

COMPANY LAW

(Incorporating the Companies Amendment Act, 1999)

TENTH EDITION

ASHOK K. BANRIAL

COMPANY LAW

[Incorporating the Companies Amendment Act, 1999]

ASHOK K. BAGRIAL

Department of Commerce

Shivaji College

University of Delhi

TENTH REVISED EDITION

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PREFACE TO THE NINTH EDITION

It is gratifying that the eighth edition has been well received by the readers interested in the study of Company Law. I take great pleasure in presenting the ninth revised edition of the book before the esteemed readers.

The present edition comes in the wake of major changes in regulatory mechanism for capital issues in India. The Capital Issues (Control) Act, 1947 has been repealed. New comprehensive guidelines issued by the Securities and Exchange Board of India (SEBI), scrapping the need for prior approval for raising capital from the Controller of Capital Issues, have given ample freedom to companies to raise equity. These "Guidelines for Disclosure and Investor Protection" are given in the appendix and at appropriate places in the text.

In this revised edition the text has been thoroughly revised and updated both in regard to statutory provisions and case law. All the latest amendments to the Companies Act, 1956 brought about the Companies (Amendment) Act, 1988 have been incorporated at appropriate places. The present edition also takes account of the latest case law on different topics.

A special feature of the present edition is the inclusion of the latest notifications, guidelines and clarifications issued by the Central Government in regard to company matters. Rules framed by the Central Government under various sections of the Companies Act, 1956 have also been incorporated at appropriate places. The following inclusions deserve special mention:

- (a) The Companies (Appointment and Qualifications of Secretary) Amendment Rules, 1993, effective w.e.f. 13th April, 1993;
- (b) The Companies (Central Govt's) General Rules and Forms (Amendment) Rules, 1993, effective w.e.f. 27th August, 1993;
- (c) Schedule XIII as amended w.e.f. 1st February, 1994 (prescribing the conditions for appointment of managerial personnel and their remuneration); and
- (d) Guidelines for Issuing Bonus Shares prescribed by SEBI and effective w.e.f. 13th April, 1994.

Another distinctive feature of the present edition is the inclusion of about two hundred practical problems from the past examinations of various universities and professional institutes. Brief hints for the solution of practical problems at the end of each chapter have been given in the Appendix. Attempt has also been made to include a few selected questions that have appeared in the recent past in various examinations at the end of each chapter.

I hope that the new revised edition of the book will serve the reader well and will be of great use to those appearing for various examinations of universities and professional institutes.

I am immensely thankful to my colleagues in various universities and colleges for their appreciation of my work and helpful comments. Further suggestions for the improvement of the book will be highly appreciated.

ASHOK K. BAGRIAL

PREFACE TO THE TENTH EDITION

It is gratifying that the ninth edition has been well received by the readers interested in the study of Company Law. I take great pleasure in presenting the tenth revised edition of the book before the esteemed readers.

The present edition comes in the wake of important changes brought about by the Companies (Amendment) Act, 1999. The important changes introduced by the Companies (Amendment) Act, 1999 are:

- (a) providing nomination facilities to fixed-deposit holders, shareholders and debentureholders in companies;
- (b) allowing the companies to buy-back their shares subject to certain restrictions and safeguards;
- (c) allowing companies to issue sweat equity shares to their employees or directors subject to fulfilment of certain conditions;
- (d) providing for establishment of Investor Education and Protection Fund;
- (e) making provision for constitution of National Advisory Committee on Accounting Standards;
- (f) providing for compliance of accounting standards by a company in preparation of profit and loss account and balance-sheet; and
- (g) permitting companies to make inter-corporate loans and investments subject to fulfilment of certain conditions without prior approval of the Central Government.

In this revised edition the text has been thoroughly revised and updated both in regard to statutory provisions and case law. All the latest amendments to the Companies Act, 1956 brought about the Companies (Amendment) Act, 1999 have been incorporated at appropriate places. The present edition also takes account of the latest case law on different topics.

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ASHOK K. BAGRIAL

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