

ACT No. XX OF 1918.

[PASSED BY THE INDIAN LEGISLATIVE COUNCIL.]

(Received the assent of the Governor General on the 26th September, 1918.)

An Act to take power to prohibit the alteration, except with the sanction of the Governor General in Council, of articles of association which restrict foreign interests in certain Companies, and to provide for other purposes connected therewith.

WHEREAS it is expedient to take power to prohibit the alteration, except with the sanction of the Governor General in Council, of articles of association which restrict foreign interests in certain companies, and to provide for other purposes connected therewith; It is hereby enacted as follows:—

Short title.

1. This Act may be called the Indian Companies (Foreign Interests) Act, 1918.

Definitions.

2. (1) In this Act—

(a) the expression "British subject" has the same meaning as in section 27 of the British Nationality and Status of Aliens Act, 1914, but shall include any person who holds a certificate of naturalization as a British subject granted under any Act of the Governor General in Council for the time being in force, and any association incorporated in any part of His Majesty's dominions: Provided that the said

4 & 5 Geo. 5, c. 17.

said expression shall, for the purposes of this Act, be deemed to apply to any subject of a State in India ;

- (b) the expression "restrictive provision" means any provision in the articles of association of a company which, in the opinion of the Governor General in Council, is designed to restrict or limit or has the effect of restricting or limiting the share or shares or interest which may be held, or the rights, powers or authority which may be conferred upon or exercised by or on behalf of persons other than British subjects in the company, or in respect of the control, management or direction of the affairs thereof.

VII of 1913. (2) All words and expressions used in this Act and defined in the Indian Companies Act, 1913, shall be deemed to have the meanings respectively attributed to them by that Act.

3. This Act shall apply to such companies as the Governor General in Council may, by notification in the Gazette of India, declare to be companies with restrictive provisions, and any such notification shall specify the restrictive provisions. Application of Act.

4. So long as a notification issued under section 3 is in force in respect of any company, notwithstanding anything to the contrary in any other Act— Alterations in restrictive provisions and winding up.

- (1) no alteration of the articles of association of the company affecting either directly or indirectly any restrictive provision shall be of any effect until it has received the consent in writing of the Governor General in Council ;
- (2) a resolution for the voluntary winding up of the company shall be of no effect unless the Governor General in Council authorises or ratifies it by a written consent ;
- (3) any Court which has jurisdiction to wind up the company may in its discretion refuse

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to make a winding up order. In the exercise of its discretion, the Court shall be guided by the consideration whether the winding up is *bonâ fide* with a view to the discontinuance of the undertaking, or is with a view to continuing the undertaking freed either wholly or in part from any restrictive provision ;

- (4) the Governor General in Council in giving consent, or the Court in making a winding up order, as the case may be, may impose such terms or conditions for giving effect to the purposes of this Act as he or it thinks fit.