



**The Super Clays and Minerals Mining Company (Private) Limited  
(Acquisition of Undertakings) Act, 1983**

Act 3 of 1984

**Keyword(s):**

**Custodian Company, Hindustan China Clay Works**

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**THE SUPER CLAYS AND MINERAL MINING COMPANY (PRIVATE)  
LIMITED (ACQUISITION OF UNDERTAKINGS) ACT, 1983 [\[1\]](#)**

**(ACT 3 OF 1984)**

*An Act to provide for the acquisition and transfer of the undertakings of the Super Clays and Minerals Mining Company (Private) Limited with a view to securing the proper management of such undertakings so as to subserve the interests of the general public by ensuring the continued production and distribution of china clay which is essential to the needs of the economy of the State and for matters connected therewith or incidental thereto.*

*Preamble* .-WHEREAS the Super clays and Minerals Mining Company (Private) Limited has at present the ownership of, and control over, a significant portion of the china clay production in the State and marketed and distributed in India;

AND WHEREAS the production of china clay by the Company had stopped from the year 1975 resulting in fall in production of the china clay which is essential to the needs of the economy of the State;

AND WHEREAS the company was not in a position to pay wages to its workers in consequence of which it declared a lay-off with effect from the 13th January, 1975, resulting in the unemployment of about six hundred workers directly employed in the undertakings of the Company ;

AND WHEREAS the Government of Kerala with the consent of the share holders of the Company, took over the management of the Company and declared the Company as a relief undertakings under the provisions of the Kerala Relief Undertakings (Special Provisions) Act, 1961 (6 of 1962), with effect from the 2nd March, 1976, and entrusted the management of the company to the Kerala State Industrial Enterprises Limited which is a Government Company;

AND WHEREAS it is expedient in the public interest acquire the undertakings of the said Company to ensure that the interests of the general public are served by the continuance, by the undertakings of the Company of the production and distribution of china clay which is essential to the needs of the economy of the State ;

BE it enacted in the Thirty-fourth Year of the Republic of India as follows:-

**CHAPTER I**

**Preliminary**

1. *Short title and commencement* .-(1) This Act may be called the Super Clays and Minerals Mining Company (Private) Limited (Acquisition of Undertakings) Act, 1983.

(2) It shall be deemed to have come into force on the 5th day of November, 1983.

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

- (a) "appointed day" means the date of commencement of this Act;
- (b) "Commissioner" means the Commissioner of Payments appointed under Section 14;
- (c) "Company" means the Super Clays and Mineral Mining Company (Private) Limited, being a company within the meaning of the Companies Act, 1956 (Central Act 1 of 1956) and having its registered office at Cannanore;
- (d) "Custodian" means the person or body of persons appointed as Custodian under sub-section (2) of section 8;
- (e) "Government Company" means the Government Company in which the undertakings of the Company are directed to vest under section 6;
- (f) "Hindustan China Clay Works" means the concern known under the name and style "Hindustan China Clay Works, Pappinassery" and includes the proprietors or owners thereof;
- (g) "prescribed" means prescribed by the Government by rules made under this Act;
- (h) "Specified date" means such date as the Government may for the purpose of any provisions of this Act, by notification in the Gazette, specify, and different dates may be specified for different provisions of this Act;
- (i) Words and expressions used herein and not defined, by defined in the Companies Act, 1956 (Central Act 1 of 1956) shall have the meanings respectively assigned to them in that Act.

## **CHAPTER II**

### **Acquisition and Transfer of the Undertakings of the Company**

3. *Transfer and vesting In the Government of the Undertakings of the Company*.- On the appointed day, the undertakings of the Company, the right, title and interest of the Company in relation to its undertakings and, save as otherwise expressly provided in this Act, the liabilities of the Company in relation to its undertakings, shall, by virtue of this Act, stand transferred to, and shall vest in the Government.

4. *General effect of vesting* .-(1) The undertakings of the company shall be deemed to include-

(a) all assets, rights, lease-holds, powers, authorities and privileges, and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipments, cash balances, cash on hand, cheques, demand drafts, reserve funds, investments, book debts and all other rights and interests on, or arising out of such property as were immediately before the appointed day in the ownership, possession, power or control of the Company;

(b) all properties, rights and interests of the Hindustan China Clay Works purported to have been transferred to the company by the memorandum of agreement made on the 2nd day of January, 1973, between the Hindustan China Clay Works and the Company; and

(c) all books of account, registers and all other documents of whatever nature relating to the undertakings mentioned in clauses (a) and (b).

(2) Every mortgagee of any property which has vested under this Act in the Government and every person holding any charge, lien or other interest in, or in relation to, any such property shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

(3) For the removal of doubts, it is hereby declared that the mortgagee of any property referred to in sub-section (2) or any other person holding any charge, lien or other interest in, or in relation to, any such property shall be entitled to claim, in accordance with his rights and interests, payment of the mortgage money or other dues, in whole or in part, from the Government or, where the undertakings of the company are directed under section 6 to vest in a Government Company, from that Government Company.

(4) Any licence or other instrument granted to the Company in relation to any undertaking which has vested in the Government under section 3 at any time before the appointed day and in force immediately before that day shall continue to be in force on and after such day in accordance with its tenor in relation to and for the purposes of such undertakings, and, on and from the date of vesting of such undertaking under section 6 in a Government Company, such Government Company shall be deemed to be substituted in such licence or other instrument as if such licence or other instrument had been granted to such Government Company and that Government Company shall hold it for the remainder of the period for which the company would have held it under the terms thereof.

(5) If on the appointed day, any suit, appeal or other proceeding of whatever nature in relation to any property which has vested in the Government under section 3, instituted or preferred by or against the Company, is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of transfer of the undertakings of the Company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted, or enforced by or against the Government, or where the undertakings of the Company are directed under section 6 to vest in a Government Company, by or against the Government Company.

5. *Government not to be liable for certain prior liabilities* .- No liability incurred by the Company before the appointed day, for the contravention of any provision of law for the time being in force, shall be enforceable against the Government, or where the undertakings of the Company are directed under section 6, to vest in a Government Company, against that Government Company.

6. *Power of Government to direct vesting of the undertakings of the company in a Government Company* .-(1) Notwithstanding anything contained in sections 3 and 4, the Government may, subject to such terms and conditions as they may think fit to impose, direct, by notification in the Gazette, that all the undertakings of the Company and the right, title, interest and liabilities of the Company in relation to its undertaking which have vested in the Government under section 3, except any undertaking or undertakings specified in the notification and the right, title, interest and liabilities in relation to the undertaking or undertakings so specified, shall, instead of continuing to vest in the Government, vest in the Government Company either on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as may be specified in the notification.

(2) Where the right, title interest and liabilities of the Company in relation to all or any of its undertakings vest in a Government Company under sub-section (1), the Government Company shall, on and from the date of such vesting, be deemed to have become the owner in relation to the undertaking so vested, and all the rights and liabilities of the Government in relation to such undertaking, shall on and from the date of such vesting, be deemed to have become the rights and liabilities of the Government Company.

### **CHAPTER III**

#### **Payment of amounts**

7. *Payment of Amount* .-(1) For the transfer to, and vesting in, the Government, under section 3, of the undertakings of the Company and the right, title and interest of the Company in relation to its undertakings, there shall be given by the Government in the manner specified in Chapter VI, an amount of ten lakhs fortythree thousand two hundred and fortyfive rupees and ninety-seven paise.

(2) The amount specified in sub-section (1) shall carry simple interests at the rate of eight per cent per annum for the period commencing on the appointed day and ending on the date on which payment of such amount is made by the Government to the Commissioner.

(3) For the removal of doubts, it is hereby declared that the liabilities of the company specified in the Schedule in relation to its undertakings, which have vested in the Government under section 3, shall be discharged from the amount referred to in sub section (1) in accordance with the rights and interests of the creditors of the Company.

(4) The liabilities of the Company in relation to its undertakings which have vested in the Government under section 3 and not specified in the Schedule shall be discharged by the Government as and when they fall due for payment:

Provided that the liability assumed by the Government under the head "Vendors Account" shall not exceed the amount shown in the audited balance sheet of the Company as on 31-12-1975.

## CHAPTER IV

### Management, etc., of the undertakings of the Company

8. *Management etc., of the undertakings of the Company* .-(1) The general superintendence, direction, control and management of the affairs and business of the undertakings of the Company, the rights, title, interest and liabilities in relation to which have vested in the Government under Section 3, shall,-

(a) where a direction has been made by the Government under sub-section (1) of section 6, vest in the Government Company specified in such direction ; or

(b) where no such direction has been made by the Government, vest in the Custodian appointed by the Government under sub-section (2), and thereupon the Government Company or the Custodian, as the case may be, shall be entitled to exercise, to the exclusion of all other persons, all such powers and do all such things as the Company is authorised to exercise and do in relation to its undertakings.

(2) The Government may appoint any individual or body of persons as Custodian of the undertakings of the Company in relation to which no direction has been made by them under sub-section (1) of section 6.

(3) The Custodian shall receive, from the funds of the undertakings of the Company such remuneration as the Government may fix and shall hold office during the pleasure of the Government.

(4) Notwithstanding anything contained in sub-section (1) and (2) where any undertaking has been specified in a notification under sub-section (1) of section 6, the Custodian shall not be entitled to exercise any power or to do any other thing in relation to such undertakings.

9. *Duty of persons in charge of management of the undertakings of the Company to deliver assets, etc* .-(1) On the vesting of the management of the undertakings of the Company in a Government Company or on a appointment of a Custodian, all persons in charge of the management of the undertakings of the Company immediately before such vesting or appointment, shall be bound to deliver to the Government Company or the Custodian, as the case may be, all assets, books of account, registers or other documents

in their custody relating to the undertakings of the Company, or, as the case may be, any part thereof:

Provided that in the case of any undertaking specified in the notification under subsection 1 of section 6, such assets, books of account, registers and other documents shall be delivered to an officer specified by the Government in this behalf.

(2) The Government may issue such directions as they may deem desirable in the circumstances of the case to the Government Company or the Custodian, and the Government Company or the Custodian may also, if it is considered necessary so to do, apply to the Government at any time for instructions as to the manner in which the management of the undertakings of the Company shall be conducted or in relation to any other matter arising in the course of such management.

10. *Duty of persons to account for assets, etc., in their possession* .-(1) Any person who has, on the appointed day, in his possession or under this control any assets, books, documents or other papers relating to any undertaking owned by the Company, which have vested in the Government or in a Government Company under this Act, and which belong to the Company, or would have so belonged if the undertaking owned by the Company had not vested in the Government or such Government Company, shall be liable to account for the said assets, books, documents and other papers to the Government or the Government Company and shall deliver them up to the Government or the Government Company, as the case may be, or to such person or persons as the Government or the Government Company may specify in this behalf.

(2) The Government or the Government Company may take or cause to be taken all necessary steps for securing possession of the undertakings of the Company which have vested in the Government or the Government Company under this Act.

(3) The Company shall, within such period as the Government may allow in this behalf, furnish to the Government a complete inventory of all its properties, assets and liabilities, as on the appointed day, pertaining to the undertakings which have vested in the Government under section 3, and for this purpose, the Government or the Government Company shall afford to the Company all reasonable facilities.

11. *Accounts* .-The Custodian shall maintain an account of the undertakings of the Company in such form and manner and under such conditions as may be prescribed.

## **CHAPTER V**

### **Provisions Relating to the employees of the company**

12. *Continuance of employees* .-(1) Every person who has been immediately before the appointed day, employed in any undertaking of the Company shall become,-

(a) on and from the appointed day, an employee of the Government and

(b) where the undertakings of the Company are directed under sub-section (1) of section 6 to vest in a Government Company, an employee of the Government Company on and from the date of such vesting and shall hold office or service under the Government or the Government company as the case may be, with the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting and shall continue to do so unless and until his employment under the Government or the Government Company, from as the case may be, is duly terminated or until his remuneration and other conditions of service are duly altered by the Government or the Government Company, as the case may be.

(2) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (Central Act 14 of 1947), or in any other law for the time being in force, the transfer of the services of any officer or other person employed in any undertaking of the Company to the Government or the Government Company shall not entitle such officer or other employee to any compensation under this Act or under any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

13. *Provident fund and other funds* .-(1) Where the Company has established a provident fund, superannuation fund, welfare fund or other fund for the benefit of the person employed in any of its undertaking, the monies relatable to the officers or other employees whose services have become transferred by or under this Act, to the Government or the Government Company shall out of monies standing on the appointed day, to the credit of such provident fund, superannuation fund, welfare fund or other fund, stand transferred to, and shall vest in the Government or the Government Company, as the case may be.

(2) The monies which stand transferred under sub-section (1) to the Government or the Government Company, as the case may be, shall be dealt with by the Government or the Government Company in such manner as may be prescribed.

## **CHAPTER VI**

### **Commissioner of Payments**

14. *Appointment of Commissioner of payments* .-(1) The Government shall, for the purpose of disbursing the amount payable under section 7, by notification in the Gazette, appoint a commissioner of Payments.

(2) The Government may appoint such other persons as they may think fit to assist the Commissioner in the exercise of the powers conferred on the Commissioner under this Act.

(3) The salaries and allowances of the commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of the State of Kerala.



15. *Payment by Government to the Commissioner* .-(1) The Government shall, within sixty days from the appointed day, pay in cash to the Commissioner, for payment to the Company-

(a) an amount equal to the amount specified in sub-section (1) of section 7; and

(b) an amount equal to the amount of interest determined in accordance with the provisions of sub-section (2) of that section.

(2) A deposit account shall be opened by the Government in favour of the Commissioner in the Public Account of the State and any amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) Records shall be maintained by the Commissioner in respect of the undertakings of the company in relation to which payment has been made to him under this Act.

(4) The interest accruing on the amount standing to the credit of the deposit account referred to in sub-section (2) shall be credited to the Government after settlement of the claims.

16. *Certain powers of the Government or the Government Company* .-The Government or Government Company, as the case may be, shall be entitled to receive, upto the specified date, to the exclusion of all other persons, any money due to the Company in relation to its undertakings which have vested in the Government or the Government Company, and realized after the appointed day, notwithstanding that the realisation pertains to a period prior to the appointed day.

17. *Claims to be made to the Commissioner*.- Every person having a claim against the company with regard to any of the matters specified in the schedule pertaining to any undertaking owned by it shall prefer such claim before the Commissioner within thirty days from the specified date:

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days, but not thereafter.

18. *Examination and admission or rejection of claims* .-(1) On receipt of the claims made under section 17, the Commissioner shall examine the claims.

(2) After examining the claims with reference to the items specified in the Schedule, the Commissioner shall fix a certain date on or before which every claimant shall file the proof of his claim.

(3) Not less than fourteen day's notice of the date so fixed shall be given by advertisement in one issue of a daily newspaper in the English language having

circulation in the major part of the State of Kerala and in one issue of any daily newspaper in the Malayalam language, as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file, the proof of his claim with the Commissioner within the time specified in the advertisement.

(4) Every claimant who fails to file the proof of his claim within the time specified by the Commissioner shall be excluded from the disbursements made by the Commissioner.

(5) The Commissioner shall, after such investigation as may in his opinion, be necessary and after giving the Company an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, by order in writing; admit or reject the claim in whole or in part:

Provided that the Commissioner shall apportion the amount placed at his disposal in case the total admitted claims are found to be in excess of the amount placed at his disposal.

*19. Power of Commissioner to regulate his procedure, etc.*- (1) The Commissioner shall have the power to regulate his own procedure in all matters arising out of the exercise, of his powers and the discharge of his functions under this Act, including the place or places at which he may hold his sittings and shall, for the purpose of making any investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (Central, Act 5 of 1908) while trying a suit, in respect of the following matters, namely:-

(a) the summoning and enforcing the attendance of any witness and examining him on oath;

(b) the discovery and production of any document or other material object producible as evidence;

(c) the receipt of evidence on affidavits;

(d) the issuing of any commission for the examination of witnesses.

(2) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code (Central Act 45 of 1860) and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure 1973 (Central Act 2 of 1974).

*20. Appeal by Claimants* .-A claimant who is dissatisfied with the decision of the Commission under section 18 may prefer an appeal against the decision to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the Company is situated.

21. *Disbursement of money by the Commissioner to claimants* .-After admitting a claim under this Act, the amount due in respect of such claim shall be paid by the Commissioner to the person or persons to whom such amount is due, and on such payment, the liability of the Government or the Government Company in respect of such claim shall stand discharged.

22. *Disposal of the balance amount* .-If out of the monies paid to him in relation to the undertakings of the Company, there is a balance left after meeting the liabilities as specified in the Schedule, the Commissioner shall remit such balance to the Government.

23. *Right of Government to retain machinery, equipment, etc., not belonging to the Company* .-Where the possession of any machinery, equipment or other property, has vested in the Government or a Government Company under this Act, but such machinery, equipment or other property does not belong to the Company, it shall be lawful for the Government or the Government Company to continue to possess such machinery or equipment or other property on the same terms and conditions under which they were possessed by the Company, immediately before the appointed day.

24. *Undisbursed or unclaimed amount to be deposited to the general revenue account*.- Any money paid to the Commissioner which remains undisbursed or unclaimed on the date immediately preceding the date on which the office of the Commissioner is finally wound up, shall be transferred by the Commissioner before his office is finally wound up, to the general revenue account of the Government, but a claim to any money so transferred may be preferred to the Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, and the order, if any, for payment of the claim being treated as an order for the refund of revenue.

## **CHAPTER VII**

### **Miscellaneous**

25. *Act to have overriding effect* :-The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

26. *Penalties* :-Any person who,-

(a) having in his possession, custody or control any property forming part of the undertakings of the Company, wrongfully with holds such property from the Government or the Government Company; or

(b) wrongfully obtains possession of, or retains, any property forming part of the undertakings of the Company; or

(c) wilfully withholds or fails to furnish to the Government or the Government Company or any person or body of persons specified by the Government of Government Company, any document relating to such undertakings which may be in his possession, custody or control; or

(d) fails to deliver to the Government or the Government Company or any person or body of persons specified by the Government or the Government company, any assets, books of account, registers or other documents in his possession custody or control, relating to the undertakings of the Company; or

(e) wrongfully removes or destroys any property forming part of the undertakings of the Company or prefers any claim under this Act which he knows or has reasonable cause to believe to be false or grossly inaccurate, shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

*27. Offences by companies :-*(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was incharge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all the diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1) where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation :-* For the purposes of this section,-

(a) "company" means any body corporate and includes a firm or other association of individuals;

(b) "director" , in relation to a firm, means a partner in the firm.

*28. Protection of action taken in good faith :-*(1) No suit, Prosecution, or other legal proceeding shall lie against the Government or any officer or other employee of the Government or the Custodian or the Government Company or any officer or other person authorised by the Government, the Custodian or the Government Company for anything which is in good faith done or intended to be done under this Act.

(2) No suit or other legal proceeding shall lie against the Government or any officer or other employee of the Government or the custodian or the Government Company or any officer or other person authorised by the Government, the Custodian or the Government Company for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

29. *Delegation of powers* :- (1) The Government may, by notification in the Gazette, direct that all or any of the powers exercisable by them under this Act other than the power conferred by section 30 or section 31 may also be exercised by such person or persons as may be specified in the notification.

(2) Whenever any delegation of power is made under sub-section (1) the person to whom such power has been delegated shall act under the direction, control and supervision of the Government.

30. *Power to make rules* :- (1) The Government may by notification in the Gazette, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters namely:-

(a) the time within which, and the manner in which, an intimation shall be given to the Commissioner under sub-section (2) of section 4;

(b) the form and manner in which, and the conditions under which, the Custodian shall maintain the accounts as required by section 11;

(c) The manner in which the monies in any provident fund or other fund referred to in section 13 shall be dealt with;

(d) any other matter which is required to be, or may be prescribed.

(3) Every rule made under this Act, shall be laid, as soon as may be after it is made, before the Legislative Assembly while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid, or the session immediately following, the Legislative Assembly makes any modification in the rule or decides that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

31. *Power to remove difficulties* :- If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

32. *Repeal and saving* :- (1) The Super Clays and Minerals Mining Company (Private Limited (Acquisition of Undertakings) Ordinance, 1983 (38 of 1983) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act.

### **THE SCHEDULE**

(See sections 7, 17, 18 and 22)

1. Paid up Capital of the Company.

2. Sundry creditors as on 2-03-1976

(as per audited Balance Sheet as on 31-12-1975)

3. Other liabilities as on 2-03-1976

(as per audited Balance Sheet as on 31-12-1975)

4. Unsecured loans as on 2-3-1976

(as per audited Balance Sheet as on 31-12-1975)