding one thousand rupees for every day during which the default continues".

4. **Amendment of Section 22, Act VII of 1913.-** In the said Act, Section 22 shall be re-numbered as sub-section (1) of that section and -

- (a) in sub-section (1), re-numbered as aforesaid, after the word "them" at the end, the words and commas "if the company is being formed for lawful purposes, none of its objects stated in the memorandum is undesirable or deceptive or insufficiently expressive all the requirements of law have been met and company is authorised to be registered" shall be added; and
- (b) after sub-section (1), re-numbered and amended as aforesaid, the following new sub-sections shall be added, namely
 - "(2) If registration of the memorandum is refused, any of the subscribers of the memorandum may, within thirty days of the order of refusal, prefer an appeal -
 - (a) where the order of refusal has been passed by an additional registrar, a joint registrar, a deputy registrar or an assistant registrar, to the registrar; and
 - (b) where the order of refusal has been passed, or upheld in appeal, by the registrar, to the Azad Government of the State of Jammu and Kashmir.

(3) An order of the Government of Azad Jammu and Kashmir under sub-section (2) shall be final and shall not be called in question before any Court or other authority."

5. **Amendment of Section 76, Act VII of 1913.-** In the said Act, in Section 76, sub-section (2) for the words "five hundred rupees" the words "twenty thousand rupees and to a further fine not exceeding two thousand rupees for every day during which the default continues" shall be substituted.
6. **Amendment of Section 133, Act VII of 1913.-** In the said Act, in section 133 in sub-section (3) for the words "five hundred rupees" the words "twenty thousand rupees and with a further fine not exceeding two thousand rupees for every day during which the default continues" shall be substituted.
7. **Amendment of Section 137, Act VII of 1913.-** In the said Act, in section 137. -
 - (a) for sub-section (1) the following shall be substituted, namely:-

"(1) Where, on perusal of any document which is submitted to him under this Act, or of any notice, advertisement or other communication, or otherwise, the registrar is of opinion that any information, explanation or document is necessary with respect to any matter, he may, by a written order, call upon the company and any of its directors or officers to furnish such information or explanation in writing, or such document, within such time as he may specify in the order"; and
 - (b) in sub-section (3) for the words and comma "to a fine not exceeding fifty rupees in respect of each offence", the words, commas and semi-colon "in respect of each offence to a fine not exceeding to twenty thousand rupees and to a further fine not exceeding two thousand rupees for every day during which the default continues and every officer of the company who knowingly and willfully authorizes or permits, or is a party to the default, shall be punishable with imprisonment of either description for a term which may extend to one year, or with fine, or with both," shall be substituted.
8. **Amendment of Section 140, Act VII of 1913.-** In the said Act, in section 140, in sub-section (3), for the words liable to a fine not exceeding fifty rupees in respect of each offence" the words and comma "punishable in respect of each offence with imprisonment of either description for a term which may extend to one year, and shall also be liable to fine" shall be substituted.

9. **Insertion of New Section 153-C, Act VII of 1913.-** In the said Act, after section 153-B, the following new section shall be inserted namely:-
- "153-C. Prevention of Mismanagement or Oppression of Members:-** (1) If any member or members holding not less than one tenth of the issued share Capital of a company complains or complain, or the Azad Government of the State of Jammu and Kashmir is of the opinion, that the affairs of the company are being conducted in an unlawful or fraudulent manner, or in a manner not provided for in its memorandum, or in a manner oppressive to the member or any of the members, or are being conducted in manner prejudicial to the public interest, such member or members or, as the case may be, the Azad Government of the State of Jammu and Kashmir may make an application to the Court by petition ; and the Court may make such order as it think fit in the circumstances for regulating the conduct of the affair of the company and matters ancillary thereto.
- (2) Where an order is made under sub-section (1) on the application of any member or members, the company in relation to which the Order is made shall cause a certified copy thereof to be delivered to the registrar for registration within fourteen days after the completion of the order, and if default is made in complying with this subsection, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding five thousand rupees and to a further fine not exceeding five hundred rupees for every day during which the default continues."
10. **Amendment of Section 166, Art VII of 1913.-** In the said Act, in section 166, in the proviso, in clause (aa), sub-section (i) shall be omitted.
11. **Amendment of Section 170, Act VII of 1913.-** In the said Act in section 170, after sub-section (1) the following new sub-section shall be added, namely:-
- "(1-A) If on a petition presented by any member or the registrar, the Court is of the opinion that, although the facts would justify the making of a winding up order, the making of such order would unfairly prejudice the member or members concerned the Court may make such order as it thinks fit in the circumstances for regulating the conduct

of the affair of the company and bringing to an end the matters complained of."

12. **Amendment of Section 248, Act VII of 1913.-** In the said Act, in section 248 in sub-section (2) for the words "and assistant registrars as it thinks necessary for the registration of companies under this Act" the commas and words "additional registrars, joint registrar, deputy registrars and assistant registrars' as it thinks necessary" shall be substituted.
13. **Amendment of Section 249-A, Act VII of 1913.-** In the said Act, in section 249-A,-
- (a) for the marginal heading the following shall be substituted namely:-
- "Enforcing compliance with provisions of Act." and
- (b) in subsection (1),-
- (i) the words and commas "which requires it to file with, deliver or send-to the registrar any return account or other document, or to give notice to him of any matter," shall be omitted; and
- (ii) for the word "fourteen" the word "thirty" shall be substituted.

(Mohammad Hayat Khan)
President,
Azad Jammu & Kashmir.

Sd/-

(Khalil Ahmed Qureshi)
Secretary Law.