Companies Act, 1956

Section 546 - Liquidator to Exercise Certain Powers Subject to Sanction

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(1) The liquidator may -

(a) with the 1 [sanction of the Tribunal], when the company is being wound up by 2 [the tribunal]; and

(b) with the sanction of a special resolution of the company, in the case of a voluntary winding up, -

(i) pay any classes of creditors in full;

(ii) make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim, present or future, certain or contingent, ascertained or sounding only in damages, against the company, or whereby the company may be rendered liable; or

(iii) compromise any call or liability to call, debt, and liability capable of resulting in a debt, and any claim, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or alleged to subsist between the company and contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharges respect thereof.

(iii) compromise any call or liability to call, debt, and liability capable of resulting in a debt, and any claim, present or future, certain or contingent, ascertained or sounding only in damages, subsisting or alleged to subsist between the company and contributory or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or liabilities or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharges respect thereof.

3 [(1A) Notwithstanding anything contained in sub-section (1), in the case of a 4 [winding up by the Tribunal], the Supreme court may make rules under section 643 providing that the liquidator may, under such circumstances, if any, and subject to such conditions, restrictions and limitations, if any, as may be specified in the rules, exercise any of the powers referred to in sub-clause (ii) or sub-clause (iii) of subsection (1) without the 1 [sanction of the Tribunal.]

(2) In the case of a voluntary winding up, the exercise by the liquidator of the powers conferred by sub-section (1) shall be subject to the control of the 5 [Tribunal].

(3) Any creditor or contributory may apply to the 5 [Tribunal] with respect to any exercise or proposed exercise of any such power.

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1. Substituted by Act 11 of 2003, Section 103, for "sanction of the Court".

2. Substituted by Act 11 of 2003, Section 103, for "or subject to the supervision of the Court".

3. Inserted by Act 65 of 1960, Section 188 (w.e.f. 28-12-1960).

4. Substituted by Act 11 of 2003, Section 103, for "winding up by the Court".

5. Substituted by Act 11 of 2003, Section 103, for "Court".