

Punjab Undesirable Companies Ordinance, 1959

22 of 1959

[22 April 1959]

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An Ordinance to prohibit the registration of companies for carrying on business for certain undesirable purposes and to provide for the winding up and dissolution of such companies Preamble.- WHEREAS it is expedient to prohibit the registration of companies for carrying on business for certain undesirable purposes and to provide for the winding up and dissolution of such companies; Now, THEREFORE, in pursuance of the Presidential Proclamation of the seventh day of October, 1958, and in exercise of all powers enabling him in that behalf, the Governor of West Pakistan is pleased to make and promulgate the following Ordinance:-

1. Short Title And Extent :-

(1) This Ordinance may be called [3][the Punjab] Undesirable Companies Ordinance, 1959.

[4][(2) It extends to the whole of the Province of [5][the Punjab],

except the Tribal Areas.

2. Definitions :-

(1) In this Ordinance, unless the context otherwise requires, the following expressions shall have the meaning hereby respectively assigned to them, that is to say-

(a) "registrar" means-

(i) in the case of a company, the registrar appointed under section 248 of the Companies Act, 1913[6], and

(ii) in any other case, an officer appointed as such for purposes of this Ordinance;

(b) "specified purposes" means the promotion or the carrying on of any scheme or business except the business authorised and carried on under the provisions of the Insurance Act, 1938[7], by whatever name called, whereby, in return for a deposit or contribution, whether periodically or otherwise, of a sum of money in cash or by means of coupons, certificates, tickets or other documents, payment, at future date or dates or money or grant of property, right or benefit, directly or indirectly, and whether with or without any other right or benefit, determined by chance or lottery or any other like manner, is assured or promised;

(c) "undesirable company" means a company which, with objects and business confined to the Province of [8][the Punjab], is registered under the Companies Act, 1913[9], and carries on business for a specified purpose or for purposes which, among others, include a specified purpose and includes a company, association or other body of individuals which carries on business for a specified purpose or for purposes which, among others, include a specified purpose.

(2) Any expression used but not defined in this Ordinance and defined in the Companies Act, 1913[10], shall have the meanings assigned to it in that Act.

3. Registration Of Undesirable Companies Prohibited :-

(1) Notwithstanding anything in the Companies Act, 1913[11], or in any other law for the time being in force, no association or other body of individuals which, with objects and business confined to the Province of [12][the Punjab], carries or intends to carry on business for a specified purpose or for purposes which, among others, include a specified purpose, shall on and after the commencement of this Ordinance, be registered under the Companies Act,

1913[13].

(2) Registration in contravention of sub-section (1) shall be void.

(3) Notwithstanding anything contained in any other law for the time being in force, no company, association or other body of individuals, with objects and business confined to the Province of [14][the Punjab], shall carry on, or shall be formed to carry on, business for a specified purpose or for purposes which, among others, include a specified purpose.

(4) Any person who forms or associates himself in the formation of a company, association or other body of individuals in contravention of sub-section (3) and every officer or agent of a company, association or other body of individuals which carries on business in contravention of the said sub-section shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

4. Existing Undesirable Companies To Cease Functioning :-

(1) Every undesirable company existing immediately before the commencement of this Ordinance shall, on such commencement, cease to function and, notwithstanding anything in the Companies Act, 1913[15] or in any other law for the time being in force, shall be wound up and dissolved in the manner provided in this Ordinance.

(2) Any transaction with an undesirable company or with any officer or agent acting for or on behalf of such company shall be void.

(3) Any officer or agent acting for or on behalf of any such company who, on or after commencement of this ordinance, carries on or attempts to carry on the business of the company shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

5. Deposit Of Cash And Preservation Of Assets, Etc :-

(1) Any officer or agent acting for or on behalf of an undesirable company who has in his possession or under his control any cash belonging to the company shall, immediately after the commencement of this ordinance, deposit or cause to be deposited such cash with the company's bankers.

(2) Until such time as the official liquidator appointed under section 7 takes into his custody or under his control all the books, documents and assets of the company, including actionable claims to which the company is or appears to be entitled, every officer and

agent acting for or on behalf of the company shall preserve all such books, documents, assets, property, effect and claims and shall be jointly and severally liable for any loss or damage.

(3) Any person who, with intent to evade the provisions of this Ordinance, conceals, destroys, mutilates or defaces any books, documents, assets, property, effects or claims or knowingly allows such concealment, destruction, mutilation or defacement to be caused, shall, without prejudice to any liability to which he may be subject under sub-section (2), be punished with imprisonment for a term which may extend to three years or with fine or with both.

6. Statement Of Assets, Etc. To Be Submitted To Registrar :-

(1) Within three days of the commencement of this Ordinance, or within such period as the registrar may allow, the manager of an undesirable company shall submit to the registrar a statement showing the assets and liabilities of the company.

(2) Any one who contravenes the provisions of sub-section (1) shall be punished with imprisonment for a term which may extend to one year or with fine or with both.

7. Winding Up Undesirable Companies :-

(1) As soon as may be after receipt of the statement submitted under sub-section (1) of section 6, the registrar shall make a petition to the court for winding up the company, and thereupon the court shall make an order for the winding up of the company and shall appoint an official liquidator for such winding up.

(2) After the official liquidator has been appointed under this section, the provisions of the Companies Act, 1913[16], relating to the winding up by court of a registered company shall mutatis mutandis apply in relation to the winding up of the company in respect of which the petition has been made under sub-section (1).

8. Dissolution Of Undesirable Companies :-

When the affairs of an undesirable company have been completely wound up, the company shall be deemed to have been dissolved under sub-section (1) of section 194 of the Companies Act, 1913[17].

9. Power To Call For Certain Information, Etc :-

(1) Where the registrar has reason to believe that a company is an

undesirable company or that an undesirable company is carrying on business in contravention of section 4, he or any gazetted officer authorised by him in this behalf, may-

(a) direct any person to give such information in his possession with respect to any business carried on by that company as he may demand;

(b) inspect or cause to be inspected any book or other document belonging to or under the control of the company or any officer thereof;

(c) enter and search any premises and seize or authorise any person to seize any book or other document belonging to or under the control of the company or any officer thereof.

(2) If the registrar is satisfied that a company is an undesirable company or that an undesirable company is carrying on business in contravention of section 4, he shall by order in writing, direct the manager of the company to hand over the management of the company to a person to be appointed by the registrar for the purpose, and the manager shall forthwith hand over the management of the company to such person.

(3) The person to whom management is handed over in pursuance of sub-section (2) shall be deemed to be the manager of the company, and the other provisions of this Ordinance shall apply accordingly.

(4) Whoever fails to comply with any direction given under sub-section (1) or sub-section (2) shall be punished with imprisonment for a term which may extend to six months or with fine or with both.

10. Offences To Be Cognizable :-

Notwithstanding anything contained in the Code of Criminal Procedure, 1898[18], any offence under this Ordinance shall be cognizable.

11. Cognizance By Court With The Consent Of Registrar :-

No court shall take cognizance of any offence under this Ordinance except with the previous consent in writing of the registrar.

12. Power To Make Rules :-

The Provincial Government may make rules to carry out the purposes of this ordinance, and such rules may provide that the

breach of any of them shall be punishable with imprisonment for a term not exceeding three months or with fine not exceeding one thousand rupees.