



THE PAKISTAN NATIONAL SHIPPING CORPORATION ORDINANCE, 1979



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FIRST SCHEDULE.

SECOND SCHEDULE.

THE PAKISTAN NATIONAL SHIPPING CORPORATION ORDINANCE, 1979.

ORDINANCE NO. XX OF 1979

[29th March, 1979]

An Ordinance to establish the Pakistan National Shipping Corporation.

WHEREAS it is expedient, in the public interest, to amalgamate the National Shipping Corporation and the Pakistan Shipping Corporation, with a view to making better provision for the operation of shipping and ocean-transport services and the development of maritime shipping industry, and to establish the Pakistan National Shipping Corporation for the purpose, and to provide for matters connected therewith or incidental thereto;

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

NOW, THEREFORE, in pursuance of the Proclamation of the fifth day of July, 1977, read with the Laws (Continuance in Force) Order, 1977 (*C. M. L. A. Order No. I of 1977*), and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:—

1. Short title and commencement.— (1) This Ordinance may be called the Pakistan National Shipping Corporation Ordinance, 1979.

(2) It shall come into force at once and shall be deemed to have taken effect on the first day of January, 1979.

2. Definitions. In this Ordinance, unless there is anything repugnant in the subject or context,—

- (a) “appointed Director” means a Director appointed under clause (a) of sub-section (1) of section 14 ;
- (b) “Board” means the Board of Directors constituted under section 14 ;
- (c) “Chairman” means the Chairman of the Board ;
- (d) “Corporation” means the Pakistan National Shipping Corporation established by section 5 ;
- (e) “Director” means a Director of the Corporation ;
- (f) “N. S. C.” and “P. S. C.” respectively means the National Shipping Corporation and the Pakistan Shipping Corporation ;
- (g) “prescribed” means prescribed by rules or regulations ;
- (h) “regulations” means regulations made or deemed to have been made under section 39;
- (i) “rules” means rules made or deemed to have been made under section 38 ; and
- (j) “*Vice-Chairman*” means the *Vice-Chairman* of the Board.

3. Standing Orders not to apply. Notwithstanding anything contained in the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 (W. P. Ordinance VI of 1968) or in any other law for the time being in force, provision of the said Ordinance shall apply to or in relation to the Corporation.

4. Dissolution and amalgamation of N. S. C. and P. S. C. Notwithstanding anything contained in the National Shipping Corporation Ordinance, 1963 (IV of 1963), or the Pakistan Shipping Corporation Act, 1976 (LIV of 1976), or in any other law for the time being in force, the two corporations respectively established under the said Ordinance and Act, shall, as at the close of the thirty first day of December, 1978, stand dissolved, and shall be amalgamated in accordance with the provisions of this Ordinance.

5. Establishment and incorporation of Pakistan National Shipping Corporation.— (1) As from the first day of January, 1979, there shall be established by virtue of this Ordinance a new corporation, to be called the Pakistan National Shipping Corporation.

(2) The Corporation shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Ordinance, to acquire, hold and dispose of property, both movable and immovable, and shall by the name assigned to it by subsection (1) sue and be sued.

6. Functions of the Corporation.— (1) It shall be the function of the Corporation to assume full and effective control of the entire undertakings of N. S. C. and P. S. C., as transferred to and vested in it by section 7, and of the whole affairs thereof, and to provide and further develop safe, efficient, adequate, economical and properly co-ordinated shipping services, coastal as well as international, and to engage in all forms of activities connected with or ancillary, incidental or conducive to shipping.

(2) Without prejudice to the generality of the foregoing provision, the Corporation shall, in particular, have power—

- (a) subject to the provisions of the Merchant Shipping Act, 1923 (XXI of 1923) or any other law for the time being in force, to purchase, sell, exchange, charter, or otherwise own, acquire or dispose of ships or crafts or any share or interest therein ;
- (b) to establish, maintain and operate lines or other services of ships between ports on coastal or international routes, and generally to carry on the business of ship-owners, and to enter into contracts for the carriage of passengers, mails, goods, provisions, live and dead stock, commodities, articles, chattels, merchandise and things of any kind whatsoever ;
- (c) to repair, overhaul, reconstruct, assemble or recondition ships, craft, vehicles or other machines and parts, accessories and instruments thereof or therefor, and also to manufacture such parts, accessories and instruments, whether the ships, craft, vehicles or other machines are owned by the Corporation or by any other person ;
- (d) to construct or maintain workshops, buildings, warehouses, sheds and other works and conveniences ;
- (e) to promote and form, or aid and assist in "promoting and forming" or to otherwise associate with, companies and other bodies corporate, syndicates, partnerships, joint ventures and other organizations in or outside Pakistan for the purpose of advancing directly or indirectly the business of the Corporation or for any other purpose which the Corporation may find expedient in the performance of its other functions ;
- (f) to establish, institute or make other arrangements for the instruction and training of persons engaged or likely to be engaged in any activities connected with or ancillary to shipping ;
- (g) to acquire, hold or dispose of any property, whether movable or immovable, or any shipping undertaking or undertaking connected with shipping ;
- (h) to do all other things connected with or ancillary to any of the matters referred to in clauses (a) to (g).

(3) In performing its functions, the Corporation shall have careful regard to sound business principles and practices, and shall so act as to secure that ocean-transportation is developed to the greatest possible advantage in the interests of sea-borne trade of the country.

7. Transfer and vesting of N. S. C. and P. S. C.— (1) On and from the first day of January, 1979, the entire undertakings of N. S. C. and P. S. C. shall stand transferred to and vested in the Corporation.

(2) The undertakings transferred and vested by subsection (1) shall include all assets, rights, powers, authorities and privileges, and all property, movable and immovable, including lands, works, workshops, ships and craft, by whatever name called, all vehicles, cash balances, reserves, funds, shares and other investments and book debts, and all other rights and interests arising out of such property as were, immediately before the aforesaid day, in the ownership, possession or power of N. S. C. or P. S. C. in relation to their respective under-takings, whether in or outside Pakistan, and all books of account and documents relating thereto, and all borrowings, liabilities of whatever kind then subsisting, of N. S. C. or P. S. C. in relation to such undertakings.

(3) Subject to the other provisions of this Ordinance, all contracts and working arrangements subsisting immediately before the aforesaid day as affecting N. S. C. or P. S. C. shall, in so far as they relate to their undertakings, cease as from that day to have effect or to be enforceable against them, and shall be enforceable and of effect against or in favour of the Corporation, as if instead of N. S. C. or P. S. C. the Corporation had been named therein.

(4) Subject to the other provisions of this Ordinance, any proceeding or cause of action pending or existing immediately before the aforesaid date by or against N. S. C. or P. S. C., in relation to their respective undertakings, may, as from the aforesaid day, be continued or enforced by or against the Corporation, as it might have been continued or enforced by or against them if this Ordinance had not been in operation.

(5) Subject to the other provisions of this Ordinance and the rules and regulations, all officers, consultants, advisers and other employees of N. S. C. and P. S. C. shall, notwithstanding anything contained in any law or in any agreement, deed, document or other instrument, stand transferred to the Corporation, and shall be deemed to have been appointed or engaged by the Corporation in accordance with the terms and conditions of service applicable to them immediately before the aforesaid day ; and no officer, consultant, adviser or other employee whose services are so transferred shall be entitled to any compensation because of such transfer.

8. Status quo of certain establishments to continue. Notwithstanding anything in the Pakistan Shipping Corporation Act, 1976 (LIV of 1976), or in any other law for the time being in force, the status as existing immediately before the first day of January, 1979, in respect of the establishments listed in Part A of the First Schedule shall be maintained by the Corporation ; and such establishments shall thereafter continue under the Corporation and be dealt with, as far as may be, in accordance with the provisions of sections 29, 30, 31 and 33 of the said Act as adapted and reproduced in Part B of that Schedule.

9. Valuation of assets of N. S. C. and P. S. C. and entitlement of their shareholders.— (1) As soon as may be after the thirty-first day of December, 1978, the Federal Government shall, through such persons and in such manner as it thinks fit, cause a valuation of the net worth of the business of N. S. C. and P. S. C. as on the said day to be completed, separately, on the basis of the principles set out in the Second Schedule.

(2) The valuation completed as aforesaid shall, on being approved by the Federal Government, be notified in the official Gazette and shall thereupon be final.

(3) After the valuation has been so finalised, the Board shall allocate for N. S. C. and P. S. C. such number of fully paid-up shares of the Corporation as shall bear to the total number of shares allocated or to be allocated to N. S. C. and P. S. C. as nearly as may be the same proportion that the net worth of N. S. C. or P. S. C. bears to the aggregate net worth of the Corporation.

(4) Every person who owns any ordinary shares of N. S. C. or P. S. C. shall be entitled to receive, in lieu of the said ordinary shares, such number of fully paid-up shares of the Corporation as shall bear to the number of shares of the Corporation allocated to N.S.C. and P. S. C., in accordance with sub-section (3), the same proportion as the amount paid-up on his ordinary shares bears to the aggregate amount paid-up on all the ordinary shares of N.S.C. or P.S.C. as the case may be.

(5) No shareholder in N.S. C. or P.S.C shall be entitled to any claim against the Corporation other than, or in addition to, that determined under this section.

10. Issue of share certificates, etc.—(1) The Board shall issue certificates for entitlement to shares of the Corporation arising under section 9 as expeditiously as possible, and subject to sub-section (3) of that section, each such certificate shall entitle the person in whose favour it is issued to receive an allotment of shares of the Corporation in such number and value as are mentioned in the certificate and, pending such allotment, to be treated as if he were the registered holder of that number of shares on and from the first day of January, 1979, for the purposes of any entitlement of shareholders to receive dividends declared by the Corporation or bonus shares issued upon any capitalisation of profits determined by the Corporation or to subscribe for further shares which the Corporation may decide to offer for subscription to its shareholders.

(2) The Board shall decide on the treatment of fractions of shares resulting from the determination of entitlements to shares of the Corporation in accordance with this section, and the Board may make such provisions by the issue of fractional certificates or by payment in cash or otherwise for the purpose as it may deem proper.

11. Share Capital.—(1) The authorised capital of the Corporation shall be fifty crores of rupees divided into five crores of fully subscribed shares of ten rupees each, to be issued as and when required.

(2) The Federal Government shall not at any time hold shares of a value less than fifty-one per cent of the subscribed capital.

(3) Subject to the other provisions of this Ordinance, the subscribed capital of the Corporation shall in the first instance comprise shares allotted against entitlements resulting in accordance with the provisions of subsection (4) of section 9, and such further allotments, if any, as may be necessary to complete the minimum shareholding of the Federal Government required by sub-section (2).

Explanation.— In this sub-section and in sub-section (2), “Federal Government” means the Federal Government and the institutions owned or controlled by the Federal Government.

(4) The Corporation may, with the previous sanction of the Federal Government accorded by notification in the official Gazette, increase its authorised capital whenever it thinks fit.

(5) All issues and transfer of shares of the Corporation shall be subject to the provisions of this Ordinance and the rules and regulations.

12. Shares to be approved securities, etc.—(1) The share of the Corporation shall be deemed to be approved securities and approved investments for the purposes of the Insurance Act, 1938 (IV of 1938).

(2) Such of the shares of Corporation as are issued in lieu of N. S. C. shares in accordance with section 9 shall be deemed to be included among the securities enumerated in section 20 of the Trust Act, 1882 (II of 1882).

13. Administration of the affairs of the Corporation.—(1) Subject to the other provisions of this Ordinance and the rules and regulations, the general direction and administration of the affairs and business of the Corporation shall vest in the Board of Directors, which may exercise all powers and do all acts and things which may be exercised or done by the Corporation.

(2) The Federal Government may, as and when it considers necessary, issue directives to the Corporation on matters of policy ; and if a question arises whether any matter is a matter of policy or not, the decision of the Federal Government shall be final.

14. Board of Directors.—(1) The Board of Directors shall consist of—

(a) five Directors, to be appointed by the Federal Government ; and

(b) two Directors to be elected by the shareholders other than the Federal Government.

(2) For the purpose of constituting the Board in the first instance, the Directors required to be elected under clause (b) of sub-section (1) may be appointed by the Federal Government, to hold office until such time as the first general meeting of the Corporation is held and Directors are duly elected in accordance with the provisions of this Ordinance and the rules and regulations.

(3) No person shall be qualified to be elected as a Director under clause (b) of sub-section (1) unless he holds shares in his own name of the nominal value of not less than one thousand rupees.

15. Term of office of Directors etc.—(1) Every appointed Director shall hold office for a term of three years from the date of his appointment, and shall be eligible for re-appointment:

Provided that the Federal Government may, on resignation by an appointed Director or otherwise, terminate his appointment before the expiry of his term.

(2) An elected Director shall hold office for a period of three years from the date of his election, and shall be eligible for reelection:

Provided that, after the expiry of the aforesaid term, an elected Director shall continue in office until his successor is elected.

(3) The appointment and election of every Director and the fact of his ceasing to hold office shall be notified in the official Gazette.

16. Filling of casual vacancies.— (1) A casual vacancy in the office of Director shall be filled—

(a) in the case of an appointed Director by appointment ; and

(b) in the case of an elected Director by co-option by the Board of a shareholder qualified to be elected as a Director.

(2) It shall not be necessary to fill any vacancy for a period of less than three months.

(3) A shareholder co-opted under clause (b) of sub-section (1) shall be deemed for all purposes to be an elected Director, except that he shall, unless duly elected at the annual general meeting held next after his co-option, cease to hold office immediately after such meeting.

17. Disqualification of Directors. No person shall be or shall continue to be a Director who—

(a) is a minor ; or

(b) is found to be a lunatic or becomes of unsound mind ; or

(c) is or has at any time been adjudicated an insolvent ; or

(d) is or has at any time been convicted of an offence involving moral turpitude ; or

(e) is, being an elected Director, the director of a company or partner of a firm carrying on the business of shipping in Pakistan or is in any capacity employed in any such company or firm ; or

(f) ceases to hold in his own name shares of the value referred to in sub-section (3) of section 14 ; or

(g) absents himself three consecutive meetings of the Board with-out leave of absence from the Board or if he is the Chairman, from the Federal Government.

18. Chairman.—(1) The Federal Government shall nominate one of the appointed Directors to be the Chairman of the Board.

(2) The Chairman shall, unless he sooner ceases to be a Director, hold office for the term of his appointment as Director.

(3) In the event of a casual vacancy in the office of Chairman, a successor may be appointed by the Federal Government for the unexpired term or for the period of absence, as the case may be.

(4) The appointment of the Chairman and the fact of his ceasing to hold office shall be notified in the official Gazette.

(5) A Chairman completing his term of appointment may, if otherwise qualified, be appointed for a further term.

(6) The Chairman shall receive such remuneration, fees, and allowances, and enjoy such privileges, as the Federal Government may determine.

19. Duties of Chairman. The Chairman shall—

- (a) direct and control, on behalf of the Board, the business and affairs of the Corporation, as its chief executive, subject to rules and regulations and such orders and directives on question of policy as the Federal Government may from time to time give in writing ;
- (b) preside at every meeting of the Board and every general meeting of the Corporation, unless prevented by sickness or other reasonable cause ; and
- (c) be responsible for the orderly conduct of the business of the Board.

20. Vice-Chairman.— (1) The Federal Government shall nominate an appointed Director, not being the Chairman, to be the Vice-Chairman of the Board.

(2) The Vice-Chairman shall exercise such powers and discharge such duties as may be delegated to him under sub-section (1) of section 22, or as may be assigned to him by the Chairman under sub-section (2) of that section ; and during the absence of the Chairman from Pakistan, or from a meeting of the Board or a general meeting, he shall also discharge the duties specified in section 19, and perform such other functions as are assigned to the Chairman by this Ordinance and the rules and regulations, or as may have been delegated to the Chairman under the said sub-section (1) of section 22.

(3) The provisions of sub-section (2) to (6) of section 18 shall mutatis mutandis apply to the Vice-Chairman as they apply to the Chairman.

21. Appointment of officers, etc.— (1) The Corporation may appoint such officers, consultants advisers and employees as it considers necessary for the efficient performance of its functions, on such terms and conditions as it may deem fit.

(2) If at any time the Board considers it necessary to dispense with the services of any officer, consultant, adviser or employee, his services shall, notwithstanding anything contained in any law, or in any agreement, deed, document or other instrument, he dispensed with accordingly.

22. Delegation of powers.— (1) The Board may, subject to such conditions as it may deem fit, delegate such of its powers or duties as it may deem necessary for the efficient carrying on of its day-to-day administration to—

(a) the Chairman, the Vice-Chairman or any other Director ; or

(b) any committee appointed under section 24 ; or

(c) any other officer or servant of the Corporation.

(2) Where any powers or duties are delegated to the Chairman, he may, by order in writing, assign such of them as may be specified therein, to the Vice-Chairman or to such officers or servants of the Corporation as may be so specified.

23. Meetings of the Board.— (1) The meetings of the Board shall be held at such times, and at such places as may be prescribed by regulations:

Provided that a meeting may also otherwise be convened by the Chairman whenever he so thinks fit.

(2) To constitute a quorum at a meeting of the Board, not less than three Directors, including the Chairman and Vice-Chairman shall be present.

(3) Each Director, including the Chairman, shall have one vote, and in the event of an equality of votes, the Chairman, or the Vice-Chairman, or the Director presiding for the time being in accordance with the provisions of sub-section (4), shall have a second or casting vote.

(4) If, for any reason, the Chairman is unable to preside at a meeting, it shall be presided at by the Vice-Chairman, and in his absence, by the Director nominated by the Chairman for the purpose, and in default of such nomination, by such Director as the Directors present may choose from among themselves.

24. Committees of the Board. The Board may, from time to time appoint, from amongst the Directors, such committees as may be necessary to discharge such functions as may be assigned to them by the Board, or to assist the Board in the performance of its functions.

25. Vacancy, etc., not to invalidate acts or proceedings of Board. No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy, in, or defect in the constitution of, the Board.

26. Head Office and other offices. The Corporation shall have its Head office at Karachi, and may establish such other offices in Pakistan or abroad as the Board thinks fit.

27. Deposit accounts. The Corporation may open accounts in any scheduled bank in Pakistan or, subject to the provisions of the Foreign Exchange Regulation Act, 1947 (VII of 1947) in any bank outside Pakistan.

Explanation.— In this section, “Scheduled Bank” has the same meaning as in the State Bank of Pakistan Act, 1956 (XXXIII of 1956).

28. Investment of funds. The Corporation may invest its funds in any securities of the Federal Government or a Provincial Government and may make such other investments as may be approved by the Board.

29. Borrowing Powers. The Corporation may, as and when considered necessary, borrow money in Pakistan, and, with the previous sanction of the Federal Government and on such terms and conditions as may be approved by it, in foreign currency.

30. Audit.— (1) The accounts of the Corporation shall be audited by two auditors who are chartered accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961) and are appointed for the purpose by the Corporation in general meeting:

Provided that, until such time as the first general meeting is held and auditors are duly appointed, the Board may appoint the auditors.

(2) The auditors of the Corporation appointed under sub-section (1) shall perform such duties and exercise such powers as are provided for an auditor of a Company under the Companies Act, 1913 (VII of 1913) and the Securities and Exchange Ordinance, 1969 (XVII of 1969).

(3) The Board may, at any time, issue directions to the auditors appointed under sub-section (1) requiring them to report to it upon the adequacy of measures taken by the Corporation for the protection of the interests of its shareholders and creditors, or upon the sufficiency of the information and other means placed at the disposal of the auditors in auditing the accounts of the Corporation.

(4) Notwithstanding anything contained in sub-section (1), the Auditor-General of Pakistan shall, when required by the Federal Government, undertake such audit of the accounts of the Corporation as the Federal Government may consider necessary; and the Corporation shall, for the purpose of such audit, produce the accounts and connected documents at such place or places as the Government may direct and furnish such explanation and information as may be asked for by the Auditor-General or any officer appointed by him in this behalf.

31. Maintenance of account. The Corporation shall maintain its accounts in such manner as may be required for a company under the Companies Act, 1913 (VII of 1913) and the Securities and Exchange Ordinance, 1969 ([XVII of 1969](#)).

32. Annual Reports. The Corporation shall furnish to the Federal Government at such time, after the end of every financial year, in such form and in such manner as may be prescribed by rules, an annual report on the conduct of its affairs for that year.

33. General meetings.— (1) The annual general meeting of the shareholders shall be held at Karachi within six months from the date on which the annual accounts of the Corporation are closed.

(2) Any other general meeting of the shareholders may be convened by the Board at any time.

(3) The shareholders present at the annual general meeting shall be entitled to discuss and adopt or make recommendations to the Board with regard to the annual accounts, the annual report of the Board on the working of the Corporation and the auditors' report on the annual balance sheet and accounts.

34. Indemnity of Directors.— (1) Every Director shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties, except such as are caused by his own wilful act or default.

(2) A Director shall not be held responsible for the acts, omissions or in-efficiency of any other Director or of any officer or other employee of the Corporation resulting in any loss or expense to the Corporation or in deficiency in the value of or title to any property or security acquired or taken on behalf of the Corporation, or for anything done by himself in good faith in the execution of the duties of his office.

35. Reserves and dividends.— (1) Out of its earnings, the Corporation shall establish a general reserve and create from time to time such other special reserves as the Board may determine.

(2) After making provision for interest, taxes, bad and doubtful debts, depreciation of assets, maintenance of reserves and any other matter determined by the Board, the Corporation in general meeting may declare a dividend out of the profits accruing in a year, so however that the dividend so declared shall not exceed the dividend as recommended by the Board.

36. Employees Provident Fund, etc.— (1) The Corporation shall establish an Employees Provident Fund, and may establish a Benevolent Fund or similar other Funds, introduced Gratuity, Group Insurance and other Schemes, and grant Bonus and similar other benefits to its employees, as and when considered necessary.

(2) The employees' Provident Fund established under sub-section (1) shall be deemed to be a Provident Fund to which the provisions of the Provident Fund Act, 1925 (XIX of 1925) apply.

(3) The Employees' Provident Funds being maintained by N. S. C. and P. S. C. shall, subject to the other provisions of this Ordinance and the rules and regulations, be unified as from the first day of January, 1979, and the moneys standing to the credit of such Funds immediately before that day, together with any other assets belonging thereto, shall stand transferred to the Corporation; and the persons responsible for the Trust constituted by P. S. C. shall, as from the said day, be discharged from such Trust, except as respects things done or omitted to be done before such transfer.

37. Liquidation of Corporation. No provision of law relating to the winding up of companies or corporation shall apply to the Corporation, and the Corporation shall not be wound up save by an order of the Federal Government and in such manner as the Federal Government may direct.

38. Power to make rules. The Federal Government may, by notification in the official Gazette, make rules for the purpose of giving effect to the provisions of this Ordinance.

39. Power to make regulations. The Board may make regulations, not inconsistent with the provisions of this Ordinance and the rules, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Ordinance.

40. Removal of difficulties. If any difficulty arises in giving effect to any provision of this Ordinance, the Federal Government may make such order, not being inconsistent with the provisions of this Ordinance, as may appear to it to be necessary for the purpose of removing the difficulty.

41. Repeals and savings.-(1) The National Shipping Corporation Ordinance, 1963 (IV of 1963) and the Pakistan Shipping Corporation Act, 1976 (LIV of 1976) shall stand repealed on the first day of January, 1976.

(2) Any rules or regulations made, order passed, notification issued, thing done, action taken or proceedings commenced, under any of the provisions of the statutes repealed by sub-section (1), or deemed to have been so made, passed, issued, done, taken or commenced, shall, if not inconsistent with the provisions of this Ordinance, continue in force and be deemed to have been made or, as the case may be, passed, issued, done, taken or commenced under the corresponding provision of this Ordinance.

FIRST SCHEDULE

(See section 8)

PART A

The Establishments

- Managed establishments:
1. The pan-Islamic Steamship Company, Limited.
 2. The Muhammadi Engineering Works, Limited.
- Acquired establishments:
1. The Chittagong Steamship Corporation, Limited.
 2. The Gulf Shipping Corporation, Limited.

PART B

Provisions of sections 29, 30, 31 and 33 of the Pakistan Shipping Corporation Act, 1976 (LIV of 1976), with necessary adaptations.

Section 29.— Transfer to the Corporation of the ownership of shares in managed establishments.—

- (1) When the management of a managed establishment listed in Part A has been transferred to the Corporation, the Federal Government may, by notification in the official Gazette, transfer to and vest in the Corporation the shares of such managed establishment, and on such day as may be specified in the notification (hereinafter referred to as the “appointed day”) all the issued or subscribed shares of such managed establishment shall stand transferred to and vested in the Corporation; such managed establishment being hereafter referred to as the “acquired establishment”.

(2) Every person who immediately preceding the appointed day held any shares of such establishment shall, within ninety days of the appointed day, surrender to the acquired establishment all the share certificates held by him pertaining to the shares transferred to and vested in the Corporation, and the establishment shall forthwith cancel such share certificates surrendered to it.

(3) Any share certificate required to be surrendered under sub-section (2) and not so surrendered shall, on the expiration of ninety days from the appointed day, stand cancelled.

(4) The acquired establishment referred to in subsection (2) shall, within one hundred and eighty days from the appointed day, issue and deliver to the Corporation one or more new certificates as the Corporation may direct in lieu of the share certificates which are cancelled by it pursuant to sub-section (2) or which stand cancelled in accordance with sub-section (3).

Section 30.— Valuation of shares in acquired establishments and entitlement of their owners to shares of the Corporation.—

(1) The Federal Government shall cause to be made and completed as expeditiously as may be, through such person, being a Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961) and in such manner as it thinks fit, a determination as on the appointed day separately of the net worth of the acquired establishment and the aggregate net worths of the Corporation and all the acquired establishments the undertakings of which have not been transferred to and vested in the Corporation under section 31 on or before the appointed day, and such determination shall be made on the basis of the principles *mutatis mutandis* set out in the Second Schedule, and the aforesaid net worth of the acquired establishment and the aggregate net worths shall, on being approved by the Federal Government, be notified in the official Gazette and shall be final.

(2) The Board shall allocate for the acquired establishment such number of fully paid-up shares of the Corporation as shall bear to the total number of shares allocated or to be allocated to all the acquired establishments, as nearly as may be, the same proportion that the net worth of the acquired establishment bears to the aggregate net worths of the Corporation and all the acquired establishments the undertakings of which have not been transferred to and vested in the Corporation under section 31.

(3) Every person who, immediately before the appointed day, owned any ordinary shares of such acquired establishment shall be entitled to receive, in lieu of his ordinary shares in such establishment, such number of fully paid-up shares of the Corporation as shall bear to the number of shares of the Corporation allocated to such establishment in accordance with sub-section (2) the same proportion as the amount paid-up on his ordinary shares bears to the aggregate amount paid up on all the ordinary shares of such establishment.

(4) An entitlement to shares of the Corporation arising under this section shall not be questioned on account of the allocation of shares to the acquired establishment not being according to the proportion specified in sub-section (2) or on account of such entitlement not being related to the net worth of the acquired establishment determined in accordance with sub-section (1).

(5) The Board shall issue certificates for entitlement to shares of the Corporation arising under this section within ninety days of the notification of net worth under sub-section (1), and, subject to sub-section (2), each such certificate shall entitle the person in whose favour it is issued to receive an allotment of shares of the Corporation in such number and value as are mentioned in the certificate and, pending such allotment, to be treated as if he were the registered holder of that number of shares on and from the appointed day for the purposes of any entitlement of shareholders to receive dividends declared by the Corporation or bonus shares issued upon any capitalisation or profits determined by the Corporation or to subscribe for further shares which the Corporation may decide to offer for subscription to its shareholders.

(6) The Board shall decide on the treatment of fraction of shares resulting from the determination of entitlements to shares of the Corporation in accordance with this section, and the Board may make such provision by the issue of fractional certificates or by payment in cash or otherwise for the purpose as it may deem proper.

Section 31.— Transfer to the Corporation of the undertaking of acquired establishment.—

(1) The Federal Government may, by notification in the official Gazette, transfer to and vest in the Corporation the undertaking of any acquired establishment, and on such date as may be specified in the notification the entire undertaking of the acquired establishment shall stand transferred to and vested in the Corporation.

(2) The undertaking so transferred and vested shall include all assets, rights, powers, authorities and privileges, and all property, movable and immovable, including lands, works, workshops, ships, vessels, vehicles, cash balances, reserve funds, investments, and book debts, whether within or outside Pakistan, and all other rights and interests arising out of such property, as were immediately before the transfer to and vesting in the Corporation of the undertaking in the ownership, possession or power of the acquired establishment, and all books of account and documents relating thereto and all borrowings, liabilities and obligations of whatever kind then subsisting of the acquired establishment.

(3) All contracts, agreements and other instruments of whatever nature subsisting or having effect immediately before the transfer to and vesting in the Corporation of the undertaking of an acquired establishment, to which such acquired establishment was a party or which were in favour of such acquired establishment, shall have full force and effect against or in favour of the Corporation and may be enforced or acted upon as fully and effectively as if, instead of the acquired establishment, the Corporation had been a party thereto or as if they had been entered into or issued in favour of the Corporation.

(4) If, on the date of the transfer to and vesting in the Corporation of the undertaking of an acquired establishment, any suit, appeal or other proceeding of whatever nature is pending by or against such acquired establishment, any suit, appeal or other proceeding of whatever nature is pending by or against such acquired establishment, it shall not abate, be discontinued or be in any way prejudicially affected by reason of such vesting or transfer or anything done under this Act but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Corporation.

Section 33.— Dissolution of acquired establishment.—

An acquired establishment shall, notwithstanding anything contained in the Companies Act, 1913 (VII of 1913) stand wound-up and dissolved as from the day on which its undertaking is transferred to and vested in the Corporation.

SECOND SCHEDULE

(See section 9)

1. The net worth of N. S. C. and P.S.C. shall be determined in the following manner, that is to say,—

The break-up value of their shares shall first be determined in accordance with clause (c) of rule 8 of the Wealth Tax Rules, and thereafter such break-up value shall be multiplied by the number of their paid-up shares.

2. For the purpose of determination of net worth under paragraph 1, the basis shall be the audited balance sheets of N. S. C. and P. S. C. as on the thirty first day of December, 1978.

