



to be read by lawyers, Judges, law students and Jurists for the valuable information it contains on several aspects of historical and comparative law.

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Company Formation and Capital Issue Encyclopaedia (A Publication on Capital Issues and Formation). By Shri M. C. Bhandari, F.C.A. Published in 1963, by Shri M. C. BHANDARI, 134/1, Mahatma Gandhi Road, Calcutta-7. Price Rs. 75.

This is a comprehensive work on Company Formation and Capital Issues. The book is divided into sixty two Chapters, and Seventeen Annexures. Besides, a number of appendices are attached to the various Chapters. The book covers about 1,200 pages. This work truly deserves to be called an Encyclopaedia on company formation and capital issues as it deals exhaustively with every conceivable aspect of the formation of a company and the issue of capital by it. The book is a treasure-house of a great deal of very useful factual information which will be very valuable to the promoters and others connected with companies.

Chapter XVI deals with "Suitable Form of Company Management." The learned author mentions the four categories of managerial personnel and also states that a company cannot employ more than one category at the same time. But the learned author fails to refer to section 197-A of the Companies Act, 1956, in which these provisions are embodied. In order to make a statement weighty and authentic, it is always desirable to refer to the appropriate section of the Act.

In the same Chapter, on p. 4, dealing with "Remuneration", the learned author says that "in case of public companies and their subsidiaries, the directors can be paid such amount so that the total managerial remuneration may not exceed 11% of the net profits or Rs. 50,000 per year, whichever is more." This is not an accurate statement of facts. It is true that section 198(1) of the Companies Act, 1956, lays down that total managerial remuneration shall not exceed 11% of the net profits of the company. It is also true that sub-section (4) of the same section lays down that notwithstanding

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anything contained in sub-sections (1) to (3), if in any financial year, the company has no profits or its profits are inadequate, the company may, *subject to the approval of the Central Government*, pay as total managerial remuneration such sum not exceeding fifty thousand rupees per annum as it considers reasonable.

The passage from the book quoted above gives the impression that *normally* every company can pay either 11% of the net profits or Rs. 50,000 whichever is more, which is obviously not true. The rule is that the total managerial remuneration cannot exceed 11% of the net profits. In exceptional circumstances, namely, when the company has earned no profits or inadequate profits, the company can pay, subject to the approval of the Central Government, such sum not exceeding Rs. 50,000 as it considers reasonable. It is clear that the general rule and the rule to apply in exceptional circumstances cannot be put together in one sentence as the learned author has done. This criticism stands in spite of the General Note at the end of this Chapter that the points discussed in the chapter give a general idea of various agencies of management and do not include minute details. Ignoring minute details is not the same thing as ignoring accuracy of statement.

There is no continuous pagination throughout the book and each chapter begins from page 1. In the interest of making the book easily referable, it would have been a better scheme to follow a continuous pagination throughout the book. The book also suffers from printing mistakes and leaves some scope for improvement in the literary presentation of the matter.

Despite these minor deficiencies, which it is hoped will be removed in the second edition, the learned author deserves all congratulations on having produced a meritorious work on the subject.

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