

KERALA SPINNERS, ALAPPUZHA (ACQUISITION AND TRANSFER OF UNDERTAKING) ACT 2010 (4 OF 2010)

J. Government of Kerala Reg. (OBI. •a3.av(ö KERALA GAZETTE omod EXTRAORDINARY PUBLISHED BY ÄUTHOkrry ojoæso e.l@lea. 55 ThinBn•nahthapuram, Wédnesday m-lia.)aö • 2/2009/.öono. '2610 7th April 2010 7 •17th ChaitKra:.19'j2• 1932 17. a•uäaoö 06. (D70a. :mcmd. 71, PRINTED AND PUBLISHED.' BY THE SUPERINTENDENT OF GOVERNMENT • PRESSES : T THE GOVERNMENT CENTRAL PRESS. THIRUVANANTHAPURAM,' 2010: 33/14j2/20'IO/DTP 25 I' QPVERNMENT KERALA Law (Legislation-C) Department: No. i7249/LegC2/09/Law., NOTIFICATION 7th'AiFil, Azted, ThirÜvanantkapuiQi1* • •.1 7th •.Chai\$hra, t; . In pursuance of clause (3) of Article• 348 0'zthé CoÄitütFnüöfJIfidiä., the Governor is ile'ased to aUthorise the publication in the Gazétté octhe follöwing translation in the 'English. language of thé Kerala Spinp&s,' S4cquiéition änd.Transfer of Undertaking) Act, 2010 (4 of 2010). By •order af the Göver: noY; K. MADHUSUDANAN NAIR; Special Secrëiâhi' (LaW).., 33/ t432/EOiOiDTP 26 [Translation in English of "2010:921. a-danccm\$.a\$ (a•uoaoöo odJ9Qo) under the authority •of the Governor,} ACT 4 OF 2010 THE KERALA SPRNERS, ALAPPUZHA (ACQUISITION AND TRANSFER OF UNDERTAKING) ACT, 2010 Än Act to provide for. the- acquisition and tr&nsfer of the Rerala Spinners Ltd., Komalapuram, AFappuihQ and Jor 'hg tacquisition and tranSfeÄoj the right, title' and interest ciLthe• owners- respect. c/ ihr updertüing witWa view to reorganizing and' reviving the undertaking and for matters cohnectd therewith ot inc'dentQl therdo. •it extpedient to Provide for the acquisition and transfer of üle Kerala Spinngrs •L*tdo Romalepuram, Alappuzha aid 'for the acquisition and transfer of the right, titre and interest of the own&s in respect of the undertaking with a-View, to reorganizing mid reviving the undertaking and for matters connected 'therewith er incideåtal t.fiereto;_ BE it enacted in the Sixty first year of Bepublic of India as follows«—.

CHAPTER I. PRELD.dßNAiY I. Shart title and This Aci fiay be ca}led the Kerala Spinnek, Alappuzha and Transfer of Vndertaking) Act, '(2) It sfall be deemed to have come into, force Qn the J9th day of November, 2009. , 2. this Act, unless the context otherwise requires;—',-," (a) "appoinpd day" means the 7th dhy of Septöer, 2006,' (b) "authorised person?" rirans the person. or body of persons appointed under section 18AA of the kidustries (Dévèlppment and Regulation) Act, 1951 (Central Act 65 Of 1951), to take Che managet?ént of the Textiie undertakings; .1 27 ...E 000032 (c) "bank" means, "the Indian Overseas Ba•nk", a Scheduled 'Bank as defined in clause (e) of sectidn rof .the RésérveSÉank of India Act, -'1934• (Central Act 2: of 1934); (d) "Commissioner*" means the Commissiöner of payments appointed under section 16; (e) ('owner" when used in relâtion. to the sick textile undertaking, means the person or firm who or which was, immediately before the take-over of the management of the' undertaking under section 18AA of the IndustrieS (Development and' .Regulation) Act, 1951 (Central Act 65 of 1951), the immediate proprietor or lessee or occupier of the sick textile undertaking. or any part thereof; (f) "prescribed" presgibed by rules made under this Act; (g) i'siGk textile undertaking" means the, textile uhdehaking specified ih the First Schedule and has been declared as sick company by the Board. for Industrial and .Financial Reconstruction (BIFR); (.h). t'sieicified date" m.eans such date as the Government may, for the purpose of b provision of this Act, by notification in. the Gazette, specify and ' different dates may be- specified for different provisions of this Ade, (i) "State Textile Corporation" means the 'Keral'a State Textile Corporation. Limited formed and. registered under the' Companies Act, 1956 '(Central Act 1956); (j) "textile company)." means a company specified in column (2)' of the First Séhedule as qwning the undertaking specified in the corresponding entry in column (l) of that Schedule; (k) ', 'subsidiary te*tile corporation" means a company formed by \the State Textile Corporation. as its subsidiary; Words and expreSsions used but• not defined in .this Act and defmed in the •Industries (Development and. Regulation) Åct, 1951 (Central Act •65 of 1951), shall have the meanings. respectively assigned to them in that Act. (3) Words and éxpressions used but not defined either in this Act or in the IndústriaS (Development and Regulation) Act, 1951 (Cenfral Act 65 of 1951); but d?fined. in the Companies Act, 1956 (CeRtra!• Act I of 1956), shall have the meanings respectively assigned to them in the Companies Act, 1956 (Centfal IAct L 956).

CHAYIER 11 ACQUISITION OV *HE, RiGHT\$ OF'OWNERS OF SICK TEXTILE 3. Acquisition of rights.ofowne*s Aim respect of sick •tatite On the appointed day, the sick tetile-tmdertakmg Qd the right, titlé and interest bf the owner in' relation to sach sick textile

undertaking shall, by virtue of this Act, stand transferred to, and shall vest absolutely in the (i) The sick textile which stands vested in the State Government under sub-section. (L) shall, immediately after it becomes vested, stand transferred to, and vest in the State Textile Corporation

4. General effect of The sick textile undertaking referred to in section 3 shall be deemed to include all assets, rights, easements, powers, authorities and privileges and all property, movable and immovable including lands, buildings, workshops, stores, inventories, machinery and equipment, cash balances cash on hand, reserve funds, investments and, book debt; and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the possession, power or of the authorised, person and all books of account, registers and all other documents of whatever nature relating thereto and shall also be deemed to include the liabilities and obligations specified in (2) of section 5. (2). All property as aforesaid which have vested in the State Government under sub-section (1) of section 3 shall, by reason of such vesting be freed and discharged from any mortgage, charge, lien and all other encumbrances affecting it, and any injunction or decree or order of any court the use of such property in any manner shall be deemed to have been withdrawn. (3) Where any licence or other instrument in relation to the sick textile undertaking has been granted at any time before the appointed day to an owner by the Central Government or a State Government or any other authority, the State Textile Corporation shall, on and from the appointed day, be deemed to be substituted in such licence or other instrument in place of the owner referred to therein as if such licence or other instrument had been granted to the State Textile Corporation and it shall hold such licence or the sick textile undertaking specified in other instrument for the remainder of the period for which the owner would have held licence or the sick textile under such other instrument. 000031 29 F- is. any property which has vested under this Act or any other law shall, within such time and in such manner as may be prescribed, be transferred to the Commissioner, Of such property or other interest. (5) For the removal of doubts, it is hereby declared that the mortgagee of any property. (2) or any other interest "in, in relation to, any such property: (shall be entitled to claim, in accordance with, his rights and interest, payment of the mortgage money or other dues, whole or part, out of the amount specified in the First Schedule, but no such mortgage, charge, interest shall be enforceable against any property which has vested in the State Government. appointed day, any suit, appeal or other proceeding of whatever nature in relation to any matter sub-section (h) section. 5. in relation to the sick textile undertaking, instituted or brought against the company or the authorised person, is pending, the same shall not abate; be, in any way, prejudicially affected by reason, of the sick textile undertaking or of anything contained in this Act; but, the suit, appeal, or other proceedings may be continued, prosecuted and be enforced by the State Textile Corporation. to the liability. Every liability other than the liability specified in sub-section (2), owner of the sick textile undertaking, of any period prior to the appointed day shall be the liability. and shall be enforceable, against him and against the State Government or the State Textile Corporation. Any liability arising in respect of— advanced Central Government or the State Government to textile undertaking (together with interest due thereon) after the appointed day, a sick company by the Board of Industrial and Financial Reconstruction, Recohorted (BIFR); (b) any other person, advised to the sick textile undertaking. it has been declared a sick company by the Board for Industrial and Financial Reconstruction by the State Textile Corporation together with interest due thereon, 30 (c) wages, salaries and other dues of employees of the sick textile undertaking, in respect of any period after the company has been declared as a sick company by the Board for Industrial and Financial Reconstruction (BIFR) shall on and from the appointed day, be the liability of the State Government and shall be discharged, for and on behalf of that Government, by the State Textile Corporation. as and when repayment of such loans or become due or as and when such wages salaries or other dues become due and payable- (3) For the removal of doubts, it is hereby declared that— (a) save as otherwise expressly provided in this section or in any other section of this Act, no liability, other than the liability specified in sub-section (2), in relation to the sick textile undertaking in respect of any period prior to the appointed day shall be enforceable against the State Government or the State Textile Corporation; (b) no award, decree or order of any court, tribunal or other authority in relation to this sick textile undertaking passed after the appointed day in respect of any matter, claim or relation to any matter not to in sub-section (2) which arose before that day, shall be enforceable against the State Government or the State Textile

Corporation; (c) no liability of the sick textile undertaking or my owner thereof for the before 'the • Company has 'been declared as a sick company by the Board for Industrial and Financial Reconstructiort (BIFR) o? any provision of a law for the time being in force, shall be exforéeable the State Government or the State Textile Corporation. 6; State Textile Corporation tpform subsidiary The State Textile Corporation may, if it considers necessary to do so, form corporations under the• Companies Act, 1956 (Central Act I of 1956), and register them under that Act. (2) The State Textile Corporation may, by order in writing* transfr the sick undertaking or part thereof to a subsidiary textile corporation and any such transfer shall be subject to such teKms and conditions as may be specified in the said order. (3) The Subsidiary Textile Corporation shall, .on aid from the date of such transfer, be deemed to be substituted in the licence or other .insü-ument referred to in •sub-sectiop (3) of section-4 in place of the State Textile Corporation as if sugh ligenpe or other instrument had been ganted to the Subsidiary Textile Corporation, and shall• hold such licence or o@ler insbument for the remainder of the peribd for wåich the State TFXtile would have held such licence or other instrtimgnt. 31 ...5 000030 .'(4:) ..to. a•Subsidiary Textile-Corpora,tion of thé sick .textile.un@ettåkiriÉ or. any Dart thereof, the lia>ilitiés reqpire&to bel discharged, Textile:C.prpotåtion udd& rsub:seötion. (2) 'of sect-ibn 5 shall, in so they relate •to textile undertaking pr.part. thereof so transferred to• be discharged; on .and• from the date' of such -ransfer; by. the' Subsidiary •Textike Corpokation as: and , when any such liability 'is *-requiredlto be disghårgéd, (5) Säve ask othenwise expressly provided in this Act; references in this. tot Che 'State: Tex.file Cdrporation shall in •respect:-of- the sick textile undertaking. •or any part thereof.. which'..is• trarßferred .to•a Subsidiary Textile i*\$ÆorpöratiOn., be co strued as' references:to the Subsidiary Textile Conoration. .7.' 'Shares to'... e, isSued by the State •Textile •Corporation for the value of assets transfei•red•. to iZ Government. —(1)An ainount equal to thec the assets tof the •sick textile undertaking transferred to, and vested in, thé• Stat? .Te*tile Corporation under. sub-section (2) of. section . 3, shal.l be •deemed •to .be the contribution made by the State Government to the. equity of the State: Textile Corporation; and for the contribution so made, the Ä.PState Textile Corporation :iss.ue (if necessary after amending its. z;-memoratidum and. articlés og association). to the' Staye Government paid-up "i ÉååfShares, in its equity; capital;•.: having a •.face•value equal io the .amount specified ; Ædågainst the, sick-texti e, undertaking ip the •corresponding entry in •column (3) of e" the First Schedule. Where any liability ..i'S' assumed -by the State Government under ,b-séctiön (1) of. sehi•0Q. 25; • they may call upon- the State Textile Corpdratiön Ito necess FY, •after. amending, the: memqraridum ahd articles of gé#associatidn; of •the .Obrporation) •to the •State Government additional paid-up• in.' its equity capital; haying •a face value equal •to •thé amount of the Tiability aSsumed: by:• the State Government uhdertth•e said sub-sec•tioh. CAAPTER. III PAYMENT OF AMOUNT 8. Paynhent ö amount' of.the sick •textile undertaking.— The owneö•f the sick textile urrdertaking .shall• be given by the State Government, .intcåsh the manner.siecified• in •Chapter' VI for the transfer and vesting.win, it urider sub-section of section .33 of !such sick textile * .l'Pndfftaking. alid• the, frigt, title ånd interest •of: the •owner" in relation to this sick undéitåkiii•g, .an: anhout equal• to the amount specified against it in •the &orresponding entry in column(S)' of the First Schedule. (2) In addition to the amount referred to in sub-section (f) thee be given by th.e State Government, in cash, to the owner of the' sick textile undertaking, simple interest at 'he rate of four per cent. per an;ium on amount specified against such owner: iL the corresponding enå•fin column (3) of the First SchedÜle for the period commencigg on the appointed day; ang •ending dg the date on which payment of such amount is made' by the, State Government to the Commissioner

9. Paymgnl of further On ecount-of the taking over the • management orthe undertaking, which has been-declüed as sick by Baard for Indusü•ial aid. Financial.Recon?Euction (BIFRX shall be given ah amount of rupees one thousan& per annum erythe deprivatiotl of iu xnan@gemut fez. a period •commencing fioni the appöinted, day yp to Che dafe on which the management of the siick undertakini has beeg taken over by the State Government. (2) The• amount-ulculated in' accordance With the provisions of sub-sectöri '(IL shall carry siinple irgerest at ghe •rate of four per cent per annum for the,period cammenFinE qn the appointed day and ending •the date on which the paypment -af such,åmount is made by the State Gayernment to Commissioner. (3) The amounts determined in relation COE this textile campagy accordance widi the pravi*ioés of sub:sections ('1) and (2) shall be by Che , • State Goxerimegt to the textile gompany, in iddition to åmount specified in the' First Schedulé. that. cohÖany,;. CHARTER • IV MANAGEvfENT ETC., OF,THE SICK TEXTILE UNDERTAKNG IO.

Management, -etc., of the sick textile undertaking. Eg. = The State Textile Corporation or any person which that Corporation may, by order in writing, specify, shall be entitled to exercise the powers of general superintendence* direction, control and management of the affairs and business of the sick textile undertaking, the right, title and interest, of an Owner in relation to which have vested in that person sub-section (2) of section 3, 'and do all such things as the owner of the sick textile undertaking is authorised to exercise and do. 33 'M. -Duty of, -persons in charge of management, of the sick textile undertaking to deliver all assets the vesting of the "sick textile undertaking" in the State Textile Corporation} all persons in charge of the management of such 'sick' textile 'such' vestings shall be bound to deliver to the State Textile Corporation, as may be, books of or other documents, in their custody relating to the sick textile undertaking

12. State Textile Corporation shall maintain the accounts- of the sick textile undertaking in accordance with the provisions: Companies Act, 1956 (Central Act No. 1 of 1956)"

CHAPTER V PROVISIONS RELATING TO EMPLOYEES OF SICK TEXTILE UNDERTAKING 13. Employment of certain employees to Every person whom is a workman, within the meaning of the Industrial Disputes Act, 1947 (Central Act No. 14 of 1947), and has been employed immediately before the appointed day, employed in the sick textile undertaking shall become, on and from the appointed day; an employee of the State Textile Corporation same rights and privileges as to gratuity and other matters: as would have been admissible to him if the rights mentioned in such sick textile undertaking had not been transferred to and vested in State Textile Corporation and shall continue to do so in less and until his employment in the State Textile Corporation is terminated or his remuneration, terms and conditions of employment are duly altered by the State Textile Corporation. (i) Every person who is not a workman within the meaning of the Industrial Disputes Act, 1947. (Central Act No. 14 of 1947) who has been employed immediately before the appointed day, employed in the sick textile undertaking shall, in so far as such person is employed in connection with the sick textile undertaking which has vested in the State Textile Corporation, become, on and from the appointed day, an employee of the State Textile Corporation and shall hold his office service therein by the same tenure, at the same remuneration and upon the same conditions as he would have held the same under the sick textile undertaking if had not vested in the State Textile Corporation and shall continue to do so unless and until his employment with the State Textile Corporation is duly terminated or until his remuneration, terms and conditions are altered by the State Textile Corporation. (3) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (Central Act No. 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 in the sick textile undertaking to the State Textile Corporation shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force, and no such claim shall be by any court, tribunal or other authority. (4) Where, under the terms of any contract of service or otherwise, any person whose services become terminated or who services become transferred to the State Textile Corporation by reason of the provisions of this Act is entitled to any arrears of salary or wages or any payment for any leave not availed of or other payment, not being a payment by way of or pension; for any period prior to the date of termination, as a sick company by the Board for Industrial and Financial Reconstruction (BIFR), such may, except to the extent such liability has been taken over by the State Government under section 5, enforce his claim against the owner of the sick undertaking but not against the State Government or the State Textile Corporation. 14. Provident fund and other Where the owner of the sick textile undertaking has established a provident fund, welfare or other fund for the benefit of the persons employed in such sick textile undertaking, money relating to the employees, whose services have become transferred to the State Textile Corporation shall, out of the money standing, on the date of the termination of such provident fund, superannuation, welfare or other fund, be transferred to, and shall vest in the State Textile Corporation. (2) The money which stands transferred under sub-section (1) and sub-section (2) of section 13, shall on and from the date of such transfer, become an employee of the State Textile Corporation and the provisions of sections 13 and 14 shall apply to such employee as they apply to an employee of the State Textile Corporation. If references in the said sections to the State Textile Corporation with reference to

Subsidiary Textile Corporation. 35 CHAPTER VI COMMISSIONER OF PAYMENTS 000028 16. •
 • appointment% of Commissioner For the purpose of disbursing the amounts payable to the owner of
 the sick textile undertaking, specified in the First Schedule, the State Government shall, by in the Gazette
 appoint a person as they may think fit to be the Commissioner of Payments. The State Government
 may, appoint such other persons as they may think fit to assist the Commissioner and thereupon the
 Commissioner may authorise one or more of such persons also to exercise all or any of the powers
 exercisable by him under this Act and different persons may be authorised to exercise different powers.
 (3) Any person authorised by the Commissioner to exercise any powers may exercise those powers in the
 same manner and with the same as if they have been conferred on that person directly by this Act and not
 by way of authorisation. (4) The salaries and allowances of the Commissioner shall be defrayed out
 of the Consolidated Fund of the State of Kerala. 17. Payment by State Government to the
 Commissioner.—(1). The State Government shall, within thirty days from the specified date, pay in cash to
 the Commissioner, for payment to the owner of the sick textile undertaking, an amount equal to the
 amount specified against the sick textile undertaking in the First Schedule and shall also pay to the
 Commissioner such sums as may be due to the owner of the Sick textile undertaking under sub-section
 (2) of section 8 and Section 9. (2) IA, separate account shall be opened by the State Government in -
 favour of the Commissioner and every sum paid under this Act to the Commissioner shall be
 deposited by him in that account and thereafter such account shall be operated by the Commissioner.
 Separate records shall be maintained by the Commissioner in respect of the sick textile undertaking in
 relation to which payments have been made to him under this Act. (4) Interest accruing on the amounts
 standing to the credit of the account referred to in sub-section (2) shall ensure to the benefit of the
 owners of the sick textile undertaking. 36 18. Claims to be made to the person having a claim against the
 owner of the sick textile undertaking shall prefer such claim before the Commissioner within thirty days
 from the specified date: Provided that if he is satisfied that the claimant was prevented by sufficient
 cause from preferring the claim within the said period of thirty days may entertain the claim within a further
 period of thirty days but not thereafter

19. Priority of claims. arising out of the matters specified in the Second Schedule shall have priorities in
 accordance with the following principles, namely:— (a) Category III shall have precedence over other categories
 and Category L shall have a precedence over Category III and so on; (b) The claims specified in each of the
 except Category V, shall rank equally and be in full, but if the amount is to meet such claims in full, they
 shall be paid in equal proportions and be paid accordingly; (c) The liabilities specified in Category V
 discharged subject to the specified in this section, in accordance with the terms, of the secured loans and the
 priority; inter such loans; and (d). The question of payment of a liability with regard to a matter specified in
 lower category shall arise only if a surplus is left after meeting all the specified in the higher category

20. Examination of claims. (1) The Commissioner shall examine the claims in the order of
 in the Second Schedule and examine the claims in accordance with the said order. (2) If, on examination
 of the claims, the Commissioner is of the opinion that the amount paid to the owner of the sick textile undertaking
 under this Act is not sufficient to meet the liabilities specified in the lower category, he shall not be required to
 examine the claims in respect of such lower category

21. Admission or rejection of the claims. (1) After examining the claims with reference to the priority
 specified in the Second Schedule, the Commissioner shall fix a date on or before which every
 claimant shall file the proof of his claim: otherwise he shall be excluded from the benefit of the disbursement
 made by the Commissioner. 37 000027 • less than 100 rupees. (2) The Commissioner shall be - * Given
 by advertisement in, One is a daily newspaper in the English Language and the issue.
 in the Regional Language, and the claimant shall be notified. Suitable and every such notice shall
 call upon the claimant to produce proof of his claim. With the Commissioner within the
 specified time. (3) If a claimant fails to file the proof of his claim within the
 specified time, he shall be excluded from the disbursement made by the Commissioner. (4) The
 Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving the
 owner of the sick textile undertaking an opportunity of being heard in writing, admit or reject the claim in whole or in part. (5) The
 Commissioner shall have the power to regulate his own procedure in all matters arising out of the
 discharge of his functions; including the place or places at which he will hold his sittings and shall

for the purpose of any investigation under this Act, have the same powers as are vested in a civil court under (if any) of the provisions of the Code of Civil Procedure, 1908 (Central Act 5 of 1908), while trying a suit, in respect of the following matters, namely:— summoning and enforcing the attendance of any person and examining him on oath; (b) production of any document or object producible as evidence; (c) receiving evidence on affidavits; (d) appointment of, commissions for the examination of witnesses. (6) Any proceeding before the Commissioner shall be deemed to be a judicial proceeding within meaning of sections 193 and 228 of the Indian Code (Central Act 45 of 1960) and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Civil Procedure, 1908 (Central Act 2 of 1908). (7) A claimant who is dissatisfied with the decision of the Commissioner may prefer in appeal against the decision to the court of original jurisdiction within the local limits of whose jurisdiction the textile undertaking is situated. 33/1432/201 /Dtp 38 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 credited by the Commissioner to the relevant fund or fund to the person or persons to whom such sums are due and on such credit or payment the liability of the owner in respect of such claim shall stand discharged. 23. Disbursement of amount to the owner of sick textile undertaking.— (1) Out of the amount paid to him in relation to the sick textile undertaking, there is a balance left after meeting the liabilities as specified in the Second Schedule; the Commissioner shall disburse such balance to the owner of such sick textile undertaking. Before making a payment to the owner of the sick textile undertaking under sub-section (1), the Commissioner shall satisfy himself as to the right of such person to receive the whole or any part of such amount and in the event of there being a doubt or dispute as to the right of the person to receive the whole or any part of the amount referred to in section 8, the Commissioner shall refer the matter to the court and the disbursement in accordance with the decision of the court. (2) For the removal of doubts, it is hereby declared that the entries in column (2) of the Schedule shall not be deemed to be conclusive as to the right, title and interest of any person in relation to the sick textile undertaking specified in the corresponding entries in column (1) of the said Schedule and evidence shall be admissible to establish the right, title and interest of any person in relation to such sick textile undertaking. Where any machinery, equipment or other property in the sick textile undertaking has vested in, the State Textile Corporation but such machinery, equipment or other property does not belong to the owner of such sick textile undertaking, the amount specified in column (3) of the First Schedule against such sick textile undertaking shall, on a reference made to the Commissioner, be the subject-matter of a suit between the owners of sick textile undertaking and the owner of such machinery, equipment or other property having due regard to the value of such machinery, equipment and other property on the appointed day. This section, "court", in relation to the sick textile undertaking, means the principal civil court of original jurisdiction within the local limits of the sick textile undertaking is situated.

24. Undisbursed or unclaimed amounts to be deposited to the general revenue account.—Any amount paid to the Commissioner which remains undisbursed or unclaimed for a period of three years from the last day on which the disbursement was made; shall be transferred by the Commissioner to the general revenue account of the State Government, but no 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 shall be treated as an order for the Government.

CHAPTER VII MISCELLANEOUS 25. Assumption of liability.—Where any liability of the sick textile arising out of any claim specified in Category I, Category II or Category III or Category IV in the Second Schedule is not discharged fully by the Commissioner out of the amount paid to him under this Act, the Commissioner shall intimate in writing to the State Government the fact of the liability which remains undisbursed and that liability shall be assumed by the State Government. (2) The liability assumed by the State Government under sub-section (1) shall be discharged by payment of the amount of the liability in negotiable bonds redeemable after the expiry of ten years and carrying simple interest at the rate of seven and a half per cent per annum with effect from the appointed day.

26. Act to override all other enactments.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force 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 authority, or any contract to cease to have effect unless ratified by the State Textile

contract entered into by the owner. or. occupier of the sick textile undertaking for any service, sale, or supply and in force immediately after the appointed day shall, on and from the expiry of one hundred and days: from the date of commencement of this Act, cease to have effect *Unless such contract is, before the expiry of that period, ratified, in writing, by State Textile Corporation and in ratifying such contract the, State Textile may, with the previous approval of the State Government, make such alterations or modifications therein as it may think fit. 40 Provided that *The Textile Corporation shall not omit to ratify a contract and shall not make any alteration or modification in a contract unless it is satisfied that such contract is not prejudicial to the interests of the sick textile undertaking. (2) The State Textile Corporation shall not omit to ratify a contract and shall not make any alteration or modification except after giving to the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract, or for making any alteration or modifications therein* 28. Penalties—Any person who,— (a) having in his possession, custody or control of any property part of the sick textile undertaking wrongfully withholds such property from the State Government or the State Textile Corporation or any person authorised by that Government or Corporation, or (b) wrongfully obtains possession of or retains any property forming part of the sick textile undertaking or wilfully withholds or fails to furnish to the State Government, the State Textile Corporation or any person specified by that Government or Corporation, as the case may be, any document relating to such sick textile undertaking which may be in his possession, custody or control or fails to deliver to the State Textile Corporation or any person specified by that Corporation any assets, books of account, registers or other documents which are in his custody or control relating to the sick textile undertaking; or (c) wrongfully removes or transfers any claim under the 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 with fine which may extend to ten thousand rupees; or with both, 29. Offences by Companies—Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible 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 if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence. 41 (2). Nothing in this Act shall apply to any person who has been appointed by a company and who has been appointed with the consent or connivance of, or is attributable to, any negligence on the part of any director, manager, secretary or other officer of the company; such director, manager, secretary or other officer shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly. the Purposes. Of this section,— means a company as defined in Section 3 of the Companies Act, 1956 (Central Act I of 1956) and includes in it a firm or a Co-operative Society or other association of individuals; and (b) "director". in relation to a firm, means a partner in the firm. 30. of action taken in good faith—No suit, prosecution or other legal proceeding shall lie against the State Government or any officer, of that Government or the authorised person or Textile Corporation or any Subsidiary : Textile Corporation or any officer or other person authorised by the Corporation for anything which is done or intended to be done under this Act. 31. 'Delegation of State Government may, by notification, vest all or any of the powers exercisable by it under this Act: Other than the power under section 34 may also be exercised by any person or persons as may be specified in the notification. (2) Whenever any delegation of power is made under subsection (1) to which such power has been delegated shall act under the direction and control and supervision of the State Government. 32. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of this Act, the State Government may, subject to the provisions of this Act, remove such difficulty: Provided that no such order shall be made after the expiry of a period of two years from the date of this Act. 33. Declaration as to the policy of the State.—It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principle specified in Clause (b) of Article 39 or the Constitution. this section. "State" has the same meaning as in Article of the Constitution. 34* Power to make Rules The Government may, by notification in the Gazette, make rules to carry out the provisions of this Act. (2) In

particular; and without prejudice to the generality of the foregoing power, such may provide for all or any of the following matters; namely:— (a) the time within which and the manner in which an order referred to in sub-section (4) of section 4 shall be given; (b) the manner in which money in any provident or other fund referred to section 14 shall be dealt with;— (c) any other matter which is required 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 Legislature makes any amendment in the rule or decides that the rule should not be made, the rule shall thereafter have effect only in such amended form or be of no effect as the case may be; so however, that any such amendment or annulment shall be without prejudice to the validity of anything previously done which would have been valid if the rule had not been so amended or annulled.

35. Repeal and Savings.— (1) The Kerala Spinners, Alappuzha (Acquisition and Transfer of Undertaking) Ordinance, 2010 (9 of 2010) 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.

143- The First Schedule [See sections 2(g), 2(j), and 8] of the Sick Textile Undertaking (Kerala Spinners Ltd., Komalapuram Alappuzha) Name of the Owner (2) Kerala Spinners Ltd., Koinalapuram, Alappuzha 000024 Ainuit (j) Repeal 454.62 lakhs The Second Schedule (See sections 19, 20, 21 and 25) ORDER OF PRIORITIES FOR THE DISCHARGE OF LIABILITIES IN RESPECT OF THE SICK TEXTILE UNDERTAKING PART I. Category—i Arrears in relation to provident fund, salaries and wages and other amounts due to an employee for the period over which management period. — PART II OTHER LIABILITIES Management Period Category. (a) Loans advanced by Bank. (b) Loans advanced to an institution other than a bank. (c) Any other loan. (d) Any credit, available for the purpose of trade or manufacturing operations. (a) Revenue, taxes, cesses, rates or any other dues to the Central Government or a State Government. (b) Any other dues. 44 (B) Pre-liquidation Management Period Category—IV Principal amounts of the secured loans advanced by any Nationalised Bank or public financial institution. Category—v Secured loans other than those specified under Category IV. Category—VI Revenue, taxes, cesses, rates or any other dues to the Central Government, a State Government, a local authority or a State Electricity Board. Category—VII (a) Any credit available for the purpose of trade or operations. (b) Any other dues. Category—VIII Interest amounts on the secured loans advanced by any Nationalised Bank or public financial institution.