

THE ESSO (ACQUISITION OF UNDERTAKINGS IN
INDIA) ACT, 1974

No. 4 OF 1974

[13th March, 1974]

An Act to provide for the acquisition and transfer of the right, title and interest of Esso Eastern Inc. in relation to its undertakings in India with a view to ensuring co-ordinated distribution and utilisation of petroleum products distributed and marketed in India by Esso Eastern Inc. and for matters connected therewith or incidental thereto.

WHEREAS Esso Eastern Inc., a foreign company, is carrying on, in India the business of distributing and marketing petroleum products manufactured by Esso Standard Refining Company of India Limited and Lube India Limited, and has, for that purpose, established places of business at Bombay and other places in India;

AND WHEREAS it is expedient in the public interest that the undertakings, in India, of Esso Eastern Inc. should be acquired in order to ensure that the ownership and control of the petroleum products distributed and marketed in India by the said company are vested in the State and thereby so distributed as best to subserve the common good;

BE it enacted by Parliament in the Twenty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short
title.

1. This Act may be called the Esso (Acquisition of Undertakings in India) Act, 1974.

Defini-
tions.

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

(a) "appointed day" means the date of commencement of this Act;

(b) "Esso" means Esso Eastern Inc., a foreign company within the meaning of section 591 of the Companies Act, 1956, incorporated under the laws of the State of Delaware in the United States of America, and having its principal office at 2401 South Gessner, City of Houston, State of Texas, in the United States of America; 1 of 1

(c) "Esso Standard" means Esso Standard Refining Company of India Limited, being a company as defined in the Companies Act, 1956, and having its registered office at Administration Building, Mahul, Bombay 400 074; 1 of 1

(d) "Government company" means a company as defined in section 617 of the Companies Act, 1956; 1 of 1

(e) "Lube India" means Lube India Limited, being a company as defined in the Companies Act, 1956, and having its registered office at Administration Building, Corridor Road, Mahul, Bombay 400 074; 1 of 19

(f) "notification" means a notification published in the Official Gazette;

(g) "prescribed" means prescribed by rules made under this Act.

CHAPTER II

ACQUISITION OF THE UNDERTAKINGS IN INDIA OF ESSO

Transfer
and vest-
ing in
the Cen-
tral
Govern-
ment of
the
undertak-
ings of
Esso in
General
effect of
vesting.

3. On the appointed day, the right, title and interest of Esso, in relation to its undertakings in India, shall stand transferred to, and shall vest in, the Central Government.

4. (1) The undertakings referred to in section 3 shall be deemed, save as otherwise provided in sub-section (2), to include all assets, rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, investments and all other rights and interests in, or arising out of, such property as were, immediately before the appointed day, in the ownership, possession, power or control of Esso, in relation to its undertakings in India, and all books of account, registers, records and all other documents of whatever nature relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of Esso in relation to its undertakings in India.

(2) The undertakings referred to in sub-section (1) shall not include the following, namely:—

(a) any share held by Esso in the equity capital of Esso Standard or Lube India;

(b) any trade mark, and any right of Esso to use any trade mark in India, specified in the First Schedule;

(c) all patents and designs registered in India in the name of Esso.

(3) Unless otherwise expressly provided by this Act, all deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature in relation to the undertakings of Esso in India, subsisting or having effect immediately before the appointed day, and to which Esso is a party or which are in favour of Esso shall be of as full force and effect against or in favour of the Central Government and may be enforced or acted upon as fully and effectually as if in the place of Esso the Central Government had been a party thereto or as if they had been issued in favour of the Central Government.

(4) If, on the appointed day, any suit, appeal or other proceeding of whatever nature, in relation to the undertakings of Esso in India, which have been transferred to and vested in the Central Government under section 3, is pending by or against Esso, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertakings of Esso or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Central Government, or, where any undertaking is directed under section 7 to vest in any Government company, ~~against the concerned Government company.~~ *[by or against the concerned Govt Company]*

5. (1) Where any property is held in India by Esso under any lease or under any right of tenancy, the Central Government shall, on and from the appointed day, be deemed to have become the lessee or tenant, as the case may be, in respect of such property as if the lease or tenancy in relation to such property had been granted to the Central Government, and thereupon all the rights under such lease or tenancy shall be deemed to have been transferred to and vested in the Central Government.

Central Government to be lessee or tenant under certain circumstances.

(2) On the expiry of the term of any lease or tenancy referred to in sub-section (1), such lease or tenancy shall, if so desired by the Central Government, be renewed on the same terms and conditions on which the lease or tenancy was held by Esso immediately before the appointed day.

6. (1) For the removal of doubts, it is hereby declared that the provisions of sections 3, 4 and 5 shall apply to the extent to which any property appertains to the business carried on by Esso in India; and to the rights and powers acquired, and to debts, liabilities and obligations incurred, and to contracts, agreements and other instruments made, by Esso in India, and to legal proceedings relating to those matters pending in any court or tribunal in India.

Removal of doubts.

(2) If any question arises as to whether any property appertains, on the appointed day, to any business of Esso in India, or, whether any rights, powers, liabilities or obligations were acquired or incurred or any contract, agreement or other instrument was made by Esso for the purposes of its business in India, or whether any documents relate to those purposes, the question shall be referred to the Central Government which shall, after giving an opportunity of being heard to the persons interested in the matter, decide it in such manner as it may think fit.

7. (1) Notwithstanding anything contained in sections 3, 4 and 5, the Central Government may, if it is satisfied that a Government company is willing to comply, or has complied, with such terms and conditions as

Power of Central Government to

direct vesting of the undertakings of Esso in a Government company.

that Government may think fit to impose, direct, by notification, that the right, title and interest and the liabilities of Esso in relation to any undertaking in India shall, instead of continuing to vest in the Central 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 and interest and the liabilities of Esso in relation to its undertakings in India 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, tenant or lessee, as the case may be, in relation to such undertakings, and all the rights and liabilities of the Central Government in relation to such undertakings shall, on and from the date of such vesting, be deemed to have become the rights and liabilities, respectively, of the Government company.

(3) The provisions of sub-section (2) of section 5 shall apply to a lease or tenancy, which vests in a Government company, as they apply to a lease or tenancy vested in the Central Government and reference therein to the "Central Government" shall be construed as a reference to the Government company.

Payment of amount.

8. (1) For the transfer and vesting in the Central Government, under sections 3 and 4, of the right, title and interest of Esso in relation to its undertakings in India, and for the vesting in the Central Government, under section 5, of the rights specified therein, there shall be paid by the Central Government to Esso an amount of rupees two crores and fifty-nine lakhs in such instalments and in such manner as is specified in the Second Schedule.

(2) The amount specified in sub-section (1) shall carry interest, free of income-tax, at the rate of six and a half per cent. per annum from the appointed day till the date of payment in the manner specified in the Second Schedule.

CHAPTER III

PROVISIONS RELATING TO EMPLOYEES OF ESSO

Transfer of service of existing employees of Esso.

9. (1) Every whole-time officer or other employee of Esso who was, immediately before the appointed day, employed by Esso in connection with its undertakings in India, and every whole-time officer or other employee of Esso who was, immediately before the appointed day, temporarily holding any assignment outside India, shall, on the appointed day, become an officer or other employee, as the case may be, of the Central Government or, as the case may be, the Government company in which the right, title and interest of Esso in relation to its undertakings in India have vested under this Act and shall hold office or service under the Central Government or the Government company, as the case may be, on the same terms and conditions and with the same rights 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 Central Government or the Government company, as the case may be, is duly terminated or until his remuneration and conditions of service are duly altered by the Central Government or the Government company, as the case may be.

(2) If any question arises as to whether any person was a whole-time officer or other employee or as to whether any officer or other employee

was employed wholly or mainly in connection with the undertakings of Esso in India immediately before the appointed day, or whether any whole-time officer or other employee of Esso was temporarily holding any assignment outside India, the question shall be referred, within a period of two years from the appointed day and not thereafter, to the Central Government which shall, after giving an opportunity of being heard to the person concerned in the matter, decide it in such manner as it thinks fit and such decision shall be final.

14 of 1947.
39 of 1972.

(3) Notwithstanding anything contained in the Industrial Disputes Act, 1947, the Payment of Gratuity Act, 1972, or in any other law for the time being in force, the transfer of the services of any officer or other employee under sub-section (1) shall not entitle any such officer or other employee to any compensation or gratuity under those Acts or such other law, and no such claim shall be entertained by any court, tribunal or other authority.

10. (1) Where a provident, superannuation, welfare or other fund has been established by Esso for the benefit of the persons employed by it in connection with its undertakings in India, the moneys relatable to the employees, whose services are transferred by or under this Act to the Central Government or a Government company, shall, out of the moneys standing, on the appointed day, to the credit of such provident, superannuation, welfare or other fund, stand transferred to and vest in the Central Government or the Government company, as the case may be, free from any trust that may have been constituted by Esso in respect thereof.

Provi-
dent,
superan-
nuation,
welfare
fund, etc.

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

(3) The Government company in which the undertakings of Esso in India are directed to be vested shall, as soon as may be after the date of vesting, constitute, in respect of the moneys and other assets which are transferred to and vested in it under this section, one or more trusts having objects as similar to the objects of the existing trusts as in the circumstances may be practicable, so, however, that the rights and interests of the beneficiaries of the trust referred to in sub-section (1) are not, in any way, prejudiced or diminished.

(4) Where all the moneys and other assets belonging to an existing trust are transferred to and vested in the Central Government or a Government company under this section, the trustees of such trust shall, as from the date of such vesting, stand discharged from the trust except as respects things done or omitted to be done before the date of such vesting.

CHAPTER IV

MISCELLANEOUS

11. 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.

Effect of
Act
on other
laws.

Duty to deliver possession of properties, etc.

12. (1) Where any property, appertaining to any undertaking of Esso in India has been transferred to, and vested in, the Central Government or a Government company under this Act:—

(a) every person in whose possession, custody or control any such property may be, shall, on a demand by the Central Government or the Government company, as the case may be, deliver the property to the Central Government or the Government company, as the case may be, forthwith;

(b) any person who, immediately before such vesting, has in his possession, custody or control any books, documents or other papers relating to the undertakings of Esso in India, shall be liable to account for the said books, documents and papers to the Central Government or the Government company, as the case may be, and shall deliver them up to the Central Government or that company or to such person as the Central Government or that company may authorise in this behalf.

(2) Without prejudice to the other provisions contained in this section, it shall be lawful for the Central Government or the Government company to take all necessary steps for taking possession of all properties which have been transferred to and vested in it under this Act.

Contracts to continue unless terminated by Central Government.

13. (1) Every contract entered into by Esso for any service, sale or supply in India, and in force immediately before the appointed day, shall, unless terminated, under sub-section (2), within ~~one hundred and eighty~~ ^{one year} ~~days~~ from the appointed day, continue to be of full force and effect against or in favour of the Central Government or the Government company in which the undertakings of Esso in India have vested under this Act.

(2) The Central Government may, if it is satisfied that any contract referred to in sub-section (1) is unduly onerous or has been entered into in bad faith or is detrimental to the interests of that Government or the Government company, by order in writing, either terminate such contract or make such alterations or modifications therein as it may think fit:

Provided that the Central Government shall not terminate any contract or make any alteration or modification therein except after giving to the parties to the contract a reasonable opportunity of being heard and except after recording, in writing, its reasons for such termination, alteration or modification, as the case may be.

Penalties.

14. Any person who,—

(a) having in his possession, custody or control any property forming part of any undertaking of Esso in India, wrongfully withholds such property from the Central Government or the Government company; or

(b) wrongfully obtains possession of or retains any property forming part of any undertaking of Esso in India; or

(c) wilfully withholds or fails to furnish to the Central Government or the Government company or any person specified by the Central Government or that company, any books, documents or other papers relating to any undertaking of Esso in India which may be in his possession, custody or control; or

(d) fails to deliver to the Central Government or the Government company any assets, books of account, registers or other documents in his possession, custody or control relating to any undertaking of Esso in India; or

(e) wrongfully removes or destroys any property pertaining to any undertaking of Esso in India; or

(f) wrongfully uses any property forming part of the undertakings of Esso in India,

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.

15. (1) 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 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:

Offences
by com-
panies.

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 due 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; and

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

16. No suit, prosecution or other legal proceeding shall lie against the Central Government or the Government company or any of its officers or other employees for anything which is in good faith done or intended to be done under this Act.

Protection
of action
taken in
good
faith.

17. Notwithstanding anything contained in the Code of Criminal Procedure, 1898, no court shall take cognizance of any offence against this Act except on a complaint, in writing, made by the Central Government or any officer authorised in this behalf by that Government.

Cogni-
zance of
offences.

Indem-
nity.

18. Every officer of the Central Government and every officer or other employees of the Government company shall be indemnified by the Central Government or the Government company, as the case may be, against all losses and expenses incurred by him in, or in relation to, the discharge of his duties under this Act except such as have been caused by his own wilful act or default.

Power to
remove
difficul-
ties.

19. If any difficulty arises in giving effect to the provisions of this Act, the Central 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.

Power
to make
rules.

20. (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(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 or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, 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.

THE FIRST SCHEDULE

[See section 4(2)]

TRADE MARKS WHICH ESSO IS ENTITLED TO USE IN INDIA AND WHICH SHALL NOT VEST IN THE CENTRAL GOVERNMENT OR THE GOVERNMENT COMPANY

(a) The right of Esso to use in India the Trade Marks registered under the Trade and Merchandise Marks Act, 1958, by Exxon Corporation, a Corporation incorporated in the State of New Jersey, United States of America, and having its principal office in New York, United States of America.

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(b) All Trade Marks registered in India by Esso under the Trade and Merchandise Marks Act, 1958.

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THE SECOND SCHEDULE

(See section 8)

1. The amount specified in section 8 shall be deemed to correspond to thirty lakhs, eighty-four thousand, six hundred, and ninety dollars (hereafter in this Schedule referred to as the principal amount).

2. The amount referred to in the foregoing paragraph and the interest due thereon shall be remitted by the Central Government to Esso at its principal office at 2401 South Gessner, City of Houston, State of Texas, in the United States of America, on the dates and in instalments specified in the corresponding entries in the Table below, namely:—

THE TABLE

<i>Date of payment</i>	<i>Instalments</i>
(i) First anniversary of the appointed day,	200,504.85 dollars towards interest on the principal amount.
(ii) Second anniversary of the appointed day.	(i) 2,691,660.00 dollars towards the principal amount, and
	(ii) 200,504.85 dollars towards interest.
(iii) Third anniversary of the appointed day.	(i) 393,030.00 dollars towards the principal amount, and
	(ii) 25,546.95 dollars towards interest.

Explanation.—In this Schedule, "dollar" means the unit of currency in the United States of America.