

Queen-empress Vs. Beer

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Court : Allahabad

Decided On : Dec-31-1969

Reported in : (1898)ILR20All126

Judge : John Edge, C.J. and ;Burkitt, JJ.

Appellant : Queen-empress

Respondent : Beer

Judgement :

John Edge, C.J. and Burkitt, J.

1. This is an appeal by the Local Government against an order of acquittal passed by the Joint Magistrate of Gawnpore. The respondent A. Beer was a director of the Muir Mills Company, Limited, Cawnpore. Mr. Beer was present at the registered office of the Company on the 18th of March last. He was presiding as chairman at a meeting of shareholders which was held that day. At the termination of the meeting of the share-holders, Mr. McRobert, who was a share-holder of the Muir Mills Company, Limited, asked Mr. Beer if he (Mr. McEobert) could see the register of share-holders. Mr. Beer replied that it was not convenient that he should see the register. After a little Mr. Beer told Mr. McRobert that he could see the register next day. The ground given by Mr. Beer for not allowing Mr. McRobert to see the register when he applied was that they were about to hold a directors' meeting. As Mr. McRobert was leaving the room he said:--'Then you refuse to let

me see the register?' Mr. Beer replied:--'I do not refuse you; you can see the books to-morrow morning.' Mr. McRobert went away. Later on in the afternoon Mr. McRobert received a letter from the Company informing him that the books would be open to his inspection at any hour up to 5. P.M. that day, or upon any day between the hours of 9 A.M. and 12 noon and 2 and 5 P.M. Mr. McRobert in his evidence said that Mr. Beer knew that he (McRobert) was leaving Cawnpore. We do not think that that affects the question in the slightest degree, for we do not think that Mr. Beer intended absolutely to exclude Mr. McRobert from a reasonable inspection of the books. The question is whether Mr. Beer has brought himself within Section 55 of the Indian Companies Act. Under Section 55 every shareholder, without payment, and every member of the public, on payment, is entitled to inspect the register of Members of the Company during business hours, except when the register is closed under Section 56, and 'subject to such reasonable restrictions as the Company in general meeting may impose.' The law wisely provides, however, that, where the Company does impose restrictions, the books shall be open to inspection for at least two hours during the business hours of each business day. The section was, introduced into the Act not only for the protection of the share-holders, but for the protection of the public. Subject to the restrictions mentioned, it gives every share-holder an absolute right to inspect the register during business hours. If it be inconvenient for the carrying on the Company's business that the register should be kept open for inspection for the whole day during business hours, it is very easy for the share-holders in general meeting to put reasonable restrictions on the right of inspection, and it appears to us that one such reasonable restriction would be that the register should not be open to inspection at any time when the directors of the Company should be in meeting assembled, always provided that on such days two hours within business hours should be appointed for inspection of the register. We can well understand that it might have been exceedingly inconvenient for the directors, whilst their meeting was going on, to have inspection of the registers going on in another room. However, the shareholders in general meeting have not placed any restriction on the right of inspection. If this was a matter of reasonableness or of convenience, we should have come to the conclusion that Mr. McRobert was unreasonable, and that it was not convenient at the moment to grant inspection.

However, he was strictly within his rights and he was entitled to inspection there and then, and Mr. Beer as a director made himself liable to a penalty under Section 55 by reason of his authorising or permitting a refusal to Mr. McRobert to inspect the registers when he applied for inspection. Companies and directors must comply with the law. This seems to be the first case which has arisen in India on this point, and, although Mr. Beer acted illegally in refusing to give inspection to Mr. McRobert when he asked for it, we do not think it is a case for imposing the full penalty. We find that Mr. Beer did authorize and permit a refusal of inspection of the register of members to Mr. McRobert during business hours on 18th March 1897, and that he was not justified in so doing, and we convict him and fine him the sum of eight annas. It must be remembered that if any case comes before us of a wilful and obstructive refusal when the demand was a reasonable one, we shall impose the full penalty.

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