

THE JAYANTI SHIPPING COMPANY (TAKING OVER  
OF MANAGEMENT) ACT, 1966

ARRANGEMENTS OF SECTIONS

CHAPTER I

PRELIMINARY

SECTIONS

1. *Short title.*
2. *Definitions,*

CHAPTER II

THE TAKING OVER OF THE MANAGEMENT OF THE UNDERTAKING OF THE  
JAYANTI SHIPPING COMPANY

3. Board of Control to take over the management of the undertaking.
4. Effect of notified order issued under section 3.
5. Power of Board of Control to appoint managing agent.
6. Contracts in bad faith, etc., may be cancelled or varied.
7. No right to compensation for termination of office or contract.
8. Application of Act 1 of 1956.
9. Power of Central Government to cancel order notified under section 3.

CHAPTER III

MISCELLANEOUS

10. Duty to deliver possession of property and documents relating thereto.
11. Duty to furnish particulars.
12. Powers of inspection.
13. Penalty for false statements.
14. Limitation on prosecution.
15. Protection of action taken under the Act.

## SECTIONS:

16. Overriding effect of Act.
17. Payment of remuneration and expenses out of the funds of company.
18. Power of Central Government to give directions.
19. Power to make rules.
20. Power to remove difficulties.
21. Repeal and savings.

**THE JAYANTI SHIPPING COMPANY (TAKING OVER OF  
MANAGEMENT) ACT, 1966**

No. 24 OF 1966

[3rd September, 1966]

**An Act to provide for the taking over of the management of the  
undertaking of the Jayanti Shipping Company Limited  
for a limited period in order to secure the proper  
management of the same.**

BE it enacted by Parliament in the Seventeenth Year of the  
Republic of India as follows:—

**CHAPTER I**

**PRELIMINARY**

1. This Act may be called the Jayanti Shipping Company (Taking Over of Management) Act, 1966. Short title.

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

**Definitions**

(a) "company" means the Jayanti Shipping Company Limited, being a company as defined in the Companies Act, 1956, having its registered office in the Union territory of Delhi;

1 of 1966.

(b) "notified order" means an order notified in the Official Gazette;

(c) "prescribed" means prescribed by rules made under this Act;

(d) "undertaking" means the property and assets of the company;

(e) words and expressions used but not defined in this Act and defined in the Companies Act, 1956, shall have the meanings respectively assigned to them in that Act. <sup>1 of 1956.</sup>

CHAPTER II

THE TAKING OVER OF THE MANAGEMENT OF THE UNDERTAKING OF  
THE JAYANTI SHIPPING COMPANY

Board  
of  
Control  
to take  
over the  
manage-  
ment  
of the  
under-  
taking.

3. (1) The Central Government may, by notified order, appoint a body of persons (hereinafter referred to as the "Board of Control") to take over the management of the whole or any part of the undertaking or to exercise in respect of the whole or any part thereof such functions of management as may be specified in the notified order.

(2) The Board of Control shall consist of a Chairman and such number of other members not exceeding ten as the Central Government may think fit, to be appointed by that Government.

(3) The Central Government may either in the notified order issued under sub-section (1) or in a subsequent order specify that one or more members of the Board of Control shall be a full-time member or full-time members thereof.

(4) The term of office of, the procedure to be followed in the discharge of their functions by, and the manner of filling vacancies among, the members of the Board of Control shall be such as may be prescribed.

(5) The salaries, allowances and other remuneration and the conditions of service of the members of the Board of Control shall be such as may be determined by the Central Government.

(6) Any notified order issued under sub-section (1) shall remain in force for such period not exceeding five years as may be specified in the order:

Provided that if the Central Government is of opinion that in order to secure the proper management of the undertaking it is expedient that any such notified order should continue in force after the expiry of the period of five years as aforesaid, it may, from time to time, issue directions for such continuance for such period, not exceeding

two years at a time, as may be specified in the directions, but no such notified order shall in any case remain in force for more than a total period of fifteen years; and where any such direction is issued, a copy thereof shall be laid, as soon as may be, before each House of Parliament.

4. (1) On the issue of a notified order under section 3 appointing a Board of Control to take over the management of the undertaking,—

Effect of  
notified  
order  
issued  
under  
section 3.

(a) all persons in charge of the management, including persons holding offices as directors or managers or any other managerial personnel 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 or any director or any other managerial personnel thereof holding office as such immediately before the issue of the notified order shall be deemed to have terminated;

(c) the Board of Control shall alone be entitled notwithstanding anything contained in the Companies Act, 1956, to exercise all the powers of the Board of directors of the company (including the powers to sell or otherwise dispose of any ships or other properties or assets of the company) whether such powers are derived from the said Act or from the memorandum or articles of association of the company or from any other source;

(d) as from the date of the notified order, all the properties, assets and effects of the company shall be deemed to be in the custody of the Board of Control who shall, as soon as may be after such date, take all such steps as may be necessary to take into its possession or control all such properties, assets and effects and all actionable claims to which the company is or appears to be entitled.

(2) Subject to the other provisions contained in this Act and to the control of the Central Government, the Board of Control shall take such steps as may be necessary for the purpose of efficiently managing the business of the company and shall exercise such other powers and have such other duties as may be prescribed.

Power of  
Board of  
Control to  
appoint  
managing  
agents.

5. (1) Notwithstanding anything contained in the Companies Act, 1956, or in any other law for the time being in force, or in the memorandum or articles of association of the company, the Board of Control may, with a view to securing the proper management of the undertaking, appoint with the previous approval of the Central Government any individual, firm or body corporate as the managing agent of the company.

(2) The managing agent shall receive such remuneration as may be determined by the Board of Control with the previous approval of the Central Government.

(3) The managing agent shall exercise in respect of the whole or any part of the undertaking such functions of management as may be specified in the order of appointment and as may from time to time be entrusted to it by the Board of Control.

(4) The managing agent shall not be removed from office except with the previous permission of the Central Government.

(5) In the discharge of his functions the managing agent shall be under the general superintendence and control of the Board of Control.

(6) The management of the undertaking shall be carried on pursuant to any directions given by the Board of Control in accordance with the provisions of the notified order issued under sub-section (1) of section 3 and the managing agent or any other person having any functions of management in relation to the undertaking or any part thereof shall comply with such directions.

Contracts  
in bad  
faith, etc.,  
may be  
cancelled  
or varied.

6. Without prejudice to the provisions contained in section 4, the Board of Control may, with the previous approval of the Central Government, make an application to any court having jurisdiction in this behalf for the purpose of cancelling or varying any contract or agreement entered into, at any time before the issue of the notified order under sub-section (1) of section 3, between the company and any other person and the court may, if satisfied after due inquiry that such contract or agreement had been entered into in bad faith and is detrimental to the interests of the company, make an order cancelling or varying (either unconditionally or subject to such conditions as it may think fit to impose) that contract or agreement and the contract or agreement shall have effect accordingly.

7. Notwithstanding anything contained in any law for the time being in force, no person who ceases to hold any office by reason of the provisions contained in clause (a) of sub-section (1) of section 4, or whose contract of management is terminated by reason of the provisions contained in clause (b) of that sub-section, shall be entitled to any compensation for the loss of office or for the premature termination of his contract of management:

No right to compensation for termination of office or contract.

Provided that nothing contained in this section shall affect the right of any such person to recover from the company moneys recoverable otherwise than by way of such compensation.

8. (1) Notwithstanding anything contained in the Companies Act, 1956, or in the memorandum or articles of association of the company,—

Application of Act 1 of 1956.

(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 liquidator or receiver in respect thereof shall lie in any court except with the consent of the Central Government.

(2) Subject to the provisions contained in sub-section (1), and to the other provisions contained in this Act and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Companies Act, 1956, shall continue to apply to the company in the same manner as it applied thereto before the issue of the notified order under sub-section (1) of section 3.

of 1956.

9. If at any time it appears to the Central Government on the application of any shareholder of the company or otherwise that the purpose of the notified order made under sub-section (1) of section 3 has been fulfilled or that for any other reason it is not necessary that the order should remain in force, the Central Government may, by notified order, cancel such order and on the cancellation of any such order the management of the undertaking shall revert to the shareholders of the company.

Power of Central Government to cancel order notified under section 3.

## CHAPTER III

## MISCELLANEOUS

Duty to  
deliver  
possession of  
property  
and documents  
relating  
thereto.

10. (1) Where a notified order has been made under sub-section (1) of section 3 in relation to the undertaking, every person having possession custody or control of any property of the company shall deliver the property to the Board of Control or to any such person (including the managing agent) as may be authorised by the Board in this behalf.

(2) Any person who, on the commencement of this Act, has in his possession or under his control any books, documents or other papers relating to the undertaking, including any letters, memoranda, notes or other communications between him and the company shall, notwithstanding anything contained in any law for the time being in force, be liable to account for the said books, documents and other papers (including such letters, memoranda, notes or other communications) to the Board of Control and shall deliver them up to the Board or to any such person (including the managing agent) as may be authorised by the Board in this behalf.

(3) The Central Government may take all necessary steps for securing possession of all properties of the company.

Duty to  
furnish  
particulars.

11. The company shall, within ten days from the commencement of this Act or within such further period as the Central Government may allow in this behalf, furnish to the Board of Control a complete inventory of all the properties and assets (including particulars of book debts and investments and belongings) of the company at the commencement of this Act, and of all liabilities and obligations of the company subsisting at such commencement and also of all agreements entered into by the company and in force from such commencement.

Powers  
of inspection.

12. (1) For the purpose of ascertaining whether any property is the property of the company or for any other purpose mentioned in this Act or the rules made thereunder, any person authorised by the Central Government in this behalf shall have the right to—

(a) enter and inspect any premises;

(b) require any person having the possession, custody or control of any register or record of the company to produce such register or record;

(c) require the occupier of any property belonging to, or claimed to be the property of, the company, to submit to the person so authorised such accounts, books or other documents or to furnish to him such information as he may reasonably think necessary; and



(d) examine any person having the control of, or employed in connection with, the company and require him to make any statement touching the affairs of the company.

(2) Any person authorised by the Central Government under sub-section (1) shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

45 of 1860.

13. (1) If any person,—

Penalty  
for false  
state-  
ments.

(a) when required by this Act or by any order made under this Act to make any statement or furnish any information, makes any statement or furnishes any information which is false in any material particular and which he knows or believes to be false or does not believe to be true; or

(b) makes any such statement as aforesaid in any book, account, record, return or other document which he is required by any order made under this Act to submit,

he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to two thousand rupees, or with both.

(2) Any person, who—

(a) having in his possession, custody or control any property forming part of the assets of the company, wrongfully withholds such property from the Board of Control, or

(b) wrongfully obtains possession of any property forming part of the assets of the company, or

(c) wilfully withholds or fails to produce to any person authorised under this Act, any register, record or other document which may be in his possession, custody or control, or

(d) fails, without any reasonable cause, to submit any accounts, books or other documents, when required to do so,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to two thousand rupees, or with both.

14. No court shall take cognizance of an offence punishable under this Act except with the previous sanction of the Central Government or of an officer authorised by that Government in this behalf.

Limita-  
tion on  
Procecu-  
tion.

Protec-  
tion of  
action  
taken  
under the  
Act.

15. No suit, prosecution or other legal proceedings shall lie against the Central Government or the Board of Control or any member thereof or any other person (including the managing agent) for anything which is in good faith done or intended to be done under this Act.

Overrid-  
ing effect  
of Act.

16. The provisions of this Act or any order or rule made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any law other than this Act or any instrument having effect by virtue of any law other than this Act.

Payment  
of remun-  
eration  
and  
expenses  
out of the  
funds of  
company.

17. All salaries, allowances and other remuneration paid to the Chairman and other members of the Board of Control, the managing agent or any other person who may be appointed or employed in connection with the affairs of the management of the company and all other expenses duly incurred in connection with such management shall be paid out of the funds of the company.

Power of  
Central  
Govern-  
ment to  
give  
directions.

18. Notwithstanding anything contained in the foregoing provisions of this Act the Central Government may give such directions to the Board of Control as that Government may deem fit for the proper management of the undertaking and the Board of Control shall comply with such directions.

Power  
to make  
rules.

19. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act, and such rules may provide that they shall take effect either prospectively or retrospectively on such date, not earlier than the 10th day of June, 1966, as may be specified therein.

(2) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty 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, both Houses agree in making any modification in the rule or both Houses agree 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.

Power to  
remove  
difficulties.

20. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order as occasion requires, do anything (not inconsistent with the provisions of this Act) which appears to it to be necessary for the purpose of removing the difficulty.

4 of 1966. 21. (1) The Jayanti Shipping Company (Taking Over of Manage-  
ment) Ordinance, 1966, is hereby repealed.

Repeal  
and  
savings.

(2) Notwithstanding such repeal, 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 provisions of this Act, as if this Act had commenced on the 10th day of June, 1966.

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