CALCUTTA HIGH COURT

In re, Indian Iron and Steel Co. Ltd

Vs.

(Calcutta)

Matter No. 31 of 1957

(P.B. Mukharji, J.)

22.02.1957

ORDER

P.B. Mukharji, J.

1. This is an application by the Indian Iron and Steel Co. Ltd. seeking the Court's confirmation of the alteration of the Memorandum of Association of the company effected by the Special Resolution passed on 7th December, 1956 at a general meeting of its shareholders. The Special Resolution is carried by the requisite majority.

2. The Special Resolution reads as follows : "That sub-clause 3 (16) of the Memorandum of Association of the company be deleted and substituted by the following two sub-clauses. 16(a) To subscribe, contribute or guarantee money for any national, charitable, benevolent, political, public, general or useful object or funds or for any exhibition.
16(b) To establish and support or aid in the establishment and in support of associations, institutions, funds, trusts and conveniences calculated to benefit persons who are or have been employed by or who are serving or have served the company or its predecessors-in-business or the dependents, connections of such persons and to grant pensions, and allowances and to make payments towards insurance."

3. The original clause in the Memorandum on this point was in the following terms :

> "To establish and support, or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company, or its predecessors-in-business or dependents or connections of such persons, and to grant pensions and allowances, and to make payments towards insurance and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object."

4. The application is being made under Section 17 of the Companies Act, 1956. Due notices under direction of this Court have been given to the shareholders, creditors, debenture-holders and the Registrar of Joint Stock Companies. Pursuant to such notices which were also published in the newspapers no one has come forward to oppose the application. Learned Advocate General appeared for the applicant and I heard him at great length and detail not only because the opposite view was unrepresented in this Court but also because the application raises the very large and important question of how far a company should be allowed to divert its funds for political purposes.

5. Prima facie, the amendment sought is striking. The applicant is a company engaged in the manufacture and production of iron and steel. That is its business. That is its object. For a steel industry to claim to contribute to political funds of political parties, therefore, appears to be a remarkable departure from the business of production and manufacture of iron and steel.

6. The reason put forward by the company for making this departure is stated in paragraph 6 of its petition. It is stated there that:

> "The prosperity of the company's business is very much dependent upon the industrial policy of the Central Government of the day. Further, the company's principal business being the manufacture of iron and steel, the sale and distribution of the company's products, the prices to be received by the company for the same and the manufacturing and other policies to be followed by the company are all subject to and closely related to the requirements of the Central Government, with which the company has intimate dealings transactions and connections.

In order to enable the company to carry on its business more efficiently it is necessary that the company should be enabled to contribute to the funds of political parties which will advance policies conducive to the interest of industries in general and of the company in particular, and also the company should be able to contribute to other funds and objects of national importance."

7. To the cynic it appears to be a plea of the company to have a legal sanction to bribe the Government of the day, to induce policies that will help the company in its business. A company's policy should be determined by its share-holders who subscribe to its capital and carried out by its Board of Directors, who manage the company. Such policy should, therefore, stand on its own merits and on the convictions and conscience of its share-holders. To induce the Government of the day by contributing money to the political funds of political parties, is to adopt the most sinister principle fraught with grave dangers to commercial as well as public standards of administration. The object is stated plainly to be

> "to contribute to the funds of political parties which will advance policies conducive to the

interest of the company."

Persuasion by contribution of money lowers the standard of administration even in a welfare state of democracy. To convert convictions and conscience by money is to pervert both democracy and administration.

8. Its dangers are manifold. Joint Stock Companies are not intended to be adjuncts to political parties and possible sources of revenue for these parties. They are statutory bodies working under statutory conditions for different purposes. Secondly, it will induce the most unwholesome competition between business companies by introducing the race, who could pay more to the political funds of political parties. In that competition business interest is bound to suffer in the long run. In the bid for political favoritism by the bait of money the company who will be the highest bidder may secure the most unfair advantage over its rival trader companies. Thirdly it will mark the advent and entry of the voice of the big business in politics and in the political life of the country. The individual citizens although in name equal will be gravely handicapped in their voice because the length of their contribution cannot ever hope to equal the length of the contribution of the big companies. The man who pays the piper will then call the tune. The tune of political life, therefore, is liable in the long run to become the tune of the big trading companies and concerns. That will be bad both for business and for politics. It will be alike bad for public life as well as commercial life.

9. American decisions are no guide in this Indian context on this particular point. American Senate, Congress and State Legislatures have the wisdom to discern these dangers and legislate against them. Tendulkar, J., of the Bombay High Court in deciding a similar application of the Tata Iron and Steel Company on 11th January 1957 has referred to three American decisions but I am afraid the special Statutes there determine the American decisions and their principles cannot be applied in India.

In *Textile Mills Securities Corporation v. Commissioner of Internal Revenue*[1], it was held that amounts spent by the company for publicity and propaganda by one employed to procure the enactment of legislation were not permissible deductions for income-tax purposes. But the special Statute there, namely, Regulations under Section 23 (a) of Revenue Act of 1928 provided as follows :

> "Sums of money expended for lobbying purposes, the promotion or defeat of legislation, the expectation of propaganda, including advertising other than trade advertising and contribution for campaign expenses are not deductible from gross income." Similarly the decision in the case of *United States of America v. Robert M. Harriss*[2], was based on the Federal Lobbying Act which was a very wholesome Statute designed to aid in preventing the voice of the people from being drowned by the voice of special interest groups seeking favored treatment while masquerading as proponents of the public weal, and

thereby protect and maintain the purity and integrity of the legislative processes.

So also the decision in *United States of America v. Congress of Industrial Organisations*[3], was based on the American Corrupt Practices Act as amended by the Taft Hartley Act which expressly declares it to be unlawful for any labour organization to make a contribution of expenditure in connection with any election at which Presidential or Vice-Presidential electorates or members of the Congress are to vote for or in connection with any primary election or political convention or caucus held to select candidates for such offices.

10. But in India there is no such legislative enactments with such prohibitions as are contained in the American Corrupt Practices Act, as amended by the Taft Hartley Act, the Lobbying Act and Regulations under the Revenue Act. As the number of applications

[1](1941) 314 US 326 : 86 Law Ed 249 [3](1948) 335 US 106 : 92 Law Ed 1849

[2](1954) 347 US 612 : 98 Law Ed 989

here are becoming more and more numerous by which the companies are trying to divert commercial funds to political purposes it is essential in the interest of both commercial and public standards to have immediately similar legislation on the subject to keep the springs of democracy and administration reasonably pure and unsullied and before it is too late to control the dangers and mischiefs inherent in the situation.

11. In the absence of such legislation in India today the point, however, must be governed by the provisions of the Companies Act, 1956. The Courts are not concerned either with the legislative policies or with questions of fancied heads of public policy not recognised by law or even with their own ideas of public morality. Nevertheless the law requires the Courts to sanction such alteration of memorandum of companies and has not left it merely to the wisdom of the shareholders exhibited in their Special Resolution at a general meeting. It is, therefore, I conceive, the duty of the Court before giving the seal of its sanction to call attention to the dangers of this situation of so recent an origin on the eve of the General Elections in the country. It is, therefore, not enough to say with Lord Loreburn in *Poole v. National Bank of China Ltd*[4]*.,* at p. 236, that "it is no part of the business of a Court of Justice to determine the wisdom of a course adopted by a company in the management of its own affairs." Under Section 17 of the Companies Act 1956 it is the Court's business to sanction the amendment of the memorandum and that the legislative provision implies that the wisdom of the shareholders is neither supreme nor impeccable and for good reasons or bad it has to be passed by such wisdom as the Courts possess. The decision on this application for the present must depend on the actual provisions of the Companies Act 1956 and their interpretation. If the Companies Act 1956 permits such alteration and if the Constitution of India does not prevent it then no further question in my view arises and the amendment of the memorandum must have to be allowed and sanctioned although even then the Court can impose any terms and conditions as it thinks fit.

12. A company under the Companies Act means a company formed and registered under the Act or an existing company as defined in Section 3 of the Statute. The Statute lays down no

limitation about the objects and purposes of a company except that the purpose of a company must always be a "lawful purpose" as provided in Section 12 of the Act. Section 12 of the Companies Act provides that any seven or more persons or where the company to be formed will be a private company any two or more persons associated for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of the Act in respect of registration, form an incorporated company with or without limited liability. The purpose of this company is production and manufacture of steel and iron and therefore certainly a "lawful purpose" within the meaning of Section 12 of the Act. One of the essential requirements of the memorandum of every company is that it shall state the objects of the company. That is provided in Section 13 of the Act. One of the objects now of the company after the proposed amendment is to enable it to contribute money to political objects or political funds. According to my interpretation contribution to political fund or political object is not legally prohibited and therefore such a contribution is within the meaning of the expression of "lawful purpose" in Section 12 of the Act. To draw a distinction between the word "purpose" in Section 12 (1) of the Act and the word "objects" in Section 13 of the Act is to attempt to make a distinction without a difference.

[4]1907 AC 229

The purpose in this context is the object and the object is the purpose. To distinguish between the purpose and object on the ground of what is main and what is subsidiary is not to draw a distinction on principle but to attempt a difference in degree for which I see no practical utility. My construction is that whatever purpose is not prohibited by law remains a "lawful purpose" within the meaning of Section 12 of the Act.

13. To describe contribution to political funds or political parties as bribery may be helpful in pointing out the dangers inherent in the situation but is incorrect as a description in law. It is not bribery under any of the legislative enactments at present prevailing in India, such as bribery under the Indian Penal Code or under the Corrupt Practices Act or under the Prevention of Corrupt Practices Act or any other law that I know. To introduce change of policy or conviction by payment of money stands rightly condemned as generally an immoral and unrighteous act but that does not make it a bribery in law in every case. Were every such inducement a bribery then certainly a company which has as its purpose or object to bribe political parties or prospective candidates for Parliament or Legislatures would have an unlawful purpose. But I am satisfied that the existing law in India does not permit me to extend the legal concept of bribery as distinguished from its moral concept to cover companies' contribution to political funds of political parties.

14. In this view of the matter it is, therefore, clear that under Sections 12 and 13 read with Section 3 of the Companies Act a company can certainly be formed and registered one of whose objects or purposes is to contribute to the political funds of political parties. It is not necessary to elevate this narrow legal doctrine to any high political philosophy or ideals of democracy more professed than honored in the present age or to confuse the issue by discussing the views of

Locke, Bentham, Rousseau, Bagehot and Dicey.

15. The next question that arises is the consideration whether the situation is different when it is not a case of formation of a company with such purpose or object, but alteration of the memorandum and the objects clause in the memorandum in an existing company. This requires reference to another section of the Companies Act. Section 17 of the Act provides that a company may by a special resolution alter inter alia the provisions of its memorandum with respect to the objects of the company so far as may be required to enable it to do certain things expressly and categorically specified in sub-clauses (a) to (g) in that section. Sub-cl. (2) of Section 17 of the Companies Act 1958 stipulates that the alteration shall not take effect until and except in so far as it is confirmed by the Court on petition. It is this sub-section which gives the Court the duty as well as the power to confirm this alteration even though it has been passed by a special resolution of the shareholders at a general meeting. If the shareholders were the only judges of their own interest then I do not see why there should be such a legislative provision to insist that such an alteration even though passed by a special resolution of the shareholders should have to be confirmed by the Court on petition.

16. Now the specific purposes for which the objects of the memorandum can be altered are important. In sub-clauses (a) and (b) of Section 17 (1) of the Act the two specific purposes mentioned are :

> "(a) to carry on its business more economically or more efficiently.
> (b) to attain its main purpose by new or unproved means."

17. The other clauses from (c) to (g) appearing in Section 17 (1) of the Act are not relevant for the purposes of this application. The present alteration of the memorandum has to be tested by sub-clauses (a) and (b). If they pass that test of satisfying either or both of the sub-clauses (a) and (b) of Section 17(1) then there is no legal bar to the alteration nor any legal objection to the Court confirming such alteration.

18. My construction of Section 17 (1) of the Act leads me to the conclusion that the sub-clauses (a) to (g) are a limitation on the companies' capacity by its special resolution to alter its memorandum in respect of its objects. A company can alter the objects of its memorandum by a special resolution only to the extent required to enable it to do any of the things specified in sub-clauses (a) to (g) and for no other purpose. That is the limitation.

19. I shall now take up sub-clause (a) of Section 17 (1) of the Act and apply the test contained therein to the facts of the present case.

20. The question then becomes whether a company's contribution to the political funds of political parties can be said "to be required to enable it to carry on its business more

economically or more efficiently". Words 'economically" and "efficiently" are designedly vague with large import, for the obvious purpose of enabling the company to alter its Memorandum in respect of its objects with as much freedom as possible. The crux of the problem then is; can it be said that a company by contributing its moneys to the political funds of political parties carries on its business more economically or more efficiently?
It is no doubt true that Iron and Steel are commodities of national concern in any modern political state. It is equally true that such an industry or business has to come in close and constant touch with the Government and the administration, be it of collaboration or friction. Efficiency, as I conceive it, is certainly involved in the idea of running the business in such a manner that it will steer clear between the devil of too much of Governmental, political and administrative interference and the deep sea of their patronage. Business efficiency is a word of large connotation. A healthy relationship between the Government and administration on the one hand and Iron and Steel Industry on the other, does in my view lead to business efficiency in the modern age. I do not consider, it requires any straining of language to arrive at that interpretation of business efficiency. Tact and discretion as much as practical wisdom are part of this relationship and therefore, of business efficiency. Good and harmonious relationship is a manifest part of business efficiency. I am, therefore, of the opinion that the proposed alteration of the objects of the Memorandum of the Company successfully passes through the test provided in sub-clause (a) of Section 17 (1) of the Companies Act 1956.

21. It is unnecessary for me, therefore, to proceed to interpret further the words "new or improved means" in Section 17 (1) (b) of the Act to find out if they can be construed to mean a company's contribution to the political funds of political parties. I, therefore, do not feel inclined to express any opinion on sub-clause (b) of Section 17 (1) of the Act.

22. As a result of this interpretation no discrimination is created between the companies which are being formed today with an object clause similar to the present one which requires no confirmation of the Court at the time of formation and such other existing companies who having no such clause previously want now to suitably alter them to include such object. In the former case it comes within the expression "lawful purpose" used in Section 12 of the Companies Act 1956 and in the latter case it comes within the expression of currying on the business "more efficiently" used in Section 17 (1) (a) of the Act.

23. This view or the interpretation is fortified by Section 293 (1) of the Companies Act, 1956 which by its sub-clause (e) provides that the Board of Directors shall not except with the consent of such company in General Meeting contribute after the commencement of the Act to charitable and other funds not directly relating to the business of the company, any amounts the aggregate of which will, in any financial year, exceed Rs. 25,000/- or 5 per cent, of its average net profits, whichever is greater. That provision appears to permit the Board of Directors even without the consent of the General Meeting to contribute to funds not directly relating to the business of the company so long as the contribution does not exceed the limits specified therein, The inference

seems to be that with the permission or consent of the General Meeting, the limit can be increased. I shall interpret the words "other funds" to include a company's contribution to the political funds of political parties, and that certainly would be funds not directly relating to the business of the company within the meaning of that expression in sub-clause (e) of Section 293 (1) of the Act. In other words, I interpret this provision in the Company's Act to be an indication that such a contribution far from being unlawful or legally prohibited is permissible.

24. I shall conclude my study of the Companies Act on this point by making a brief reference to the fact that a company under the Companies Act in India is not necessarily a business or a commercial company but may be a limited company for promoting science, religion, charity or any other useful object such as provided in Section 25 (1) (a) of the Companies Act where the word "limited" also can be dispensed with. In other words, there can be a company for any useful object. I should be taking too fastidious a view if I were to hold that contribution to the political funds of political parties is not a "useful object".

25. Interpreting the relevant provisions of the Companes Act as I do, it will be in inappropriate in my judgment to consider the question of the former disability of the Trade Unions under the old Trade Union Acts of 1871-76 upon which the House of Lords in *Amalgamated Society of Railway Servants v. Osborne*[5], pronounced its judgment. It was held in that case that there was nothing in the Trade Union. Acts from which it could be reasonably inferred that Trade Unions were intended to have the power of collecting and administering funds for political purposes. Lord Shaw expressed the opinion in that case that the rule which purported to confer on the Trade Union a power to levy contribution from members for the purpose of securing parliamentary representation was fundamentally illegal and in violation of that sound policy which was essential to the working of representative Government. Lord Shaw based his decision on the fundamental principle that a member of the Parliament must be free and should not be the paid mandatory of any man or organization of men. Nor should he be entitled to bind himself to subordinate his opinions on public questions to others for wages or at the peril of

[5]1910 AC 87

pecuniary losections (See 1910 AC 87 at p. 115) (E). The purposes of the special statute relating to the Trade Unions are not similar to the, Companies Act 1956 which I am considering. It is also a historic fact that upon this question Trade Union legislation has passed through many vicissitudes of fortune and crises in ideas.

26. The learned Advocate General also referred to the decision in *Cahill v. London Co-operative Society Ltd*[6]. That again was a decision on a special statute. The Industrial and Provident Societies Act, 1893, and is not applicable to the facts of the present case. There a Co-operative Society registered under that particular statute was by its rules authorized to constitute and allocate a certain percentage of its net profits to any educational and political fund. The application of these net profits for political purposes was held not to be ultra vires the society and was lawful under the Industrial and Provident Societies Act. The rule made under that Act in that

case provided

> "the rules of every society registered under this Act shall provide for the profits being appropriated to any purposes stated therein or determined in such manner as the rules direct."

Luxmoore, J., upon the construction of that rule held that it was wide enough to authorise expenditure for political purposes.

27. Cases under different statutes are not helpful in deciding a question of this nature. The wide powers of amendment given by Section 17 (1) (a) of the Companies Act 1956 to amend objects in order to enable a company to carry on its business more economically or more efficiently are, in my opinion, large enough to permit a company to contribute to the political funds of political parties as a measure of efficient business management on the grounds that I have already stated.

28. The next problem is whether this alteration should be sanctioned and confirmed by the Court unconditionally or upon certain terms and conditions. Section 17 (2) of the Companies Act 1956 expressly provides that the alteration shall not take effect until and except in so far as it is confirmed by the Court on petition. In other words, it means that the alteration shall take effect only in so far as it is confirmed by the Court. Sub-section 5 of Section 17 of the Companies Act 1956 indicates the scope of the Court's power in this act of confirmation. It provides :

> "the Court may make an order confirming the alteration either wholly or in part and on such terms and conditions, if any, as it thinks fit, and may make such order as to costs as it thinks proper." It means that in making the order confirming the alteration the Court can do so on such terms and conditions as it thinks fit. There appears to be no limitation upon the powers of the Court in respect of the terms and conditions that it may choose to impose while confirming the alteration either wholly or in part. By sub-section 6 of Section 17 of the Act, the statute gives a guidance to the Court that in exercising its power under this section, the Court shall have regard to the rights and interests of the members and creditors of the company and of every class of them.

[6](1937-1 Ch 265

29. In the Tata case, Tendulkar, J., added the word 'useful' as a condition of his confirming the alteration in the Memorandum of the Tata Iron and Steel Co. Ltd. The learned Judge also indicated that the company should show in their profit and loss account every year every single contribution directly or indirectly made to a political party, although in the formal order it was not introduced as a condition because the company's counsel conceded and undertook to do so.

30. The learned Advocate-General of this State appearing for the company, however, asked me to consider the question whether such terms and conditions could be included in the Court's order for confirmation. In his submission to this Court he argued that such a term or condition could

not be imposed by the Court's order. That argument now requires consideration.

31. Section 17 (5) of the Companies Act, 1956, uses the same expression "terms and conditions" as Section 5 (4) of the English Companies Act, 1948. The learned Advocate-General relied on Buckley's commentary on the Companies Act, 12th Edition, page 32, to develop this line of his argument. It is said there that if the alteration of the objects is such that the name of the company becomes misleading, a condition may be imposed that the name be changed in the manner as the Court thinks fit. Thus, an alteration of name which should convey the enlarged field of operation was required; from Re. Foreign and Colonial Government Trust Co., 1891-2 Ch 395 and Re. Government Stock Investment Co. (No. 2), 1892-1 Ch 597, on their extending their area of investment from Government securities to general securities; from Re. Indian Mechanical Gold Extracting Co., 1891-3 Ch 538, on its extending its area of operation beyond India; from Re. Oriental Telephone Co., 1891 WN 153, on its extending its business from telephonic to other electric supply; from Re. Alliance Marine Assurance Co., 1892-1 Ch 300, on its combining with its previous business fire, life and accident business; from Re. National Boiler insurance Co., 1892-1 Ch 306, on its combining with its previous business other business not covered by those words; from Re. Egyptian Delta Land and Investment Co. Ltd., 1907 WN 16, when it ceased to confirm its operations to the Delta and from Re. Mutual Property Insurance Co. Ltd., 1934 SC 61, when it introduced into its business that of life insurance. Buckley points out "the order under earlier Acts was commonly postponed until the condition had been complied with and the petition directed to stand over with liberty to apply as in 1891-2 Ch 395 at p. 407 (G); but an order has been made in the form "the Company undertaking to alter its name within three months confirm the special resolutions as in 1892-1 Ch 597 at p. 603 (H)." The Court has also under these provisions imposed conditions such that the company should execute a floating charge on all its assets in favor of the debenture holders who had not a security on any of the Company's property. In Re. Lancaster Banking Co., 1897 WN 3, the Court as a condition required advertisement of orders made under these provisions.

32. I do not think that there can be a set pattern in which all the conditions that the Court may impose can be limited. The Court's hands in this respect are in my view free and unfettered. The learned Advocate-General contends that a condition under Section 17 (5) of the Companies Act, 1956, means a condition precedent not a condition subsequent. I am not prepared to limit the scope of condition in that way. I think, a condition can not only be the condition precedent but also a condition concurrent or even a condition subsequent. The main burden of the learned Advocate-General's argument in this respect was to suggest to this Court that a condition such as Tendulkar, J., suggested in his judgment in the Tata case by saying "I would have felt disposed to impose it as a condition of confirmation" in respect of showing the contribution in the balance sheet every year which in his case was not necessary because the company undertook to do so, would be difficult for the Court to enforce. The learned Advocate-General's contention is that the Memorandum is altered by the Court's order with that condition. Thereafter, suppose the company does not observe that condition. That cannot vitiate according to the Advocate-General

the contributions made under the altered Memorandum. Nor can the Court in the case of such a breach of the condition revoke its sanction because there is no provision in the Company's Act by which a Court can by itself alter the Memorandum of a company on the breach of a condition such as this. I realize the force of the learned Advocate-General's argument. At the same time I feel that the expression used in Section 17 (5) of the Companies Act, 1958, is not merely a "condition" but also "terms". In order, therefore, to avoid the difficulty of enforcing the breach of a condition after having once altered the Memorandum and given sanction to such alteration, the best course appears to be to sanction this alteration of the Memorandum for a limited period of years after the expiry of which the sanction will lapse and stand withdrawn so that the altered Memorandum will no longer remain effective after the expiry of that time unless by an application again made to the Court at the end of the period of time and upon the company satisfying the Court that it has faithfully carried out the conditions of showing in the balance sheet the contributions that it has made to the political funds of political parties, the Court extends the period operation of the altered Memorandum. That will give the Court power to see that its orders have not been violated and the conditions that it has imposed have been respected by the company. I am satisfied on a construction of the expression "on such terms and conditions as it thinks fit" under Section 17 (5) of the Companies Act, 1956, these terms and conditions can be imposed and enforced if necessary.

33. It is essential that there should be the fullest publicity to the fact that a company is contributing some of its money to the political funds of political parties both in the general interest of the industry concerned in which this company is engaged as well as in the particular interest of the shareholders. Having regard to the dangers of the power of money to purchase views, it will be highly undesirable in my view to encourage any kind of secrecy in respect of such payments. Such payments or contributions must in my view be made in the full light of the day, so that shareholders in particular, commerce in general, Parliament and Legislatures all over the country may know what these contributions are and from what sources they come. So long as these contributions remain honest within the limits of business prudence and reasonable the companies have nothing to lose by this wholesome publicity.

34. With respect to the other condition of adding the word 'useful' as done by Tendulkar, J., in the Tata case I do not think it is necessary to impose such condition in the present application, because in this case it is already there in the Memorandum as altered by the special resolution.

35. I, therefore, make the following order on this application: (I) I confirm clause 16 (b) as amended by the special resolution without imposing any condition. (II) I confirm also clause 16 (a) of the Memorandum as altered by the special resolution on the following terms and conditions :-

> (i) That it shall remain effective and operative for a period of six years from this date and this sanction by the Court will lapse and stand revoked upon the expiry of the said period

of six years unless further extended as hereinafter ordered; and

(ii) That during this period of six years the company shall show in their balance-sheet and profit and loss account every year every single contribution directly or indirectly made to any particular political party by name, the amount and date of contribution and shall show the same under the head of 'miscellaneous expenditure' in part I of Schedule VI of the Companies Act, 1956, read with clause 3 (x) (i) of Part II of Schedule VI of the Companies Act, 1956, setting out the form of balance-sheet and the requirements as to profit and loss account; and

(iii) That upon the company satisfying this Court on a verified petition at the end of this period of six years that it has faithfully carried out the above directions of this Court showing its contributions to the political funds as aforesaid and upon its desiring to continue to do so the company will be free to apply for and obtain continuance of this Court's sanction to the alteration in the Memorandum contained in clause 16 (a) as amended by the special resolution of the 7th December, 1956, passed at company's general meeting for such further period again upon such terms and conditions as the Court thinks fit under Section 17 (5) of the Companies Act, 1956. (III) I impose no condition limiting the amount of contribution and leave the question of amount to the shareholders' wisdom and discretion in accordance with the Companies Act, 1956.

36. I, therefore, confirm the alteration of the objects of the Memorandum of the company on the above terms. The company shall bear its own costs of this application.

Order accordingly.