

# THE COMPANIES (SECOND AMENDMENT) ACT, 1966

No. 37 OF 1966

[4th December, 1966]

## An Act further to amend the Companies Act, 1956.

BE it enacted by Parliament in the Seventeenth Year of the Republic of India as follows:—

1. This Act may be called the Companies (Second Amendment) Act, 1966. **Short title.**

2. In section 108 of the Companies Act, 1956,—

(1) for sub-sections (1A), (1B) and (1C), the following sub-sections shall be, and shall be deemed to have been, substituted on the 1st day of April, 1967, namely:— **Amendment of section 108 of the Companies Act, 1956.**

“(1A) Every instrument of transfer of shares shall be in such form as may be prescribed, and—

(a) every such form shall, before it is signed by or on behalf of the transferor and before any entry is made therein, be presented to the prescribed authority, being a person already in the service of the Government, who shall stamp or otherwise endorse thereon the date on which it is so presented, and

(b) every instrument of transfer in the prescribed form with the date of such presentation stamped or otherwise endorsed thereon shall, after it is executed by or on behalf of the transferor and the transferee and completed in all other respects, be delivered to the company,—

(i) in the case of shares dealt in or quoted on a recognised stock exchange, at any time before the date on which the register of members is closed, in accordance with law, for the first time after the date of the presentation of the prescribed form to the prescribed authority under clause (a) or within two months from the date of such presentation, whichever is later;

(ii) in any other case, within two months from the date of such presentation.

(1B) Notwithstanding anything contained in sub-section (1A), an instrument of transfer of shares, executed before the commencement of section 13 of the Companies (Amendment) Act, 1965, or executed after such commencement in a form other than the prescribed form, shall be accepted by a company,—

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(a) in the case of shares dealt in or quoted on a recognised stock exchange, at any time not later than the expiry of six months from such commencement or the date on which the register of members is closed, in accordance with law, for the first time after such commencement, whichever is later;

(b) in any other case, at any time not later than the expiry of six months from such commencement.

(1C) Nothing contained in sub-sections (1A) and (1B) shall apply to—

(A) any share—

(i) which is held by a company in any other body corporate in the name of a director or nominee in pursuance of sub-section (2), or as the case may be, sub-section (3), of section 49, or

(ii) which is held by a corporation, owned or controlled by the Central Government or a State Government, in any other body corporate in the name of a director or nominee, or

(iii) in respect of which a declaration has been made to the Public Trustee under section 153B,

If—

(1) the company or corporation, as the case may be, stamps or otherwise endorses, on the form of transfer in respect of such share, the date on which it decides that such share shall not be held in the name of the said director or nominee or, as the case may be, in the case of any share in respect of which any such declaration has been made to the Public Trustee, the Public Trustee stamps or otherwise endorses, on the form of transfer in respect of such share under his seal, the date on which the form is presented to him, and

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(2) the instrument of transfer in such form, duly completed in all respects, is delivered to the—

(a) body corporate in whose share such company or corporation has made investment in the name of its director or nominee, or

(b) company in which such share is held in trust,

within two months of the date so stamped or otherwise endorsed;

or

(B) any share deposited by any person with—

(i) the State Bank of India, or

(ii) any scheduled bank, or

(iii) any banking company (other than a scheduled bank) or financial institution approved by the Central Government by notification in the Official Gazette (and any such approval may be accorded so as to be retrospective to any date not earlier than the 1st day of April, 1966), or

(iv) the Central Government or a State Government or any corporation owned or controlled by the Central Government or State Government,

by way of security for the repayment of any loan or advance to, or for the performance of any obligation undertaken by, such person, if—

(1) the bank, institution, Government or corporation, as the case may be, stamps or otherwise endorses on the form of transfer of such share—

(a) the date on which such share is returned by it to the depositor, or

(b) in the case of failure on the part of the depositor to repay the loan or advance or to perform the obligation, the date on which such share is released for sale by such bank, institution, Government or corporation, as the case may be, or

(c) where the bank, institution, Government or corporation, as the case may be, intends to get such share registered in its own name, the date on which the instrument of transfer relating to such share is executed by it; and

(2) the instrument of transfer in such form, duly completed in all respects, is delivered to the company within two months from the date so stamped or endorsed.

*Explanation.*—Where any investment by a company or a corporation in the name of its director or nominee referred to in clause (A) (i) or clause (A) (ii), or any declaration referred to in clause (A) (iii), or any deposit referred to in clause (B), of this sub-section is made after the expiry of the period or date mentioned in clause (a) of sub-section (1B) or after the expiry of the period mentioned in clause (b) of that sub-section, as the case may be, the form of transfer, in respect of the share which is the subject of such investment, declaration or deposit, means the prescribed form;

or

(C) any share which is held in any company by the Central Government or a State Government in the name of its nominee, except that every instrument of transfer which is executed on or after the 1st day of October, 1966, in respect of any such share shall be in the prescribed form.”;

(II) in sub-section (1D),—

(i) after the words, brackets, figure and letter “or sub-section (1B)”, the words, brackets, figure and letter “or sub-section (1C)”;

(ii) after the words “as it may deem fit”, the words “whether such application is made before or after the expiry of the periods aforesaid”

shall be, and shall be deemed to have been, inserted on the 1st day of April, 1966.

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tion.

3. Notwithstanding any judgment, decree or order of any court or tribunal to the contrary, or anything contained in any law for the time being in force, no order, rule, regulation or appointment made, direction given or thing done, by the Chairman or any other member of the Company Law Board, acting individually, before the commencement of the Companies (Amendment) Act, 1965, shall be deemed to be invalid, or ever to have become invalid, by reason only of the fact that such Chairman or other member, acting individually, had no power to make such order, rule, regulation or appointment or give such direction or do such thing and every such

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order, rule, regulation or appointment made and every such direction given and thing done shall be deemed to have been made, given or done, as the case may be, by the Company Law Board.

11 of 1966. 4. (1) The Companies (Amendment) Ordinance, 1966 is hereby repealed. **Repeal and saving.**

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provision of this Act, as if this Act had commenced on the 21st day of September, 1966.