

Repealed by Act 36 of 1957.

**THE SHOLAPUR SPINNING AND WEAVING COMPANY
(EMERGENCY PROVISIONS) ACT, 1950**

No. XXVIII OF 1950



An Act to make special provision for the proper management and administration of the Sholapur Spinning and Weaving Company, Limited.

[10th April, 1950]

BE it enacted by Parliament as follows:—

1. Short title.—This Act may be called the Sholapur Spinning and Weaving Company (Emergency Provisions) Act, 1950.

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) "Company" means the Sholapur Spinning and Weaving Company, Limited, registered under the Companies Act and having its registered office in Bombay;

(b) "Companies Act" means the Indian Companies Act, 1913 (VII of 1913);

(c) "directors" means the directors appointed under section 3;

(d) "notified order" means an order notified in the Official Gazette.

3. Power of Central Government to appoint directors of the Company.—The Central Government may, at any time, by notified order, appoint as many persons as it thinks fit to be directors of the Company for the purpose of taking over its management and administration and may appoint one of such directors to be the chairman.

4. Effect of notified order appointing directors.—On the issue of a notified order under section 3,—

(a) all persons holding office as directors of the Company immediately before the issue of the notified order shall be deemed to have vacated their offices as such;

(b) any contract of management between the Company and any managing agent thereof holding office as such immediately before the issue of the notified order shall be deemed to have terminated;

(c) the directors shall take such steps as may be necessary to take into their custody or under their control all the property, effects and actionable claims to which the Company is or appears to be entitled; and all the property and effects of the Company shall be deemed to be in the custody of the directors as from the date of the notified order;

(d) the directors shall be for all purposes the directors of the Company duly constituted under the Companies Act and shall alone be entitled to exercise all the powers of the directors of the Company, whether such powers are derived from the Companies Act or from the memorandum or articles of association or otherwise.

5. Powers and duties of directors.—(1) Subject to the control of the Central Government, the directors shall take such steps as may be necessary for the purpose of efficiently managing the business of the Company, and, in particular, the directors shall have power notwithstanding anything contained in the Companies Act or in the memorandum or articles of association of the Company,—

(a) to choose one of their number to be the chairman and to delegate to him or to any one or more of the directors all or any of their powers;

(b) to appoint any individual or firm to be the managing agent of the Company and to determine the terms and conditions of service of such managing agent;

(c) to raise funds in such manner and offer such security therefor as they think fit;

(d) to carry out such repairs as may be necessary in respect of any machinery or other property in their custody;

(e) to employ such persons as may be necessary for enabling them to efficiently discharge their duties, and define the conditions of service of such employees.

(2) The directors may, with the previous sanction of the Central Government, cancel or vary, either unconditionally or subject to such conditions as they think fit to impose, any contract or agreement entered into between the Company and any other person at any time before the issue of the notified order under section 3, if the directors are satisfied that such contract or agreement is detrimental to the interests of the Company.

6. Statement of affairs to be made to directors.—(1) On the issue of a notified order under section 3, there shall be made out and submitted to the directors a statement as to the affairs of the Company, verified by affidavit and containing the following particulars, namely,—

(a) the assets of the Company, stating separately the cash balance in hand and at the bank, if any;

(b) the debts and liabilities;

(c) the names, residences and occupations of the creditors, stating separately the amount of secured debts and unsecured debts and in the case of secured debts, the particulars of the securities, their value and the dates when they were given;

(d) the debts due to the Company and the names, residences and occupations of the persons from whom they are due and the amount likely to be realised therefrom.

(2) The statement shall be submitted and verified by one or more of the directors holding office as such immediately before the issue of the notified order under section 3 or by the secretary, manager or other chief officer of the Company holding office as such before the issue of the notified order as the directors may specify, and the statement shall be submitted within such time as may be so specified.

(3) If any person, without any reasonable excuse knowingly and wilfully, makes default in complying with the requirements of this section, he shall be punishable with imprisonment which may extend to three months, or with fine which may extend to five hundred rupees, or with both.

7. Statements by beneficial owners of shares of Company.—Every person, who has any interest in any share of the Company, which stands in the name of another person in the register of shareholders of the Company, shall, within such period as may be prescribed by the Central Government by notified order,

make a declaration in such form as may be prescribed (which shall be countersigned by the person in whose name the share is registered) to the Company declaring his interest in such share, and notwithstanding anything contained in any other law or in any contract to the contrary, a person who fails to make a declaration as aforesaid in respect of any share shall be deemed to have no right or title whatsoever in that share:

Provided that nothing in this section shall affect the right of any person who has an interest in any such share to establish in a Court his right thereto, if the person, in whose name the share is registered, refuses to sign the declaration as required by this section.

8. Power of directors to institute proceedings against past directors, etc., for damages.—(1) The directors may, if they are satisfied that it is necessary in the interest of the Company or in the public interest so to do, institute in the name of the Company such proceedings as they think fit for the recovery of damages for any fraud, misfeasance or other misconduct, in connection with the management of the affairs of the Company, committed by any person before the issue of the notified order under section 3, or for the recovery of any property of the Company which has been misapplied or wrongfully retained by any person.

(2) No director shall be personally liable for any costs or expenses incurred in connection with any proceedings instituted by virtue of this section.

9. Penalties.—If any person wilfully destroys or fails to deliver to the directors when required any books of account, registers or any other documents in his custody relating to the business of the Company, or retains any property of the Company, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

10. Filling up of casual vacancies among directors.—(1) Casual vacancies occurring in the body of directors, whether caused by death, resignation or otherwise, shall be filled by nomination by the Central Government.

(2) No act of the directors shall be called in question on the ground merely of the existence of any vacancy among the directors or of any defect in the appointment of any of them.

11. No right to compensation for termination of contract of managing agent or any other contract.—(1) Notwithstanding anything contained in any law for the time being in force, no managing agent shall be entitled to any compensation for the premature termination under this Act of any contract of management entered into by him with the Company, and no person shall be entitled to compensation in respect of the cancellation or variation under this Act of any contract or agreement entered into between him and the Company.

(2) Nothing contained in sub-section (1) shall affect the right of any such managing agent or person to recover from the Company moneys recoverable otherwise than by way of such compensation.

12. Cancellation of appointment of directors.—(1) If at any time it appears to the Central Government that the purpose of the order appointing the directors has been fulfilled or that for any other reason it is unnecessary that the order should remain in force, it may direct the directors to call a meeting of the shareholders of the Company for the purpose of nominating a new body of directors and, on the nomination of a new body, the Central Government may, by notified order, cancel the appointment of directors made under this Act.

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(2) On the cancellation of any such appointment, the directors shall be divested of the management and administration of the Company, and such management and administration shall vest in the new body of directors.

13. Application of the Companies Act.—(1) Notwithstanding anything contained in the Companies Act or in the memorandum or articles of association of the Company,—

(a) it shall not be lawful for the shareholders of the Company or any other person to nominate or appoint any person to be a director of the Company;

(b) no resolution passed at any meeting of the shareholders of the Company shall be given effect to unless approved by the Central Government;

(c) no proceeding for the winding up of the Company or for the appointment of a receiver in respect thereof shall lie in any court unless by or with the sanction of the Central Government.

(2) Subject to the provisions contained in sub-section (1) and to the other provisions in this Act, and subject to such exceptions, restrictions and limitations as the Central Government may, by notified order, specify, the Companies Act shall continue to apply to the Company in the same manner as it applied thereto before the issue of the notified order under section 3.

14. Effect of Act on other laws.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law or in any instrument having effect by virtue of any law other than this Act.

15. Directors to be public servants.—Every director appointed under section 3 shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (Act XLV of 1860).

16. Delegation of powers.—The Central Government may, by notified order, direct that all or any of the powers exercisable by it under this Act may be exercised by the Government of Bombay and where any powers are so delegated they shall be exercisable subject to such directions as the Central Government may issue from time to time.

17. Protection of action taken under Act.—(1) No suit, prosecution or other legal proceeding shall lie against any director in respect of anything which is in good faith done or intended to be done in pursuance of this Act.

(2) No suit or other legal proceeding shall lie against the Central Government, the Government of Bombay or any director for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act.

18. Power to make rules.—(1) The Central Government may make rules to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, any rules made under sub-section (1) may provide for—

(a) the manner in which the directors may exercise their powers under this Act;

(b) the manner in which books of account shall be maintained by the directors and audited;

(c) the submission of specified or periodical returns and reports by the directors to any specified authority in connection with the affairs of the Company.

19. Repeal and savings.—The Sholapur Spinning and Weaving Company (Emergency Provisions) Ordinance, 1950 (11 of 1950), is hereby repealed:

Provided that the repeal shall not affect—

(a) the previous operation of the said Ordinance, or

(b) any penalty, forfeiture or punishment incurred in respect of any offence committed against the said Ordinance, or

(c) any investigation, legal proceeding or remedy in respect of any such penalty, forfeiture or punishment,

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed as if this Act had not been passed:

Provided further that, subject to the preceding proviso, anything done or any action taken, including any notified order issued, appointment made or direction given under the said Ordinance, shall be deemed to have been done or taken under the corresponding provision of this Act and shall continue in force accordingly, unless and until superseded by anything done or any action taken under this Act.