BOMBAY HIGH COURT

Jayantilal Ranchhoddas Koticha

Vs.

Tata Iron And Steel Co.

Appeal No. 15 of 1957 and I. C. No. 199 of 1956

(M.C. Chagla, C.J. and S.T. Desai, J.)

21.06.1957

JUDGMENT

Chagla, C.J.

1. It is with considerable uneasiness of mind and a sinking feeling in the heart that we approach this appeal and the proposal of the Tata Iron and Steel Co. Ltd. that they should be permitted by an amendment of their Memorandum of Association to make contributions to political parties. Democracy in this country is nascent and it is necessary that that democracy should be looked after, tended and nurtured so that it should rise to its full and proper stature. Therefore, any proposal or suggestion which is likely to strangle that democracy almost in its cradle must be looked at not only with considerable hesitation but with a great deal of suspicion. Now, democracy is a political system which ensures decisions by discussion and debate, but the discussion and debate must be conducted honestly and objectively and the decisions must be arrived at on merits without being influenced or actuated by any extraneous considerations. On first impression it would appear that any attempt on the part of anyone to finance a political party is likely to contaminate the very springs of democracy. Democracy would be vitiated if results were to be arrived at not on their merits but because money played a part in the bringing about of those decisions. The form and trappings of democracy may continue, but the spirit underlying democratic institutions will disappear. History of democracy has proved that in other countries democracy has been smothered by big business and money bags playing an important part in the working of democratic institutions and it is the duty not only of politicians, not only of citizens, but even of a Court of law, to the extent that it has got the power, to prevent any influence being exercised upon the voter which is an improper influence or which may be looked at from any point of view as a corrupt influence. The very basis of democracy is the voter and when in India we are dealing with adult suffrage it is even more important than elsewhere that not only the integrity of the representative who is ultimately elected to Parliament is safeguarded, but that the integrity of the voter is also safeguarded, and it may be said that it is difficult to accept the

position that the integrity of the voter and of the representative is safeguarded if large industrial concerns are permitted to contribute to political funds to bring about a particular result. On the other hand, we must not also overlook a circumstance which is inseparable from the way the world has developed and democratic institutions have evolved. We are no longer dealing with a city State where democracy flourished among the few thousand citizens who knew each other, who knew the representatives, who knew the conflicting policies which they had to adjudicate upon. We are now dealing with a democracy which is spread over a whole continent; we are dealing with millions of voters; and whether it is a desirable or an undesirable result, the result has undoubtedly come about that you need large organizations, you need large political parties, you need modern methods of carrying on propaganda, and all that requires money and funds, and money and funds are to be obtained and normally they are obtained by the party from its sympathizers and supporters. But whatever our view may be as to the rightness or wrongness of what the Tata Iron and Steel Co. proposes to do, however strongly we may feel that the danger of the corrupting influence of money must not be allowed to increase in this country and it must be strongly curbed, we could only be guided sitting in a Court of law by legal principles and not by our own views as to politics or morality.

2. Turning to the petition from which this appeal arises, the petition is for confirmation of an alteration sought to be made in the Memorandum of Association of the Company. It was passed as a special resolution by the requisite majority in the shareholders' meeting, and as required by Section 17 of the Companies Act, before it becomes effective it has to be confirmed by the Court. The order that the Court makes is a discretionary order and wide power is given to the Court to confirm the alteration either wholly or in part and on such terms and conditions, if any, as it thinks fit. The power of a Company to alter or amend its Memorandum is restricted by the seven sub-clauses contained in Section 17 (1) which deal with the various cases which will permit a company to make the necessary alteration in its Memorandum. It is not open to a company to alter or amend the Memorandum in a case which does not fall in any of these seven sub-clauses, and the contention of the Company is that its case falls under sub-cls. (a) and (b) and the requisite majority having been obtained at the meeting the Court should confirm the alteration. The matter came before Mr. Justice Tendolkar who also felt that the application was of a rather startling and unusual character, that it required serious consideration, and having applied his mind to the various factors of the case he came to the conclusion that in law he was bound to confirm the alteration.

3. Now, under Section 17 (1) (a) and (b), a Company may, by special resolution, alter the provisions of its Memorandum - and we are quoting only the relevant words with respect to the objects of the company - so far as may be required to enable it (a) to carry on its business more economically or more efficiently; and (b) to attain its main purpose by new or improved means. What has been pressed before us by Mr. Seervai on behalf of the Company - and we will limit this judgment to that part of the case only - is that the case clearly falls within Clause (a), and the reason for altering the objects of the Company for the purpose of enabling the Company to make

contributions to political parties is to enable it to carry on its business more efficiently. There was a great deal of learned discussion in the Court below as to the proper connotation to be given to the expression "business" occurring in this subsection. While it was sought to be argued on the one hand that "business" as used in this sub-section must be construed to mean an activity with a profit motive, on the other hand it was sought to be argued that the profit motive was unnecessary and any activity which was undertaken as a result of a duty or an obligation or a necessity in contradistinction to an activity undertaken merely for the purpose of pleasure, was a business. In our opinion, in the view we take of this section and also in view of the facts before us, it is unnecessary to decide that aspect of the matter.

4. Now, a company when it goes for registration and prepares its memorandum of association sets out a large number of objects and this practice has been severely and in our opinion rightly commented upon by Lord Wrenbury, also the author of the leading text book on Company Law, in *Cotman v. Brougham*[1], at p. 523:

> "The practice has arrived now at a point at which the fact is that the function of the memorandum is taken to be not to specify, not to disclose, but to bury beneath a mass of words the real object or objects of the company with the intent that every conceivable form of activity snail be found included somewhere within its terms."

The learned Law Lord also points out that there is a tendency to confuse powers with objects and that when a company wants to acquire a power it includes that power as an object in the memorandum of association. But although a large number of objects may be mentioned in the memorandum and although some of these objects may be nothing more than powers which can be exercised by the company, there can be no doubt that in the case of most companies and certainly most commercial companies there is one or more object which is being actively prosecuted or is sought to be actively prosecuted which may be considered to be the business of the company. Now in the company before us, when we look at the memorandum of association, it has as many objects as are set out from (a) to (u) in Clause 3, but not even the strongest partisan of the Tata Iron and Steel Company would suggest that that company is actively prosecuting each and everyone of these objects, and there is no doubt in this case, as admitted by the Company itself, that its main business is the manufacture and production of iron and steel. Therefore, for the purpose of Section 17 (1) (a) what the Court has to consider is : What is the object of the company which is being actively prosecuted if it is a commercial company for the purpose of earning profits, or what is the object which the company is now seeking actively to prosecute so as to earn profits; and it is in relation to that object which under the circumstances becomes the business of the company that the question has got to be asked whether the amendment suggested is an amendment which will enable the company to carry out that object more economically or more efficiently.

5. Now, in this case there was already in the memorandum of association an object or rather, if

we may call it, a power conferred upon the Company to support and subscribe to any charitable or public object, and any institution, society or club which may be for the benefit of the Company, or its employees. The rest of the clause is not material for the purpose of this discussion. The amendment which is sought and which was sanctioned by the company, without going into its details, sought to confer upon the Company the power to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public, political or any other institutions, objects or purposes, or for any exhibition. Therefore, the material change which was sought to be introduced by this amendment and alteration was a power to contribute to political institutions, which power in express terms was not possessed by the Company under sub-Clause (r) of Clause 3 of the memorandum. The reason why the Company wanted this alteration has been set out in some detail in the petition. Attention is drawn firstly to the industrial policy of Government published on 30th of April 195b and it is stated that according to this policy of Government, although the future

[1]1918 AC 514

development of iron and steel industry will be the exclusive responsibility of the State, it has given assurance that the existing private owned units in iron and steel industry will be permitted to expand and even in those new units which are set up by the State the co-operation of the private sector will be invoked, and it is frankly stated that in a socialist pattern of society that exists and is to be encouraged in India, the future of a chief basic industry such as steel largely depends on the industrial policy of Government. It is further pointed out that the industrial policies which will become part of the law of the land are sponsored and formulated by political parties who form the Government of the day. Therefore the continued prosperity of the Company and its ability to carry on its business economically, efficiently and profitably will be largely determined by Government policy on such questions as the future of the industry, the system of controls which should be applied to the industry, and the social and economic measures to be applied to basic industries like steel. The Company also says that it enjoys a measure of goodwill of the Government and the further expansion of the Company's business and activities will depend on the approval of the Government. When one analyses these reasons for this alteration, it is clear that what the Company feels is that the safety, security, future expansion and profits are all linked up with the continuance of the Congress Govt. at the helm of affairs in India and in order to ensure this stability and security and expansion and the making of profits it is desirable that the Company should see to it that the Congress Govt. continues in power and that Government can only continue in power provided the Congress party is returned by the electorate. Thus arises the necessity for the Company to contribute to political funds of the Congress party in order to ensure its success at the poll.

6. Now, in the first place, what we have to be satisfied about is whether this particular object is a lawful object. It is almost axiomatic that what an individual can lawfully do can be done by a joint stock corporation. The law imposes no restrictions upon the nature of an activity which a joint stock corporation can carry on. Confining ourselves to commercial institutions, whatever, an individual can do in order to earn profit can equally be done by a joint stock corporation, and

what has been strongly urged upon us by Mr. Gokhale is that contribution to political funds is unlawful and the Court will not sanction an amendment of the memorandum by which an object is sought to be introduced which permits the Company to indulge in an activity which is unlawful. What is forcefully pointed out by Mr. Gokhale is that nothing could be more corruptive in a democracy than to permit industrial or commercial concerns to contribute funds to a political party. It is nothing short of buying over the party so that the party should pursue a policy which would be in the interests of the commercial and industrial concerns which make contribution to the political parties. Mr. Gokhale says that if this was permissible it would be impossible to get a party which is elected to power with the help of such financial aid to determine upon policies in the interests of the country, in the interests of socialism, or in the interests of democracy. The policies are bound to be coloured by the extraneous consideration introduced by the big businesses financing political parties. Now, before we deal with the legal aspect, it may be pointed out in fairness to the company that it has made the position clear that the Congress has already come to a particular decision as to policy, and contribution that is sought to be made is not to influence or mould that policy but to keep in power a party which having already laid down its policy, that policy is being looked upon by the Company as conducive to its interests. We must confess that we realise the danger - and the grave danger - of the line between these two positions being overlooked or obliterated. The line is so thin that it is easy to step from one side of the line to the other. To say that you are paying money to a political party in order that that party should remain in power and should not be affected or influenced by the money that you have contributed, is saying something which is very difficult of realization, when it is quite possible and easily conceivable that the party's policy might be influenced if it felt that if it were to change its policy it would lose the financial support of big industrial concerns. How is anyone to say that at what point the contribution ceases to merely keep the party in power and begins to influence its policy. But that brings us to the real question before us. Is there anything today in India, as the law stands, which prohibits any contribution being made to the political funds of a party by any individual, institution or organization? We asked Mr. Gokhale to draw our attention to any such law in force in our country today and he very frankly and fairly conceded that there was no such law. He had also to concede that there was nothing today to prevent an individual from making any contribution, however large, to the political funds of a party, and as we have already pointed out, if an individual can contribute to the political funds of a party, in law it is difficult to understand how a company can be prevented from doing so.

7. We have refused to be drawn into the interesting discussion which was entered into in the Court below as to whether what the company proposes to do is or is not in accordance with public policy. We have been warned by very eminent Judges not to try and ride that unruly horse, and we have also been told that Courts ought not to extend the heads of public policy which have been settled long ago. But we find it difficult to understand how the question of public policy arises here. We are not dealing with a case of a contract or a trust. We are not considering whether a contract should be enforced or a trust should be given effect to. If a particular activity is lawful, then the only question is whether the activity is such as satisfies the condition laid

down in Section 17. Whether the activity is in our opinion harmful or prejudicial to national interests are considerations which strictly, as far as the law is concerned, cannot weigh with us in deciding whether the application of the Company should be confirmed or not. It may however be pointed out in this connection, as the matter was discussed at great length in the Court below and even here certain authorities were referred to, that even in England the payment to a political party by a business is not only not frowned upon but has actually been considered to be a legitimate business expense under certain circumstances. See *Morgan v. Tate and Lyle*[2]*.,* In that case a company engaged in sugar refining incurred expenses in a propaganda campaign to oppose the threatened nationalization of the industry, and the Commissioners for the General Purposes of the Income-tax Acts found that and that finding of the Commissioners was confirmed by the House of Lords and Lord Morton at p. 41 quotes with approval an observation of Lord Justice Scrutton in *Smith v. Incorporated Council of Law Reporting for England and Wales*[2]*,* at p. 684:

> "Payment for political purposes might conceivably be for the purposes of trade. It might be that a payment by a company to the Tariff Reform League might be of great advantage to. its trade. It might be that a payment by a company to a political party which was supposed to be identified with the interests of a particular trade might be to the advantage of the trade...."

[1]1955 AC 21
[2](1914) 3 KB 674

Therefore, we have the high authority of Lord Justice Scrutton that a trade or a business may contribute to the political funds of a party which is identified with interests of the trade. Of course, Lord Justice Scrutton was not concerned to discuss the morality of such a deal or transaction, but it is clear from the observation that not only the payment is lawful but it may be looked upon as a legitimate expense for the purposes of deduction from profits of the business for the purposes of income-tax.

8. The United States is a far cry from our country and the political conditions there and the manner in which democracy functions there are very different from our country. But even so there are two decisions to which attention was drawn which might be profitably looked at. One is *United States of America v. Congress of Industrial Organizations*[3]*,* corresponding to 335 US 106, and we have the judgment of Mr. Justice Rutledge which really sets out both aspects of this rather difficult question. What the learned Judge was considering was the expenditure made by trade unions for the purpose of contributions in connection with the election and whether such contributions came within the mischief of the Corrupt Practices Act there, and he says at p. 1872:

> "There are, of course, obvious differences between such evils (viz., payment to political parties) and those arising from the grosser forms of assistance more usually associated

with secrecy, bribery and corruption, direct or subtle. But it is not necessary to stop to point these out or discuss them, except to say that any asserted beneficial tendency of restrictions upon expenditures for publicizing political views, whether of a group or of an individual, is certainly counter-balanced to some extent by the loss for democratic processes resulting from the restrictions upon free and full public discussion. The claimed evil is not one unmixed with good. and its suppression destroys the good with the bad unless precise measures are taken to prevent this."

Therefore, the learned Judge really puts his finger on the crux of the matter. Democracy requires free and full public discussion. Free and full public discussion may not be possible unless various parties are financed to put their views before the public. The question is, how to draw the line between money contributed in order to help the democratic process of free and full public discussion and the highly undemocratic and corruptive influence of influencing policies of political parties by means of moneys lavishly contributed to its political funds.

9. The present Chief Justice of the Supreme Court of America, Mr. Justice Warren, also had to consider this question in another connection in *United States of America v. Harris*[4], and he was considering the constitutionality of the Lobbying Act, and at page 1000 the learned Chief Justice upholds the Lobbying Act and says :

"Toward that end, (viz., what he has said before that the voice of the people may not be easily drowned out by the voice of special interest groups seeking favour generally), Congress has not sought to prohibit these pressures. It has merely

[3](1948) 92 Law Ed 1849

[4](1953) 98 Law Ed. 989

provided for a medium of information from those who for hire attempt to influence legislation or who collect or spend funds for that purpose. It wants only to know who is being hired, who is putting up the money, and how much."

Therefore, it is rather striking that even where there is uncontrolled lobbying as in the United States, the only control which has been imposed by the Congress is not to prevent lobbying altogether but only to see that proper information was available to the public so that the public could draw its own inference as to the activities of people who lobby and the character of the representatives who permit themselves to be lobbied.

10. Therefore, to come back to the section, the new power or activity or object which is sought to be introduced by the Company in its memorandum is not unlawful, but is indeed one which is countenanced by the law in England and the law in the United States. It cannot be said that it is an unlawful object which the Court will not permit a company to carry out by the amendment or alteration of its memorandum. We should also like to point out here that even our Legislature in the new Companies Act has taken cognizance of the practice or the possibility of companies contributing to political parties, because in Section 293 a restriction is put upon the power of the

Board of Directors to make contributions to charitable or other funds Therefore, the very restriction assumes that the Legislature was aware that the Board of Directors had the power in some companies and exercised that power to make contributions not only to charitable but other funds. If that be so, then the only question that we have to consider for the purposes of Section 17 (1) (a) is whether it could be said that where a company contributes funds to a political party it is carrying on business more efficiently. Before we construe this expression, it is necessary to point out that a large volume of authority in England has clearly established that a liberal though not a strained construction should be placed upon this section, and in order to realize how liberal a construction English Judges have put upon this section, it may be pointed out that although at present in the English Companies Act this section practically coresponds to ours, in the earlier Companies Act, Clauses (f) and (g) did not find a place, and when a company wanted to alter its memorandum in order to enable it to sell or dispose of the whole or any part of its undertaking, or to amalgamate with any other company, Clauses (f); and (g) not finding a place in the section, the Courts were driven to confirm the alteration by holding that the case fell under Clause (a) and it should be considered that selling the whole or part of the undertaking or amalgamation with any other company was for the purpose of carrying on business more efficiently. Therefore, we must give to the expression "efficiently" a very wide import and we agree with Mr. Seervai that we must construe "carrying on business more efficiently" to mean carrying on business in a manner which will produce the desired results or effects. In other words, if a particular method or mode or means in connection with the business is conducive to the business, producing more profits or improving security or stability, then that mode or means or method is a mode, means or method which is more efficient, and what the Company tells us is that if you permit us to spend this money by helping a political party we expect results from that contribution which results would be beneficial to the Company. It is difficult to accept Mr. Gokhale's suggestion that "efficiently" in this context must be confined and limited to "efficiently" with regard to actual production of iron and steel and that only that alteration should be permitted which would enable the Company to produce iron and steel more efficiently. There is nothing in the expression "efficiently" which carries with it the connotation suggested by Mr. Gokhale, nor is there anything in the plain natural meaning of that expression which would compel us to limit that word to a case of production and to no other case.

11. Buckley (Lord Wrenbury), whose text book on Company Law is a well known classic, in considering this section points out in his Twelfth Edition at page 29 that a liberal construction is placed upon these paragraphs and upon paragraph (a) in particular, which corresponds to our Section 17 (1) (a), and at page 30 he points out that Courts have acceded to applications for amendment, although strictly falling outside the ambit of Clause (a), upon the Court being satisfied that this was required to place the company on an equality as regards the efficient or economical carrying on of its business with more recently formed companies, or to remove any reasonable doubts entertained as to the extent of the company's ancillary powers. We have a statement before us that as many as nine companies which have been recently floated have in their memoranda of association objects which permit them to subscribe to political funds, and

what is pointed out is that in the competition which is an inevitable feature of trade and commerce these companies which can subscribe to political funds of the Congress would be in a better position vis-a-vis the Congress Government than the Tata Iron and Steel Company if it is not permitted to contribute to funds of the Congress. In this connection it should also be borne in mind that if we were to refuse to sanction this amendment and reject the petition of the Company, there is nothing in the view of the law that we have taken to prevent the company from reconstructing itself and to have a new memorandum including this object, and it is difficult to take the view that what the company can do on reconstruction legally and lawfully should not be permitted when it comes before the Court by a simpler procedure and a less elaborate machinery under Section 17 of the Act. With regard to the other point to which Buckley refers about removal of any reasonable doubts as to its power, there is quite a strong case made out on this aspect of the matter by the Company. What is urged is that the Company was advised that it had the power to contribute to political funds under Clause (r) of Article 3 of the Memorandum of Association as it stood before the amendment and what is said is that the clause enables the company to support and subscribe any institution, society or club which may be for the benefit of the company or its employees, and it is argued that if the Congress is considered by the company for its benefit then it would be open to it under this clause to subscribe to its funds, and attention is also drawn to Clause (u) which is a power given to the company in the widest possible terms and that is to do all or any of the above things and all such other things are as incidental or may be thought conducive to the attainment of the above objects, and judicial authority has construed this clause as not being limited as something subsidiary or ancillary to the main object clause in the memorandum and that the company has independent powers to act under this clause. Therefore, the company can do anything which it may think conducive to the attainment of its object, but the company points out in its petition that although it was possible to take the view that it had the necessary power under these two clauses, it did not like to act unless express powers were conferred upon it by the necessary amendment or alteration of the memorandum.

12. Finally, there is one other important consideration which almost seems to be conclusive of the matter. It is true that even if the conditions laid down in Section 17 are satisfied, ultimately it is for the Court to confirm or not to confirm the amendment and the Court exercises its discretion in coming to its decision, and it may be said, - and it was said by Mr. Gokhale - that this is not a case where we should exercise our discretion. Emphasis was again put upon the possibilities of gross abuse of such a power being given to an industrial corporation. Even Mr. Seervai who appears for the company, but who with his usual fairness does not identify himself with the interests of his clients, realizes the danger of such a power being conferred upon a large powerful wealthy corporation in a democracy. But what he says is that however desirable it may be to control the use of this power, it would not be right to do away with it altogether and it is for the Legislature to decide to what extent this power should be controlled. To some extent it has already been controlled, as we have already, noticed, by Section 293 of the Companies Act. But in exercising the discretion under Section 17 the Court must always bear in mind what is almost axiomatic in company matters. It is primarily for the company to decide what is for its good The

Court must presume that the company knows its business and it is not for the Court to tell the company how it should carry on its business. It is not for the Court to impose upon the company its own political or more views. However much we may disagree with the company in the action that it seeks to take, it is not for us to tell the company how it should carry on its business if its shareholders think that the business should be carried on in a particular way. Mr. Seervai has drawn our attention to the very proud record of this company which in the past has made large and munificent donations to many worthy causes, and we asked Mr. Seervai whether the company thought that contribution to political funds was an equally worthy cause and whether the company was not conscious of the danger both to national and democratic interests in acquiring this power and making it possible to act in a manner which may not be in consonance with the nigh traditions which it has already maintained. But Mr. Seervai has pointed out that in fact circulars were issued to 37,000 shareholders of the company, that an the facts were pointed out, and that at the special general meeting the amendment was carried non-con and, as it happened, also by a large number of shareholders voting in person and by proxy. Therefore, we have this other important factor before us that the shareholders of the company after considering the pros and cons of the matter have agreed that the funds of the company may be utilized as contribution to the funds of a political party. It does not seem to be right for us in a company matter to take a view with regard to the company's activities different from the view taken by the shareholders, when that view is not opposed to law and when that view falls within the provisions of the Companies Act as we have construed them.

13. The learned trial Judge very rightly wanted to impose certain conditions before he would make the order, as he was entitled to do, and it must again be said in fairness to the company that the company voluntarily offered to accept those terms and they now form part bf the order, and the terms are that all contributions made by the company to any political party should be clearly shown in the profit and loss account and balance-sheet of every year of the company. Now, even Mr. Seervai concedes that one way of controlling and curbing this mischief is to give complete Publicity to the donations made by trading and industrial corporations to the political funds of different parties. It is essential that the elector should know how a party is being financed and by whom and to what extent, ft is necessary, in order to decide the credentials of a party, to know with whose strength and with whose support it has come to the polls. Mr. Seervai says that the conditions which the company has voluntarily undertaken, to comply with is sufficient to ensure such publicity. In our opinion it is not. Mr. Seervai points out that the report of the company will go to 37,000 shareholders and 37,000 keen eyes will peruse the report of this company. But we are not concerned with shareholders in this context; that is the one section with which we are least concerned or interested in. We are concerned with millions of voters in this country who can never afford the luxury of buying or holding shares and it is those people whom we want to protect and whose interests we want to safeguard. It is these people who should know when they go to the polls for whom they are voting, and therefore if publicity is necessary it is necessary to enlighten these voters as to in what form and under what shape and with whose support the parties come to the polls. Therefore, we will add to the condition already imposed by the learned

trial Judge and we will impose a condition on the order passed by the learned Judge confirming the alteration that the company at the end of every financial year will publish in two leading newspapers in India, one of which must be published in Bombay, a complete statement of all the contributions and donations made by it to any political party or any political institution or any political cause.

14. Before parting with this case we think it our duty to draw the attention of Parliament to the great danger inherent in permitting companies to make contributions to the funds of political parties. It is a danger which may grow apace and which may ultimately overwhelm and even throttle democracy in this country. Therefore, it is desirable for Parliament to consider under what circumstances and under what limitations companies should be permitted to make these contributions. As Mr. Seervai has pointed out, it is only because the Tata Iron and Steel Company did not have such a provision in its memorandum of association and had to come to Court that we could impose this condition upon it. The other companies which have already such an object included in their memoranda are under no obligation to publish to the world what funds they are contributing and to whom. Democracy cannot function unless the voters have all the necessary information about the parties for whom they are going to vote. In our opinion, Section 293 is not a sufficient check on this evil. Wide power is conferred upon the Directors to make these contributions and with the consent of the company unlimited power is conferred upon them. As we know from experience, in a large number of cases the so-called sanction of the company is merely a camouflage. Either the Directors control the company or some powerful person holds some large block of shares so as to control the voting. The least that Parliament can do is at least to require the sanction of the Court before any large amount is paid by the company to the funds of a political party. But it is not for us to legislate, nor is it for us to lay down the Policy. But having had this case before us and our attention having been drawn to the possible evils attendant upon powers exercised by the companies, we thought it our duty to draw the attention of Parliament to the necessity of remedial measures being immediately undertaken to curb and control this evil.

15. In the result the appeal is dismissed.

16. With regard to costs, the application of the company was opposed before the learned trial Judge by the appellants who are holders of three ordinary shares. They were perfectly justified in appearing before the learned trial Judge and drawing his attention to the very important aspect of the matter, and the learned Judge was also right, while dismissing their opposition, to grant them costs out of the company's assets. But in appeal the position is very different. The appellants have come in appeal notwithstanding the decision given by the learned trial Judge after a full inquiry and in appeal they have lost. The only alteration made is at the instance of the Court which was not pressed by the appellants or which does not even find a place in the memorandum of appeal. The ordinary rule of costs would require us to compel them to pay the costs of the company. But as the matter is of importance, we think it is a proper case where the appellants should be ordered

to bear their own costs. No order as to costs of the company.

17. Liberty to the appellants' attorneys to withdraw the sum of Rs. 500 deposited in Court. Appeal dismissed.