

**AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR**

Law, Justice, Parliamentary Affairs and Human Rights Department

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“Muzaffarabad”  
Dated: 25.06.2021

No. LD/Legis-Act/326-41/2021. The following Act, passed by the Azad Jammu and Kashmir Legislative Assembly on 27<sup>th</sup> day of May, 2021 and received the assent of the President on the 15<sup>th</sup> day of June, 2021, is hereby published for general information.

**[Act XV of 2021]**

**An  
Act**

to adapt and enforce the Companies Act, 2017 in Azad Jammu and Kashmir

**Whereas** it is expedient to adapt and enforce the Companies Act, 2017 (Act XIX of 2017) of Pakistan, in Azad Jammu and Kashmir, in the manner hereinafter appearing;

It is hereby enacted as follows:-

- 1. Short title, extent and commencement.**- (1) This Act may be called the Companies (Adaptation) Act, 2021.
  - (2) It shall extend to the whole of Azad Jammu and Kashmir.
  - (3) It shall come into force at once.
- 2. Adaptation of the Companies Act, 2017.**- (1) The Companies Act, 2017 (Act XIX of 2017) of Pakistan, hereinafter referred to as the said Act, is hereby adapted in Azad Jammu and Kashmir and shall, as far as practicable, be in force in Azad Jammu and Kashmir along with all amendments made in the said Act in Pakistan subject to the following modifications:-
  - (i) The expression “Government”, “Federal Government”, “Provincial Government” or any other expression, wherever worded, referring to any Executive Government, shall as far as practicable, be construed to refer to “the Azad Government of the State of Jammu and Kashmir” and reference to Pakistan or any part of Pakistan, shall be construed to refer to “the Azad Jammu and Kashmir”;
  - (ii) “Previous law” shall mean a law in force in the Azad Jammu and Kashmir immediately before the commencement of this Act and corresponding to any law adapted under this Act;

- (iii) the term “Commission” means the Commission constituted by the Government through a notification in the official Gazette for the purpose of this Act;
- (iv) the terms “Central depository” and “Prospectus” mean the Central depository and prospectus as may be prescribed;
- (v) the term “Chartered Accountant” means a person who is a member of the Institute of Chartered Accountant of Pakistan;
- (vi) the term “Administrated legislation” means the legislation administrated by the Commission by a notification in the official Gazette;
- (vii) the term “Cost and Management Accountant” means a person who is an associate or fellow member of the Institute of Chartered Accountant of Pakistan;
- (viii) the term “Modaraba” means a business in which a person participates with his money and another with his efforts or skills or both his efforts and skills and shall include unit trusts and mutual fund by whatever name called;
- (ix) the term “Modaraba Company” means a company engaged in the business of floating and managing Modaraba;
- (x) the term “Securities” in case of listed instruments include,-
  - (a) share and staff of a Company (share);
  - (b) any instrument creating or acknowledging debtless which is issued or proposed to be issued by a company including, in particular , debentures, debentures stock, loan stock, bonds, notes, commercial paper, sukuk or any other debt securities of a company whether constituting a charge on the assets of the company or not (depth securities);
  - (c) loan stock, bonds, sukuk and other instruments creating or acknowledging in debtless by or on behalf of the Government, Central Bank or Public authority (Government and public debt securities);
  - (d) modaraba certificates, and term finance certificates;
  - (e) Any right (whether conferred by the warrant or otherwise) to subscribe for shares or debt securities (warrants);

- (f) any option to acquire or dispose of any other security (options);
- (g) units in a collective investment scheme, including units in or securities of a trust fund (whether open-ended or closed end);
- (h) the rights under any deposit receipt in respect of shares, debt securities and warrants (custodian receipts); and
- (i) any other instrument notified by the Commission to be securities for the purpose of this Act, but does not include,
  - (a) Futures contracts;
  - (b) Bill of exchange;
  - (c) Promissory notes; and
  - (d) Certificates of deposit;
- (xi) the term “Securities Exchange” means a public company that is licensed by the Commission;
- (xii) in Section 249 for the words “the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)”, the words “the Zakat and Ushr Act, 1985 (Act XIX of 1985)”, shall be substituted;
- (xiii) for sub-section (1) of Section 231, following shall be substituted:-
 

“(1) There must be attached to the financial statements of a modaraba company, the annual accounts along with annual balance sheet and profit and loss account report made out,-

  - (a) as at the end of the financial year of the modaraba where such financial year coincides with the financial year of the modaraba company; and
  - (b) as at the end of the financial year of the modaraba last before that of the modaraba company, where the financial year of the modaraba does not coincide with that of the modaraba company.”
- (xiv)
  - (a) sub-section (2) of Section 2 shall be excluded;
  - (b) clauses (b) and (c) of sub-section (1) of Section 245 shall be excluded;
  - (c) clause (b), sub-section (2) of Section 246 shall be excluded;

- (d) in Section 251, the words “within the meaning of Chartered Accountants Ordinance, 1961 (X of 1961), or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Ordinance, 1966 (XIV of 1966)” shall be omitted;
- (e) in Section 506, clause (c), shall be substituted as under:-

“(c) to modaraba companies and modaraba;”

- (xv) for the words “the Electronic Transaction Ordinance, 2002 (Ordinance LI of 2002”, wherever occurring, the words “the Criminal Law (2<sup>nd</sup> Amendment) Act, 2020 (XIV of 2020)” shall be substituted; and

- (xvi) in Section 453,-

- (a) in sub-section (1), the words “including predicted offences as provided in the Anti-Money Laundering Act, 2010 (VII of 2010) with respect to affairs of Company” shall be excluded; and

- (b) the 2<sup>nd</sup> proviso of sub-section (2) shall be omitted.

**3. General Amendment.**- In the said Act, for the reference used “the Securities and Exchange Commission of Pakistan Act, 1997 (Act XLII of 1997)” and for the procedure and functions provided thereunder, the Government shall prescribe the procedure and functions and for the reference “Commission” used in the said Act, the Government shall constitute a Commission by notification in the official Gazette.

**4. Pending Cases.**- (1) All cases pending in courts on the coming into force of this Act, shall be tried and decided according to the provisions of the previous law.

(2) If immediately before the coming into force of this Act, there is in force in the Azad Jammu and Kashmir any law corresponding to law adapted under this Act, it shall, subject to other provisions of this Act, cease to have effect on and from the date of commencement of this Act:

Provided that the provisions of this Act, shall not render anything duly done before coming into force of this Act under the provisions of previous law.

**5. Removal of difficulties.**- If any difficulty or question arises in giving effect to the provisions of this Act or in regard to construction to be placed on adaptation, the Government may from time to time, make

such provisions or give such directions as appear to it to be necessary for the purpose of removal of such difficulty.

6. **Repeal.**- The Companies Ordinance, 1984 (XLVII of 1984), as adopted and in force in Azad Jammu and Kashmir and the Companies (Adaptation) Ordinance, 2021 (Ordinance VI of 2021) are hereby repealed.

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**(Gulfraz Ahmed Khan)**  
Section Officer (Legislation)