

Rep. by Act 58 of 1960, s. 2 & Sel. I (w/ 26.12.60)

**THE CAPITAL ISSUES (CONTROL) AMENDMENT
ACT, 1957**

No. 50 OF 1957

[21st December, 1957]

An Act further to amend the Capital Issues (Control) Act, 1947.

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

- Short title.** 1. This Act may be called the Capital Issues (Control) Amendment Act, 1957.
- Substitution of new section for section 2.** 2. In the Capital Issues (Control) Act, 1947 (hereinafter referred to as the principal Act), for section 2, the following section shall be substituted, namely:—
- Definitions and interpretation.**
2. (1) In this Act, unless the context otherwise requires,—
- (a) “company” means a company as defined in section 3 of the Companies Act, 1956, and includes a foreign company within the meaning of section 591 of that Act; 1 of 1956.
- (b) “issue of capital” means the issuing or creation of any securities whether for cash or otherwise, and includes the capitalisation of profits or reserves for the purpose of converting partly paid-up shares into fully paid-up shares or increasing the par value of shares already issued;
- (c) “private company” means a private company as defined in section 3 of the Companies Act, 1956;
- (d) “prospectus” means any prospectus, notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of any securities of a company;
- (e) “securities” means any of the following instruments issued or to be issued, or created or to be created, by or for the benefit of a company, namely:—
- (i) shares, stocks and bonds;
- (ii) debentures;

Rep. Law No. 58 of 1960

Act 50 OF 1957] **Capital Issues (Control) Amendment** 339

(iii) mortgage deeds, instruments of pawn, pledge or hypothecation and any other instruments, creating or evidencing a charge or lien on the assets of the company; and

(iv) instruments acknowledging loan to or indebtedness of the company and guaranteed by a third party or entered into jointly with a third party;

(f) "States" means the territories of India to which this Act extends.

(2) Any reference in this Act to offering securities to the public shall be construed as including a reference to offering them to any section of the public, whether selected as members, debenture-holders or holders of any other securities of the company concerned or as clients of the person issuing any prospectus in relation to such securities, or selected in any other manner:

Provided that the foregoing provisions shall not be taken as requiring any offer to be treated as made to the public if it can properly be regarded, in all the circumstances, as not being calculated to result directly or indirectly in the securities becoming available for the subscription or purchase by persons other than those receiving the offer, or otherwise as being a domestic concern of the persons making or receiving it.

3. In section 3 of the principal Act, after sub-section (5), the following sub-sections shall be inserted, namely:— Amendment
of section 3.

"(6) The Central Government may by order at any time—

(a) revoke the consent or recognition accorded under any of the provisions of this section; or

(b) where such consent or recognition has been qualified with any conditions, vary all or any of those conditions:

Provided that before an order under this sub-section is made the company concerned shall be given a reasonable opportunity of showing cause why such order should not be made.

(7) Where an order has been made under sub-section (6), the Central Government shall, upon the request of the company concerned, communicate to it in writing the reasons for such order."

Substitution
of new
section for
section 4.

4. For section 4 of the principal Act, the following section shall be substituted, namely:—

Control of
advertisement
of
offers of
securities for
subscription,
etc.

“4. (1) No person shall circulate any offer, being a public offer, in the States for the subscription, or purchase of any securities unless consent or recognition has been accorded by the Central Government under this Act to the issue or creation of such securities and a statement has been made to that effect in the offer.

(2) No company shall circulate any offer, being an offer to existing holders of the securities of that company or to existing holders of the securities of any other company specified in the offer, in the States for the subscription or purchase of any securities of such company unless recognition has been accorded by the Central Government under this Act to the issue or creation of such securities and a statement has been made to that effect in the offer.

(3) No person shall without the consent of the Central Government circulate any offer, being a public offer, in the States for the sale of any securities issued or created with the consent or recognition of the Central Government if such issue or creation was made by a private company or if the order according consent or recognition contained a condition that the securities should be privately subscribed.”

Amendment
of section 6.

5. In section 6 of the principal Act, in sub-section (2), after the word and figure “section 4” in both the places where they occur, the words and figure “or section 5” shall be inserted.

Substitution
of new
section for
section 7.

6. For section 7 of the principal Act, the following section shall be substituted, namely:—

Power to
call for in-
formation.

“7. Any officer authorised in this behalf by the Central Government may, for the purpose of inquiring into the correctness of any statement made in an application for consent or recognition to an issue of capital or for the purpose of ascertaining whether or not the requirements of any condition attached to an order according such consent or recognition have been complied with or for the purpose of obtaining particulars as to the total capital issued or for any other purposes of this Act, require any company or any officer of a company to submit and furnish to him within such time as may be specified in the requisition, such accounts, books or other documents and such information as he may reasonably think necessary.”

Rep. by Act 58 of 1960

or 1957]

Capital Issues (Control) Amendment

341

7. In section 8 of the principal Act, after the words "issue of capital", the words "or in connection with any of the other provisions of this Act", shall be inserted. Amendment
of section 8.

8. Section 12 of the principal Act shall be re-numbered as sub-section (1) of that section and after the said sub-section as so re-numbered, the following sub-section shall be inserted, namely:— Amendment
of section 12.

"(2) All rules made under this section shall be laid for not less than thirty days before each House of Parliament as soon as possible after they are made and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following."