

Sec-82**Power to pay certain commissions, & prohibition of payment of other commissions, discounts etc:**

1.
 - i. If payment is authorized by articles,
 - ii. \leq % exists in market generally or fixed by commission, *(Fine : Rs. 2000)*
 - iii. Rs. or % is *(Fine : Rs. 1000)*
 - a) Offered to public – disclosed in prospectus
 - b) Not offered to public – disclosed in:
 - SILP
 - Like statement (before payment that statement is delivered to registrar for reg)
 - Circular
 - iv. No of shares on which commission is to be paid is disclosed. *(Fine : Rs. 1000)*
2. Read from ordinance
3. \leq 1% of actual proceed of shares brokerage is lawful for a Co. to pay or as prescribed by commission.
4. Read from ordinance.
5. Penalty: Any other subsection Rs. 500

Sec-83:**Application of premium received:**

1. A/C – Share Premium Account opened.
For reduction of share cap, treated as a paid up capital
2. Uses of share premium account:
 - i. W/Off preliminary expenses.
 - ii. In W/O:
 - Expense, commission, disc. all
 - On any issue of shares.
 - iii. Provide premium payable on the redemption of any redeemable pref. share cap, or deb.
 - iv. Paying up un-issued shares of the Co. to be issued to members of the Co. as fully paid bonus shares.

Sec – 84**Power to issue shares at discount:**

1.
 - i. Pass resolution in AGM, subsequently sanctioned by commission.
 - ii. Max rate of discount.
 - iii. CoB is > 1 year old.
 - iv. Issued within 60 days sanctioned date or as allowed.
2. Process:
When AGM passed, apply to commission for sanction, which may make an order.
3. Not a reduction of capital.
4. Next B/S or prospectus includes particulars of disc. all or so much amt, which is not w/o.
5. Penalty: Rs. 2,000.

Guidelines:

There must be enough profits so that disc. can be amortized in 5 years.

Sec – 85**Redemption of Preference Shares:**

1.
 - a) Only redeemed:
 - i. Out of profits of Co. available for division,
 - ii. From a sinking fund created specially.
 - iii. New proceed of issue for this purpose.
 - iv. Sales proceeds of any property.
 - b) Redeemed shares must be fully paid.
 - c) If redeemed from (i), (ii), or (iv),
 - The profits - transferred to Capital redemption reserve fund,
 - This fund is treated as share cap for the purpose of reduction of share cap.
 - d) If redeemed from fresh issue (iii), the premium (if any) payable on redemption must be paid from:
 - Profits
 - Share premium account.
2. Fine: Rs. 5,000.
3. Redemption is not treated as a reduction. Of capital.

Further Issue of Capital

Sec – 86

Further issue of capital:

1.
 - i. 1st offered to members proportionately.
 - ii. Offer is to be through a proper notice, specifying
 - no. of shares for each member
 - time limit

Proviso # 1:

A public Co. can raise its cap. without right issue by Special Res, if applied to FED Gov & approved.

Proviso # 2:

A public Co. may reserve a certain % under approved Employee share scheme.

2. Strictly in proportion, fractional shares N/A, should be consolidated, disposed, proceeds to be distributed to concerned member(s).
3. Offer should accompanied by a circular:
 - Duly signed,
 - In the prescribed form
 Contain material info about:
 - ✓ Affairs of the co.
 - ✓ Latest statement of accounts
 - ✓ Necessity for the further issue.
4. Before circulation, a copy to registrar.
5. On circular, date on which offer is deemed to decline must be specified.
6. Unsubscribed may be allotted & issued at the discretion of directors.

Sec – 87

Issue of shares in lieu of o/s balance of any loan etc:

A Co. may

- issue ord. share or
- grant option to convert in to ord. share.

the o/s bal. of any loan, adv, or credit or other non-int bearing sec & obligations:

- O/s or
- Having a term of ≥ 3 years

With a scheduled bank / FI to the extent of 20%.

Proviso:

In any 2 of the preceding 3 years, after expiry of 2 years from date of commercial production, the return on such non-int bearing sec, obl, loan, adv or crd has fallen below the min rate by SBP for that year.

Sec – 88

Deposits not be invited without issuing an advertisement:

If deposits are invited:

- a. In a prescribed manner by Fed Gov,
- b. Ad + statement showing financial position has been issued by the Co. in such form and manner prescribed,
- c. Prospectus provisions are applied to this section.

Penalty:

- a) When Co. invites deposits contravening 1 and 2, Rs. 20,000.
- b) Where Co. accepts deposits, Amt of deposit accepted.

Every officer 2yrs imprisonment + fine.

This section is n/a to banks and Cos. specified by commission.