

Companies Act, 1956

Section 49 - Investments of company to be held in its own name

1) Save as otherwise provided in sub-sections (2) to (5) [or any other law for the time being in force] and subject to the provisions of sub-sections (6) to (8), - (a) all investments made by a company on its own behalf shall be made and held by it in its own name; and (b) where any such investments are not so held at the commencement of this Act the company shall, within a period of one year from such commencement, either cause them to be transferred to, and hold them in, its own name, or dispose of them. (2) Where the company has a right to appoint any person or persons, or where any nominee or nominees of the company has or have been appointed, as a director or directors of any other body corporate, shares in such other body corporate to an amount not exceeding the nominal value of the qualification shares which are required to be held by a director thereof, may be registered or held by such company jointly in the names of itself and of each such person or nominee or in the name of each such person or nominee [***]. (3) A company may hold any shares in its subsidiary in the name or names of any nominee or nominees of the company, if and in so far as it is necessary so to do, to ensure that the number of members of the subsidiary is not reduced, where it is a public company, below seven, and where it is a private company, below two. (4) Sub-section (1) shall not apply to investments made by a company whose principal business consists of the buying and selling of shares or securities. (5) Nothing in this section shall be deemed to prevent a company- (a) from depositing with a bank, being the bankers of the company, any shares or securities for the collection of any dividend or interest payable thereon; or [(aa) from depositing with, or transferring to, or holding in the name of, the State Bank of India or a Scheduled Bank, being the bankers of the company, shares or securities, in order to facilitate the transfer thereof: Provided that if within a period of six months from the date on which the shares or securities are transferred by the company to, or are first held by the company in the name of, the State Bank of India or a Scheduled Bank as aforesaid, no transfer of such shares or securities takes place, the company shall, as soon as practicable after the expiry of that period, have the shares or securities retransferred to it from the State Bank of India or the Scheduled Bank or, as the case may be, again hold the shares or securities in its own name; or] (b) from depositing with, or transferring to, any person any shares or securities, by way of security for the repayment of any loan advanced to the company or the performance of any obligation undertaken by it; [(c) from holding investments in the name of a depository when such investment are in the form of securities held by the company as a beneficial owner.] (6) The certificate or letter of allotment relating to the shares or securities in which investments have been made by a company shall, except in the cases referred to in sub-sections (4) and (5), be in the custody of such company or [with the State Bank of India or a Scheduled Bank], being the bankers of the company. (7) Where, in pursuance of sub-section (2), (3), (4) or (5), any shares or securities in which investments have been made by a company are not held by it in its own name, the company shall forthwith enter in a register maintained by it for the purpose- (a) the nature, value, and such other particulars as may be necessary fully to identify the shares or securities in question; and (b) the bank or person in whose name or custody the shares or securities are held. (8) The register kept under sub-section (7) shall be open to the inspection of any member or debenture holder of the company without charge, during business hours, subject to such reasonable restrictions as the company may, by its articles or in general meeting, impose, so that not less than two hours in each day are allowed for inspection. (9) If default is made in complying with any of the requirements of sub-sections (1) to (8), the company, and every officer of the company who is in default, shall be punishable with fine which may extend to [fifty thousand] rupees. (10) If any inspection required under sub-section (8) is refused, the ["Central Government"] may, by order, direct an immediate inspection of the register. Nothing in this sub-section shall be construed as prejudicing in any way the operation of sub-section (9). (11) In this section, "securities" includes stock and debentures.