

THE UNITED REPUBLIC OF TANZANIA



No. 31 OF 1968

I ASSENT

Julius K. Nyerere
President

16th MAY, 1968

An Act to amend the Tanzania Sisal Corporation (Establishment and Vesting of Interests) Act, 1967

[17TH MAY, 1968]

ENACTED by the Parliament of the United Republic of Tanzania.

1. This Act may be cited as the Tanzania Sisal Corporation (Establishment and Vesting of Interests) (Amendment) Act, 1968 and shall be read as one with the Tanzania Sisal Corporation (Establishment and Vesting of Interests) Act, 1967 (hereinafter referred to as "the principal Act").

2. Section 10 of the principal Act is amended—

(a) by inserting immediately before the definition "employee of a scheduled firm" the following new definition:

"'effective date' in relation to any firm specified in Part III of the Schedule to this Act, means the 25th April, 1968;"

(b) by deleting the definition "scheduled firm" and substituting therefor the following new definition:

"'scheduled firm' means a firm specified in Part I or Part III of the Schedule to this Act."

3. Section 19 of the principal Act is hereby amended by adding the following new subsection immediately below subsection (2):

"(3) Notwithstanding the other provisions of this section the Minister may by order exclude from the operation of the preceding subsections any or all of the shares in any of the scheduled firms and where an order under this subsection is made, the shares to which the order relates and which would otherwise have been vested in the Corporation shall be deemed never to have been so vested."

Section 10
of Act 39
of 1967
amended

Section 19
of Act 39
of 1967
amended

New Part
added to Act
39 of 1967

4. The principal Act is hereby amended by adding the following new Part immediately below Part IV thereof:

“PART V

MISCELLANEOUS

Power to
acquire
shares in
companies

24.—(1) Where the Minister is satisfied that a company (including a company specified in Part II of the Schedule to this Act) is the owner of, or has an interest in, a sisal estate and that it is desirable that the Corporation should acquire any or all of the shares in such company, he may, after consultation with the Minister for Finance, and not later than the 31st December, 1968, by order published in the *Gazette*, declare that upon a date specified in the order such shares in the company as may be specified in the order shall be vested in the Corporation.

(2) Upon the date specified in an order under subsection (1), the shares specified in the order shall, by virtue of the order and without further assurance, be vested in the Corporation free of any trust, mortgage, charge, lien, interest or other encumbrance whatsoever.

(3) Where all the shares in a company are vested in the Corporation by virtue of or in consequence of an order made under subsection (1)—

(a) every provision in any law or the Articles of Association or any other charter or instrument of the company, providing for any consequence to follow, or requiring any act or thing to be done, or entitling any person to do any act or thing or to take any action, as a result of a reduction in the number of the members of the company below a certain number, shall be of no effect in relation to the company;

(b) the Minister may make regulations modifying in their application to the company any of the provisions of the Companies Ordinance or of any subsidiary legislation made thereunder;

(c) all the directors of the company shall cease to hold office as from the date when all the shares in the company are vested in the Corporation and the Board shall appoint directors of the company;

(d) a director of the company who ceases to hold office by virtue of paragraph (c) shall not, notwithstanding any provision to the contrary in any law or in the Articles of Association of the company or in any charter, agreement, contract or other instrument whatsoever, be entitled to any damages or compensation in respect of the loss of office.

(4) For the purposes of this section “company” means a company incorporated under the Companies Ordinance.

Cap. 212

Compensation

25.—(1) The United Republic shall pay full and fair compensation in respect of the shares vested in the Corporation under section 24.

(2) When the amount of compensation payable to any person entitled thereto by virtue of subsection (1) has been determined the Minister for Finance shall issue a certificate setting out such amount and that amount shall constitute a charge on and be paid out of the Consolidated Fund:

Provided that the said amount of compensation shall be payable in such manner and in such instalments as the Minister for Finance, after consultation with the person entitled, shall determine.

Regulations

26. The Minister may make regulations for carrying out or giving effect to the provisions of sections 24 and 25 and such regulations may modify the Articles of Association or other charter or instrument of a company shares of which are acquired by order under section 24.

Capitalisation of certain loans

27.—(1) Where in the opinion of the Minister a company in which the Corporation has acquired any shares, either by operation of Part IV of this Act or by virtue of an order made under subsection (1) of section 24, was immediately preceding the effective date substantially financed by a loan or loans made thereto—

- (a) by a shareholder or former shareholder whether such shareholder or former shareholder be an individual or a body corporate; or
- (b) by the father, mother, grandfather, grandmother, son, grandson, daughter, granddaughter, husband or wife of a shareholder or a former shareholder; or
- (c) by another company a shareholder or former shareholder of which is, or was at the time when the loan was made, also a shareholder in such former company,

the Minister may, after consultation with the Minister for Finance, by order declare that the amount of the loan, or such portion of the loan as may be specified in the order, together with any interest which the Minister is satisfied has accrued on such loan or portion of loan but which has not been paid to the lender, shall, as from the date specified in the order, be regarded as share capital of the company.

(2) Where an order is made under subsection (1)—

- (a) the loan or such portion thereof as is specified in the order together with the unpaid interest thereon shall cease to be a debt due from the company to the lender;
- (b) the share capital of the company shall be deemed to have been increased by the value of the loan and interest capitalised and the Minister shall, as soon as may be practicable, cause a copy of the order to be served on the registrar of companies who shall alter his records accordingly;

(c) the company shall, subject to the provisions of subsection (3), allot to the lender shares to the nominal value of the loan and interest capitalised and the provisions of section 43 of the Companies Ordinance shall apply to such allotment as if the shares were allotted as fully paid up in cash.

(3) Where the Articles of Association of a company provide for different classes of shares and any loan made to such company is capitalised under this section, the Minister shall direct which class of shares shall be allotted to the lender whose loan is capitalised.

(4) Nothing in this section shall apply to any loan the repayment of which is secured by the issue of a debenture or by mortgage or charge on any of the assets of the company:

Provided that this subsection shall not apply in respect of any loan subsisting on the 25th April, 1968 or the effective date, whichever is the later, and for which security is given on or after that date.

(5) Every capitalisation of a loan under this section shall be effective notwithstanding any provision to the contrary in any written law or in the Articles of Association or other charter or instrument of the company.

(6) For the purposes of this section—

(a) a company shall be deemed to have been substantially financed by a loan or loans to which this section applies if immediately preceding the effective date the total amount then outstanding on such loan or loans exceeded twenty-five per centum of the aggregate of—

(i) the paid up share capital of the company immediately preceding the effective date; and

(ii) such total amount outstanding on the loan or loans;

(b) "effective date" means, in relation to a company (other than a company specified in Part II of the Schedule to this Act) in which the Corporation has acquired shares by virtue of an order made under subsection (1) of section 24, the date on which such order takes effect.

The Schedule
to Act 39
of 1967
amended

5. The Schedule to the principal Act is amended—

(a) by deleting from Part I the following items:—

"Fazal Kassam & Ali (Kilimanjaro Sisal Estate).

Mr. & Mrs. S. M. Lambrou (Kulasi Sisal Estate)";

(b) by adding the following new Part immediately below Part II:—

"PART III

**Banita Limited.
Cashfin Limited.
East African Sisal Plantations Limited.***

Passed in the National Assembly on the tenth day of May, 1968.


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Clerk to the National Assembly

