

THE COMPANIES (AMENDMENT) ACT, 1966

No. 34 OF 1966

[3rd 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:—

Short title
and com-
mence-
ment.

1. (1) This Act may be called the Companies (Amendment) Act, 1966.

(2) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

Amend-
ment of
section
240.

2. In section 240 of the Companies Act, 1956 (hereinafter referred to as the principal Act), in sub-section (1A), after the words "authorised by him in this behalf", the words "with the previous approval of that Government" shall be inserted.

Amend-
ment of
section
370.

3. In section 370 of the principal Act,—

(1) in sub-section (1), the *Explanation* shall be re-numbered as *Explanation 1* and after *Explanation 1* as so re-numbered, the following *Explanation* shall be inserted, namely:—

"Explanation 2.—If a special resolution has been passed by the lending company authorising the Board of Directors to give any guarantee or provide any security up to a limit specified in the resolution, then, no further special resolution

¹1st April, 1967: vide Notification No. G. S. R. 2025, dated 24-12-1966, Gazette of India, Pt-II, Sec. 3(i), p. 2351.

or resolutions shall be deemed to be necessary for giving any guarantee or providing any security within such limit.”;

(2) in sub-section (2),—

(a) in clause (a), in sub-clause (iii) and sub-clause (iv), the word “or” shall be inserted at the end;

(b) in clause (b), for sub-clause (iii), the following sub-clauses shall be substituted, namely:—

“(iii) by a banking company, or an insurance company, in the ordinary course of its business; or

(iv) by a private company, unless it is a subsidiary of a public company; or

(v) by a company established with the object of financing industrial enterprises.”.