Companies (Amendment) Act, 2002

Chapter VII - CHAPTER VII

LOANS TO MEMBERS AND INVESTMENTS 581ZK. Loan, etc., to Members .-- The Board may, subject to the provisions made in articles, provide financial assistance to the Members of the Producer Company by way of-- (a) credit facility, to any Member, in connection with the business of the Producer Company, for a period not exceeding six months; (b) loans and advances, against security specified in articles to any Member, repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances: Provided that any loan or advance to any director or his relative shall be granted only after the approval by the Members in general meeting. 581ZL. Investment in other companies formation of subsidiaries, etc. .-- (1) The general reserves of any Producer Company shall be invested to secure the highest returns available from approved securities, fixed deposits, units, bonds issued by the Government or co-operative or scheduled bank or in such other mode as may be prescribed. (2) Any Producer Company may, for promotion of its objectives acquire the shares of another Producer Company. (3) Any Producer Company may subscribe to the share capital of, or enter into any agreement or other arrangement, whether by way of formation of its subsidiary company, joint venture or in any other manner with any body corporate, for the purpose of promoting the objects of the Producer Company by special resolution in this behalf. (4) Any Producer Company, either by itself or together with its subsidiaries, may invest, by way of subscription, purchase or otherwise, shares in any other company, other than a Producer Company, specified under sub-section (2), or subscription of capital under sub-section (3), for an amount not exceeding thirty per cent, of the aggregate of its paid-up capital and free reserves: Provided that a Producer Company may, by special resolution passed in its general meeting and with prior approval of the Central Government, invest in excess of the limits specified in this section. (5) All investments by a Producer Company may be made if such investments are consistent with the objects of the Producer Company. (6) The Board of a Producer Company may, with the previous approval of Members by a special resolution, dispose of any of its investments referred to in subsections (3) and (4). (7) Every Producer Company shall maintain a register containing particulars of all the investments, showing the names of the companies in which shares have been acquired, number and value of shares; the date of acquisition; and the manner and price at which any of the shares have been subsequently disposed of. (8) The register referred to in sub-section (7) shall be kept at the registered office of the Producer Company and the same shall be open to inspection by any Member who may take extracts therefrom.