

Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977

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Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977

¹1 . See section 58A(2)(b) and 58A(7)(b) of the Companies Act, 1956. In exercise of the powers conferred by clause (b) of sub-section (2), and clause (b) of sub-section (7) of section 58A, read with section 642 of the Companies Act, 1956 (1 of 1956), the Central Government, in consultation with the Reserve Bank of India, hereby makes the following Rules, namely:-

1. Short title, commencement and application :-

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(1) These rules may be called the Non-banking Financial Companies and Miscellaneous Non- Banking Companies (Advertisement) Rules, 1977

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(2) They shall come into force on the 1st day of July, 1977.

(3) They shall apply to all non-banking financial companies and miscellaneous non- banking companies.

1. Published in the Gazette of India, Extraordinary Part II, section 3(i), p. 1137, dated 20-6-1977.

2. Definitions :-

In these Rules, unless the context otherwise requires-

(a) "deposit" has the meaning assigned to it in the directions;

(b) "directions" means the Non-banking Financial Companies

(Reserve Bank) Directions, 1977, or, as the case may be, the Miscellaneous Non-banking Companies (Reserve Bank) Directions, 1977;

(c) "miscellaneous non-banking company" has the meaning assigned to it in clause (g) of paragraph 3 of the Miscellaneous Non-banking Companies (Reserve Bank) Directions, 1977;

(d) "non-banking financial company" has the meaning assigned to it in clause (1) of sub-paragraph (1) of paragraph 2 of the Non-banking Financial Companies (Reserve Bank) Directions, 1977¹ [and includes any other company, which is a

1. Inserted by Notification No. GSR 57(E), dated 5-12-1978.

3. Form and particulars of advertisement :-

(1) Every company intending to invite or allowing or causing any other person to invite or cause to be invited on its behalf, any deposits from the public, other than its directors, shareholders or employees shall issue an advertisement for the purpose in a leading English newspaper and one vernacular newspaper circulating in the State in which the registered office of the company is situate.

(2) No such company shall issue or allow any other person to issue or cause to be issued on its behalf, any advertisement inviting deposits unless such advertisement is issued on the authority and in the name of the board of directors of the company and contains a reference to the conditions subject to which deposits shall be accepted by the company, the date on which the said board of directors has approved the text of the advertisement and the following information, namely:-

(a) the name of the company;

(b) the date of incorporation of the company;

(c) the business carried on by the company and its subsidiaries with details of branches or units, if any;

(d) brief particulars of the management of the company;

(e) names, addresses and occupations of the directors;

(f) profits of the company before and after making provisions for tax for the three financial years immediately preceding the date of advertisement;

- (g) dividends declared by the company in respect of the said years;
- (h) a summarised financial position of the company as in the two audited balance sheets immediately preceding the date of advertisement in the following Form. Summarised financial position of the company as appearing in the two latest audited balance sheets
- (i) The amount which the company can raise by way of deposits under the directions and the aggregate of deposits actually held on the last day of the immediately preceding financial year;
- (j) a statement to the effect that on the day of the advertisement, the company has no overdue deposits other than unclaimed deposits or a statement showing the amount of such overdue deposits, as the case may be;
- (k) A declaration to the effect-
 - (i) that the company has complied with the provisions of the directions applicable to it;
 - (ii) that the compliance with the directions does not imply that repayment of deposits is guaranteed by the Reserve Bank of India; and
 - (iii) that the deposits accepted by the company (other than secured deposits, if any, accepted under the provisions of the directions, the aggregate amount of which may be indicated) are unsecured and ranking pari passu with other unsecured liabilities.

4. Validity of the advertisement :-

An advertisement issued in accordance with these rules shall be valid until the expiry of six months from the date of closure of the financial year in which it is issued or until the date on which the balance sheet is laid before the company in general meeting or where the annual general meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Companies Act, 1956 (I of 1956), whichever is earlier, and a fresh advertisement shall be made in each succeeding financial year for invitation of deposits during that financial year.

5. Copy of the advertisement to be filed with the Reserve Bank :-

No advertisement shall be issued by or on behalf of company unless

on or before the date of its issue, there has been delivered to the Regional Office of the ¹ [Department of Financial Companies] of the Reserve Bank of India within whose jurisdiction the registered office of such company is situate, a copy thereof signed by a majority of the directors constituting the board of directors which approved the advertisement or by their agents authorised in writing.

Explanation.-For the purpose of this sub-rule, the date of the issue of the newspaper in which the advertisement appears shall be taken as the date of issue of the advertisement.

1. Substituted by Notification No. DFC51/ED/D/84, dated 22-8-1984.