Company Law in Nepal: An Observation

Shreeprakash Upreti

1. Introduction
The concept of formation of a company is the outcome of the experiences of partnership business and incorporation by registration. In partnership, the liability of the partners for the debts of the business is unlimited. They are bound to meet without any limit, all the business obligations of the firm. The company being a separate person, the liability of its shareholders is limited in the context of company. The shareholders are not liable personally. To arrange the sufficient finance, to limit the liability, to operate the business as an organized way and to operate the transnational huge business as an easy way, the company is a panacea.

Law creates the rights and obligations of persons and divides them into two classes as Natural Persons and Artificial Persons. Natural Persons are human beings and artificial persons are those persons created and developed by laws for the purpose of society and government. The artificial persons are called Corporations or Companies with a distinctive name having common seal and created by law for the purpose of preserving in perpetual succession rights which would fail if vested in a natural person. Company is an artificial legal person created by law with certain rights and obligations. It is a group of natural persons but separate and distinct from the persons who are its members. Company may be defined as a voluntary association for profit with capital, divisible into transferable shares with limited liability, having a corporate body and common seal. The concept of company as being a separate, legal person is fundamental in understanding the rights and duties of that company. It means that property of the company is not owned by the members who own shares but by the company. Debts of company are debts of these artificial legal persons and not of the people running the company or owning in it. The company has a right to sue and can be sued, can own property and have banking account in its own name, own money and be a creditor but can not shake it by the hand or knock it down in a fit of temper. When a company or corporation is incorporated the natural consequences of it is the transferability of shares, and the company has perpetual succession. This means the company is independent of the lives of its member, giving immortality to the company. Hence member may come and go but the company goes on until dissolved.

The Company Act, 2063 states that "A company shall denote the company which is incorporated in accordance with this Act." Registration, Separate and distinct personality from its members, Voluntary association, An artificial legal personality enjoys similar rights and obligation as a natural person, Contractual Capacity, Permanent existence (Perpetual succession), Capital, Common seal, Registered Office, Limited liability, Transferability of Shares, Not a citizen and No fundamental rights are the main features or characteristics of a Company.

2. Historical Evolution of Company Law in Nepal
2.1. The Company Act, 1993: The company law, for the first time came into existence in Nepal, at the period of 2nd World War. In 1993, under the regime of Prime Minister Juddha Shamser Rana, the first Company law was enacted for governing commerce and industry. Many provisions of that law were

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* Affiliated to Judicial Service/Lecturer, Caspian College of Management and Research Centre, Kumaripati.
2 The Company Act, 2063, Section 2(a)
influenced by the British Company Act, 1929. First joint stock company Biratnagar Jute mills Ltd. Was established in Ahsad 30, 1993 BS under that law. Latter on, other several joint stock companies were incorporated on the basis of that law for fulfilling the demand of market created by the consequence of the Second World War. That law helped to those persons who wanted to establish joint stock company in that contemporary circumstances. It was the first effort to enact separate law for forming company.

2.2. The Company Act, 2007: Although the Company Act, 2007 was enacted as a separate law but it did not repeal the previous law of 1993 BS. Actually it was an amended and changed form of the former Act. Both the Acts were in operation till the enactment of Company Act, 2021 which repeal it. It had 160 Sections but there were no apparent provisions of Definitions, Sections and parts. It was amended two times in 2018 and 2019 as the need of that time. This Act had accepted the doctrines of incorporation of company, limited liability, legal personality, separate identity etc as latter one. Both types of company Private and Public were provisioned under it. It defined the Parent and subsidiary companies whereas the Act of 2021 did not define parent company. At the summing up, the Company Act of 2007 was not sufficient to address the need of changed circumstances during the period of more that one decade in industrial, business and commercial sectors. Therefore it was a need to enact a separate Act for governing companies. Consequently, the Company Act, 2021 came into existence.

2.3. The Company Act, 2021: The Company Act, 2021 was introduced in 2021 for making new provisions to establish, run and winding up of companies whether public or private as the need of business sector. It was modern and clear Act in relation to the previous company law. It had 152 Sections, 13 chapters and 1 schedule. The Act was amended eight times till the time of repeal. The Act was formulated on the basis of doctrines of incorporated company, limited liability, legal personality, perpetual succession and autonomy of company. It had made the provisions of private company, public company, governmental company and foreign company. It had comprised the several provisions relating to incorporation of company, share and debenture, meetings, managing agent, account keeping of company, auditing and winding up of company etc. It was repealed by the Company Act. 2053.

2.4. The Company Act, 2053: The Company Act, 2053 had come into existence through Royal Seal on 2053/11/22. It was a separate Act formulated to address the changed circumstances after commencement of the political change in 1990 in the country. It was the first Act made after introducing the free market economy in the country. Former Act was not sufficient to contain the provisions relating to free market economy; therefore, it was a requirement of the time to enact it. It had contained 14 chapters and 144 Sections. No amendment had been made upon it and it was repealed by the Companies Ordinance, 2063.

2.5. Companies Ordinance, 2063: This Ordinance had been issued on Ashwin 23, 2062 to amend and consolidate forthwith the legislation relating to companies in order to bring about dynamism in the economic development of the country by promoting investments in the industrial, commercial and business sectors through the process of economic liberalization, and further simplify and make more convenient and transparent the processes of establishing, managing and administering companies. It contained 21 chapters and 188 Sections and made almost all provisions relating to the objectives mentioned in the preamble. The Act had provisioned about the Definitions, Establishment of Company, Memorandum, Articles and Prospectus, Shares and Debentures, Meetings of the Company, Board of Directors, Accounts and Records of the Company, Audit, Explanations and Investigations, Voluntary Liquidation of Company, Protection of Shareholders, Parent and Subsidiary Companies, Provisions Concerning One-Man Companies, Provisions Concerning Foreign Companies, Legal Actions and

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5 The Company Act, 2007, Section 1(a).
6 The Company Act, 2021, Section 152(1).
7 Gyaindra Bahadur Shrestha, (2063), A commentary on The Company Act, 2063, Kathmandu: Pairavi Prakashan, p. 4.
8 The Companies Ordinance, 2063, Preamble
Penalties and Audit Committee. It contained special Provisions Relating to Non-Profit Companies. Section 166 of the Act had a provision relating to establishment of Non-Profit Companies. It was a new legal framework under Nepalese company law. This provision remains continuous in the latest Company Act. This ordinance had repealed the previous Act of 2053.

2.6. The Company Act, 2063: The Company Act, 2063 has been promulgated on Kartik 24, 2063 for obtaining the main purposes to amend and consolidate forthwith the legislation relating to companies in order to bring about dynamism in the economic development of the country by promoting investments in the industrial, commercial and business sectors through the process of economic liberalization, and further simplify and make more convenient and transparent the processes of establishing, managing and administering companies. It is the prevailing law of the country. It contains 21 chapters and 188 Sections and comprises almost all provisions relating to the objectives mentioned in the preamble. It is a continuation of the former ordinance; therefore, it comprises almost all legal provisions of the ordinance except increasing the amount of fine but it has made several new provisions in comparison to the Act of 2053. The provisions incorporated under the Act will be discussed in relevant topics. This Act has comprised almost all contemporary aspects of modern business. Therefore, it can be said that the country has come to the age of modern legal framework. The main provisions of the Act have been discussed as underneath:

3. Incorporation of Company
When the promoters of a company decide to establish and register the company to the authorized registration office is generally known as incorporation of a company. It is a process or initial stage as well as primary step of providing legal status or process of forming legal personality of an association. So the incorporation puts breath and soul to a company which is concluded by the formal registration by the authorized registration office i.e. Office of the Company Registrar. The following provisions have been made for the establishment of Company under the Company Act, 2063.

(1) Any person with a view of making profit wants to enterprise alone or by group in association with other, shall establish a company for the achievement of one or more than one objectives as mentioned in the article of the association.
(2) Seven numbers of promoters shall require for the establishment of a Public Company. However, such number (Seven) of promoters is not required in a case where a Public Company establishes another Public Company.
(3) Notwithstanding to the provision written in this section a company not for distribution of profit can be established for the achievement of one or more than one objectives.

3.1. Number of Shareholder
(1) The number of Shareholder of a Private Company must not exceed more than fifty.
(2) Under the provision of the Sub-section (2) of the Section 3, a public Company shall have minimum Seven and Maximum shareholder may be as many as desired.

3.2. Process of Incorporation
The process of company incorporation is clearly given in the Act. Submission of application to the Office of Company Registrar enclosing prescribed fees and documents to establish a company is necessary. If an application is received for the registration of company with necessary documents and fees the Office must provide a Company Registration Certificate to the applicant in prescribed format after necessary examination within 15 days of application received. There are certain clauses given in

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9 Ibid, Chapter 19
10 Ibid, Section 188(1)
11 Supra note 2, Preamble.
12 Ibid, Section 3
13 Ibid, Section 9
the Act for refusing to register the company. In the existence any of such the situation the Office may refuse to register a Company.

4. Provisions of Meetings
Meeting is very essential to a company for smooth running and sound management. It is an assembly of number of persons for discussing and deciding on the subject matter of common objectives. Meetings of a company can be classified as: Meetings of Board of Directors, Annual General Meeting and Special General Meeting. The Meetings of board of directors shall be discussed later on.

4.1. Annual General Meeting: Annual General Meeting may be two types as First Annual General Meeting and Annual General Meeting. Every Public company after receiving license for operating business shall have to conduct first annual general meeting within one year and then it shall have to conduct annual general meeting within 6 months of completing every fiscal year. Call of AGM, Place of AGM, Participation in the AGM, Legality of the Meeting, Quorum, Operation of AGM, Discussion and Decision in the AGM, Conclusion of Meeting, Special Provision for Private Limited Company, Voting Rights, Matters to be discussed in the General Meeting are apparently provisioned in the current Act. Every public company shall have to submit the details of Annual General Meeting within 30 days regarding the numbers of shareholder presented, annual financial statement, Reports of director and auditor and the decisions made by the meeting. Private Company shall have to submit a auditor's verified copy of its annual financial report within 6 months from the date of completing Fiscal Year.

4.2. Special General Meeting (SGM)
Every general meeting other than the first and annual general meeting is a Special or Extra-ordinary General Meeting. It is usually called by the directors for transacting some special or urgent business which has to be done before the next annual general meeting. A Special General Meeting can be called by the Board of Directors or The board of directors at the request of Auditor or The Company Registrar's Office or Shareholders holding 10% shares or 25% of whole shareholders or Company Registrar's office at the request of shareholders or Office shall itself or through Board. SGM is distinct from the AGM only in respect of its calling rather than power and process.

5. Minutes and Resolutions
5.1. Minutes: Every company must keep minutes containing a fair and correct summary of all proceeding of general meeting and Board meetings in books kept for that purpose. All the decisions of the company must be included in the minutes. In case of Board meeting, the minutes must also state the names of the directors present and of those who may have dissented for a resolution passed at a meeting. The minutes book must be kept at the registered office of the company and be open to inspection in the usual manner. The minutes of GM must have signed by the Chairman of the meeting or Company Secretary. If the Company has no Company Secretary, a representative from the majority of shareholders must sign on it. The minute of a General Meeting must include: How the notice of the GM was published? How many shareholders were presented? What percentage shareholders were presented out of total number? What were the decisions made? If the poll has been made, what was its result? Such minutes of the company shall have to either sent to the shareholders within 30 days or publish in national level newspaper.

5.2. Resolution: Resolution is the proposal for deciding at the meeting of a company. There are Ordinary resolution and Special resolution. An ordinary resolution is a resolution other than special resolution. A resolution shall be an ordinary resolution when the votes in a general meeting cast in its favour are more than votes against it. In other words, if the resolutions require only majority vote to pass it is called an ordinary resolution. The votes may be cast on a show of hands or on a poll in general meeting of which 21 days notice has been given. A special resolution is one which is specifically mentioned in the notice of the general meeting and passed by such a majority that the number of votes cast in favour of the resolution is three times the number cast against it either by show of hand or on a
poll. Increment of Authorized capital of the company, Reduce of share capital or changing it, Change of name and main objectives of the company, Merger of company in to another company, Issue of bonus share, Purchase of own share of the company, Sell of share in discount, Conversion of private company in to public company and public company into private company, Amendment of the Articles and Memorandum and Liquidation of company are the subject matters to be discussed as a special resolution.

6. Board of Director and Board's Report

6.1. Board of Director:
The registration of a company under the Company Act creates the legal personality, capable of carrying on business and of acquiring or owning and disposing of property. Such an impersonal creation of law must act through some human intermediary who, in practice takes the form of the Company Directors. For the efficient management of the company it is essential to appoint the persons who discharge the various managerial and other functions and such persons should be competent, honest and legally qualified. Due to an artificial legal person without intelligence and will and having no physical existence it has to act through the agency of natural person.

6.1.2. The Directors
The supreme authority in the control of a company and its affairs resides by delegation in individual known as directors who are collectively designated the board of directors. The Chapter 6 of the Nepalese Company Act 2063 has provided some legal provisions regarding board of directors as follows.

1. Number of directors: [Section 86]
The number of board of director s of a private limited company shall be as prescribed by the memorandum of the company. The public limited company shall have minimum 3 and maximum 11 number of board of director. The board of director formed for a public limited company shall have an independent director if it has up to 7 number of board of directors and it shall have two independent director having knowledge and experience in the concerned business if it has more than 7 board of directors. The board of directors shall have a Chairman who is elected among the directors.

2. Appointment: [Section 87]
The directors of a company may be appointed in any of the following ways: By the Company in general meeting or By the Promoters for the period until the first general meeting held or By the Board of directors as an additional director or to fill a casual vacancy or as an alternative director or By a corporate body, in case of shareholder.

3. Qualification: [Section 88]
If the number of share is prescribed on the Memorandum of the company to be appointed as the director the person who must meet such qualification. If it is not prescribed at least 100 shares must be hold by the person. Such provision is not applicable if there are any provisions to be appointed by the corporate body.

4. Disqualification: [Section 89]
Certain disqualifications are enlisted in the Act to appoint a person as a directors. Persons having any of the given disqualification can not be appointed as directors. For a Public Limited Company, the person who is not 21 years old, Person having unsound mind, Person declared insolvent and insolvency period has not exceeded 5 years, Person who has been convicted of an offence of corruption or other morally degrading offence and such are enlisted as disqualifications. In addition to these disqualifications of director, a person is a shareholder of the company, who has not passed the Bachelor degree on the finance, management, economic, account, statistic, business, business administration or law and has 10 years experience on concerned sector, the member, auditor, staff, or retired from such post and has not passed the 3 years, the close relatives of the member of company and auditor or partner of the company can not be appointed as an independent directors.

5. Removal and Resignation [Section 89(3)]
Director of a company is removed from his position either of given conditions as if disqualified under section 89 (1) & (2), If the General Meeting passed the resolution to remove, If the resignation approved by the board of director If the court found guilty having malafied intention of company's transaction, If the court found the director has done the act which was not suppose to be done or has not done the work which was suppose to be done or Black listed person under the prevailing laws.

6. Tenure of the Directors. [Section 90]
The tenure of the director of a Private company shall be as prescribed on the Memorandum of the company. The tenure of the director of a Public company shall be maximum 4 years as per the memorandum of the company. If the director is appointed by the Nepal Government or corporate body, such directors shall be a director as desired of the Nepal Government or corporate body. If any director has been appointed in the replacement of other shall have the tenure of original director. The directors may be re appointed under the existing laws.

6.2. Board Meeting: [Section 97]
The meeting of a private company shall be held as prescribed by the Memorandum of the company. The meeting of a Public company shall be held at least 6 times in a year. However, the duration of two meeting must not exceed 3 months. The directors of the company must be presented himself at the meeting. No representative shall be entertain. There must be 51% directors presented to commence the meeting. If such quorum has not meet another meeting can be called by providing 3 days notice. If the prescribed quorum has not met again the presented directors can reach into a decision. The decision shall be made on the basis of majority and if the votes are equal the chairman shall give his decision. The meeting has to be recorded its decision in a minute books and 51% directors presented at the meeting must signed on it. If there are any dissented opinions made by any directors, such note of dissent must also be recorded.

6.3. Reports of the Board of director [Section 109]
The board of director of a public company shall have to maintain financial report and report report of the Board of Director 30 days before the every annual general meeting is held and the private limited company shall have to maintain the details and report within 6 months from the end of the fiscal year.

6.3.1. The financial Report: the financial reports including the Balance Sheet of the end of the Fiscal year, Profit and loss account of the fiscal year and Cash flow statement of the fiscal year shall be maintained by the Board of Director. Such financial report of the company must be approved by the Board of Director and must be audited.

6.3.2. The Report of the Board of Director:
Each Public Ltd Company and the Private Ltd Company having a paid-up capital of Rs 10 million or more or with an annual turnover of Rs 100 million or more, shall have to maintain a report including Review of the financial transaction of the previous year, Any effects on the transaction due to the national and international circumstances, Achievement of the current year and future planning, Industrial and professional relations, Alteration in the board of directors and its causes, Main factors affecting the transactions, Comment of the Board if the auditor has made some remarks, Recommendation for the distribution of dividend amount, If any seizure shares, the number of share, its price, the amount received by the company before the seizure and the amount received by selling such share after seizure and if it has been returned, its details, Progress report of the company and its subsidiary company and its review on the end of the fiscal year etc. All the area of business must be mentioned in the Board Report including the remuneration, allowances and facilities paid to the directors, Managing director, Executive chief and members, Dividend amount to be received by the shareholder, Details of the purchased and sell of property, Detail transaction made under the section 175 with the related company and Other necessary details under the company Act.14

14 Ibid, Section 109(4)
7. The Auditor

According to the Section 110 of the Company Act 2063, every company shall have to appoint an auditor. If the company has branch office on foreign country and the law of the foreign country allows such auditor can audit the branch office also.

7.1. Appointment of Auditor: An auditor of a company is appointed by the General Meeting for the Public Company. According to the Provision of Article and Memorandum of the company if it is Private Company. If no provision has been made in the Article and memorandum, the General Meeting, The Board of Director, until the First General meeting held. The Office at the request of the BOD (Section 113)

7.2. Disqualification of an Auditor: (Section 112)

There are certain disqualifications mentioned in the Act as Director, advisors, Managerial staffs or his partners, director's close relatives. Debtor or his close relatives. Convicted on the offence on auditing and such conviction period has not pass 3 years. Insolvent or main shareholder of general share holder and his close relative. Convicted on corruption, cheating, morally degrading offence and such convicted period has not passed 5 year. Auditor who have been appointed regularly 3 times. For Public Company, the government officials. Limited Liability Company or organized body. Person having personal interest with the transaction of the company.

7.3. Rights and power of the Auditor

According to the Company Act 2063 the auditor can enjoys several rights like Rights to access the account, to ask for explanation, to visit all the branches, to request for calling SGM, to attend the GM and SGM, to correct wrong statement, to take legal and technical advice, to prepare audit report independently and to get remuneration.

7.4. Duties of an Auditor

It is the first duty of an auditor to submit audit report preparing it after completion of the auditing. He has to submit report to Company Registrar Office and company addressing appointing authority certifying the books of accounts, records and balance sheet, statement of income and expenses and cash flow report audited by him. The report must be sent to shareholders and CRO with the notice of AGM in case of a public company and as mentioned in the articles or unanimous agreement in case of a private company. An auditor has to mention some important matters in his report like Whether information and explanations needed to him were available or not, the balance sheet, the profit and loss accounts, and the statements of cash flow have been prepared as per the Company Act or not and they tally with the accounts maintained by the company or not, Whether the company has maintained the accounts and records pursuant to the law or not, Whether on the basis of the explanation and information supplied to him in the course of auditing and in the auditor's opinion the balance sheet properly reflects the economic condition of the company or not and the statement of profit and loss of the fiscal year ending on the same date and the statement of cash flow properly reflects such matter of the company respectively. Whether the BD or any representative or any employee of the company has acted contrary to law or committed misrepresentation or caused to loss or damage and suggestions, if any, on his behalf.

It is also a duty to an auditor to affix signature on the accounts and records audited by him. Similarly, he has to mention the date on which he audited them. An auditor has to perform his duties with proper diligence and care. It is his important duty because only his care and diligence can protect the interest of the shareholders and company.

8. Dissolution of a Company

The dissolution of company means the formally stopping the transaction by ending the legal status and divides the rights and liability. It is also called winding up or liquidation. So, the dissolution is the formal end of the legal personality of the company. After dissolution, the management of the company
will take over by the official receiver who determines the property, payment of the liabilities is known as liquidator. Modes of winding up may be Voluntary winding up, Winding up by Company Registrar Office and Winding up by Court's order.

8.1. Voluntary winding up [Section 126]
If otherwise provided by the Insolvency Act, the shareholder of the company by passing the resolution or under the provision of Article, Memorandum and unanimous agreement can dissolve the company if following circumstances has been exist.

i. If the company is able to pay debt or any other liability.
ii. If the company is not on the process of declaration insolvent under the prevailing laws.
iii. If the Board of directors declares that the company is able to pay all the liabilities within 1 year and any other ways after necessary examination.
iv. If the GM declared that the company is able to pay all the liabilities when discussing at the matter of dissolution.
v. If such decision and declaration has been made it must be submitted to the CRO within 7 days.

8.2. Winding up by Company Registrar's Office: [Section 136]
It is also called compulsory winding up. The Company Registrar's Office can dissolve the company in the following circumstances.

i. In the case of submitting application for dissolution of company by the promoters stating that the company has not able to start the transaction.
ii. If the report has not been submitted to the office regularly for 3 years or the fine imposed by the office has not been paid.
iii. If the Office believes that the company is not in existence any more.

8.3. Winding up by Court's order on the request of shareholder [Section 139(4)(f)]: It is also known as compulsory winding up of a company. According to the Section 139(4)(f) of the Company Act, 2063, the Court can issue an order to dissolve the company if its shareholders file a suit to the District Court claiming the company is acting against their interest.
According to the Section 51 of the Financial Company Act, 2042 the Appellate Court can issue an order to dissolve a company, constituted under this Act, if the central bank file a petition to the Appellate Court in certain given circumstances:

a. If the company fails to pay the debts;
b. If any transaction held against the interest of promoters or depositors;
c. If the company fails to submit the statement/report to the Nepal Rastra Band within the prescribed time period;
d. If the company leaves to operate the transactions;
e. If the property of company is insufficient for deposited liability;
f. If the company does not follow the terms and conditions mentioned in its license;
g. If other any conditions found as similar as mentioned above.

9. Some new provisions incorporated in the Act
As stated in the preamble of the Act, the main objectives of the Act are to amend and consolidate forthwith the legislation relating to companies in order to bring about dynamism in the economic development of the country by promoting investments in the industrial, commercial and business sectors through the process of economic liberalization, and further simplify and make more convenient and transparent the processes of establishing, managing and administering companies. To obtain these objectives, the Act has comprised several new and modern conceptions towards modernization of the contemporary company law which were not found in the previous Act. Important new provisions are given below:
9.1. Provision of new kinds of company: Previous Act had contained only the Private Company, Public Company, Parent Company, and Subsidiary Company but this Act has made the provisions of Foreign Company, Listed Company and Non-Profit Company in addition to the previous provisions.  

9.2. Provision of Paid-up Capital of A Public Company: The paid-up capital of a public company must amount to at least Rs 10 million, except when current law or a notification published by the Government of Nepal in the Nepal Rajapatra provides for a higher paid-up capital in respect to any particular company. Every public company with a paid-up capital lower than the mentioned paid-up capital at the time of commencement of the Act must raise its paid-up capital to the amount mentioned in Sub-Section (1) within Aswin 22, 2065.

9.3. Only Public Companies to Undertake Certain Enterprises: Notwithstanding anything contained elsewhere in this Ordinance, every company undertaking a banking, financial, insurance or stock exchange business, or operating a pension or mutual fund, or any other prescribed business or enterprise, must be established as a public company.

9.4. Provision of Company Seal and Use Thereof: Every company desirous of using a seal in its business must make a seal in its name with clearly legible letters. The company using a seal must stamp it on every report or document to be submitted by it, as well as on every business letter, statement of accounts, bill, invoice, demand or order form, notice, official publication, bill of exchange, negotiable instrument, promissory note and official letter signed or issued on behalf of the company. Any person who fails to mention the name of the company while signing any of the documents on behalf of the company shall be held personally liable for the concerned matter.

9.5. Provision of Commercial Bench: Court means the commercial bench of a court prescribed by the Government of Nepal by notification in the Nepal Rajapatra with the approval of the Supreme Court.

9.6. Extension of the extent of punishment: This Act has extended the limit of the punishment in comparison to the previous Act as mentioning Any of the mentioned persons committing any of the acts mentioned in the Act shall be punished with a fine ranging between Rs 20,000 and Rs 50,000, or with imprisonment for a term not exceeding two years, or with both. Any person who commits any of the mentioned offenses in the Act shall be punished with a fine ranging between Rs 10,000 and Rs 50,000.

9.7. Provisions Relating to Non-Profit Companies: Notwithstanding anything contained elsewhere in this Act, a company may be established to undertake any enterprise in order to develop or promote any occupation or profession, or protect the collective rights and interests of persons engaged in any particular occupation or profession, or achieve any educational, academic, social, philanthropic, or public utility or welfare oriented objective, subject to the condition that it may not distribute dividends.

9.8. Clear and special provision for appointing company secretary: The Act has made clear and special provision to appointment of Company Secretary. Every company with a paid-up capital of Rs 10 million or more must appoint to the post of Company Secretary a Nepali national possessing the prescribed qualifications which are mentioned in the succeeding Sub-Sectio of the Section 185.

10. Conclusion:
The Company Act is the significant legal framework for promoting the industry and commerce which eventually impact to the national economy and development. Therefore, such legal framework must be...
compatible to address the actual and future need of the nation. The prevailing Act has been promulgated very recently and it is necessary to observe its practices in living reality for making actual evaluation on it. Theoretically this Act is so sound and compatible with the contemporary requirement. It is made on the basis of long self-experiences and international influences which would appropriate or expected feedback. Although it may be possible to reform or amend to the every legal framework but it can be said that the Act will be compatible for solving the disclosed problems.

**References**  
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The Companies Ordinance, 2063  
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**Thank You**