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THE CORPORATE VEIL PARADOX

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ABSTRACT

The principle of separate legal personality is a cornerstone of company law, safeguarding shareholders from personal liability and enabling commercial certainty. However, courts have frequently departed from this principle by lifting the corporate veil in order to prevent abuse of the corporate form. A major concern in this area is the inconsistency with which courts apply the doctrine. This inconsistency largely arises from the absence of clear and comprehensive guidance within the Companies Act regarding the circumstances under which the corporate veil may be lifted. In the absence of statutory clarity, courts have relied on judicial discretion. Rather than rigid rules, statutory guidelines supported by illustrative examples would allow courts to apply the doctrine consistently while retaining flexibility to address complex factual situations. Additionally, courts should prioritize established legal doctrines such as agency, trust, and statutory interpretation before resorting to veil-lifting. A clearer statutory framework combined with disciplined judicial application would ensure that the corporate veil is lifted only in exceptional circumstances, thereby preserving the integrity of separate legal personality while preventing its misuse. This paper argues that inconsistency in veil-lifting can be addressed through balancing flexibility and legal certainty.

Keywords: Legal personality, Personal liability, Statutory clarity, Veil lifting, Ambiguity.

Chapter 1: Introduction to Corporate Veil Introduction **to Corporate Veil**

The corporate veil is a legal concept designed to protect the shareholders and directors of a corporation from being held personally liable for either corporate debt or wrongful acts taken in their capacity as director or shareholder. The principle was established in the case *Salomon v. Salomon & Co, Ltd.* It is designed to enhance the ability of a corporation to raise money through investment in a company by protecting the investor from liability. However, this corporate form can be "pierced" or "lifted" by the court when the judgment is necessary to hold an individual accountable for fraudulent activity, tax evasion or misuse of the corporate form.

Understanding the corporate Veil

The "corporate veil" is a symbolic barrier that separates the company, an artificial legal person, from its directors, shareholders, or parent companies.

The advantages that come with the Corporate Veil include: Shareholder Limited Liability – the shareholders only have to cover their investment share amount, Enterprise Incentives, Perpetual Continuity (Businesses continue to exist after ownership and/or management changes have occurred), Share Transferability (A safe and quick process to transfer or obtain cash from their investments).

1.1. Meaning of Separate legal personality.

A company's separate legal personality is something that has been enshrined in our laws as a key part of company law (and is a key factor which defines a business entity). In terms of the Companies Act, defines a company as: "company" means a company incorporated under this Act or under any previous company law"³, a company has a separate legal personality; thus, also therefore, has an independent legal identity separate from its directors and shareholders, therefore also has an independent legal capacity to acquire rights and incur obligations (i.e. have a legal personality) separate from its directors or shareholders.

Common Law and Separate Legal Personality

Through several cases, the court has established the principles relevant to refusing to pierce the veil of the company for fraud or improper conduct—that is, those situations where it will be appropriate to impose the liabilities of the company upon the individuals behind it. The use of

the corporate veil primarily gets drawn into those cases where the court can demonstrate:

- 1) An abuse of the separate legal personality;
- 2) Instances where the abuse has occurred in breach of the law or in furtherance of some unlawful purpose;
- 3) An absence of any other potential remedy available to the defendant(s);
- 4) A reasonable and justifiable explanation that it simply does not make good theoretical sense to hold the company liable when the directors / officers rendering the separate legal personality have done so only to avoid liability.

*Cape Pacific Limited -V- Lubner Controlling Investments*⁴ has become a landmark case in common law, setting out certain great principles which will assist the courts when deciding to pierce the corporate veil of a corporation. Cape Pacific rejected the principles established by Botha and adopted a test that is more flexible based upon the facts of each case. The courts confirm that there is no closed category of reasons for piercing the corporate veil and further confirm that no court usually has an arbitrary or general right to set aside a company's separate legal personality at will.

The courts reaffirm the importance of separate legal personality as fundamental in our law and that it should not be easily disregarded and that, where there is fraud or abuse, the courts must balance both the need to protect separate legal personality on behalf of the commercial community against the need to remedy the damage caused by having abused that privilege. This case is significant as it reflects the willingness of the courts to uphold separate legal personality.

1.2 Background of Corporate Veil

Company Law has an important concept known as The Corporate Veil. Through this concept companies are seen as being separate legal entities from the individuals who own, manage and direct it. Therefore typically, the liabilities and obligations of the company do not pass through to the individual owners and/or directors of the company.

The leading case which has formed much of modern corporate law and whose primary purpose was to establish this separation in a corporate veil is used in a legal sense to distinguish between a corporation (the business) and its owners (the shareholders or members).

Origin of the Corporate Veil Doctrine

The doctrine has developed as primarily through English company law and has since influenced

corporate law systems globally. The primary establishment of this doctrine originated from the case of *Salomon v A Salomon & Co Ltd*⁵. In this Aron Salomon was the owner of a boot manufacturing business. He converted the business to A. Salomon and Company Limited. He held the majority of shares and was the secured creditor of the company. The company was subsequently placed into liquidation.

Creditors argued that the company was nothing but an agent for Salomon (a mere sham) and that Salomon should be liable for the company's debts. The House of Lords determined that the company was a separate legal entity and Salomon was not liable for any debt of the company. The principles established in this case were that the company is distinct from its shareholders and Shareholders will have only limited liability. This principle forms the basis for modern corporate law; it also influenced the Companies Acts of 2006 and 2013, which all recognize that: A registered company may hold title to property; A registered company may enter into contracts; and A registered company may commence and be subject to legal actions in its own name.

1.3. Objectives of the Study

1. To investigate the concept and doctrine of the Corporate Veil. The aim of the study is to explore the theoretical foundations of the doctrine of corporate veil, as well as its importance as part of Company Law, including how it establishes the principle of separate legal personality for corporations.
2. To investigate the rules and reasons for which courts will disregard the corporate veil. The aim of the study is to explore the legal principles and criteria that are considered by the courts when looking to disregard the corporate personality of a corporation to impose liability on shareholders or directors personally.
3. To assess the legislation underpinning the lifting of the corporate veil under the Companies Act 2013. The goal of the study is to identify provisions within the Companies Act 2013 that may be said to indirectly permit the lifting of the corporate veil, as well as to determine if these provisions are clear and consistent.
4. To analyze the judicial interpretation of the rationale for lifting the corporate veil through case law. The study seeks to analyze several key judicial decisions that developed the doctrine of the corporate veil, such as *Salomon v A Salomon & Co Ltd*, as well as subsequent Indian judicial interpretations of the doctrine.
5. To identify inconsistencies in how courts apply the doctrine. The research intends to study how the lack of explicit statutory rules leads to differing judicial approaches

resulting in "conflicts of law."

6. To analyze the legal issues caused by the absence of explicit statutory rules .The research intends to analyze the uncertainty in legal rulings caused by inadequate provisions regarding the corporate veil.
7. To make proposals for reforms and legal mechanisms for consistency. The research intends to recommend legislative or judicial amendments or solutions that would provide clarity and reduce uncertainty concerning the corporate veil.
8. To contribute to jurisprudence on corporate law in India .The study aims to make recommendations that will aid lawmakers, legal academics, and courts to make sure they are upholding corporate responsibility and transparency.

Chapter 2: Legal Framework for Lifting Corporate Veil Legal Framework for Lifting the Corporate Veil in India

One of the main principles in Company Law is that a company has its own legal identity (referred to as a separate legal personality)⁶ from the people who own or manage it (i.e. shareholders, directors, members). This means that both management and shareholders are limited in terms of liability based on how much they invest in the company. Personal liability can flow to a company's owner or manager if the corporate structure is used to commit an illegal act or to defraud creditors.

1. Statutory Provisions in the Companies Act, 2013

There are provisions within the Companies Act, 2013 which allow for the lifting of the corporate veil in cases of fraud, misrepresentation or abuse of the corporate form.

Company Incorporation - Under Section 7⁷ Where a company has been incorporated using false or incorrect information, the tribunal has the authority to take action against those responsible. In these circumstances, the corporate veil may be lifted and those who perpetrated the fraud may be identified.

Misrepresentation in Prospectus - Directors and promoters are liable, both civilly and criminally for any false or misleading statement made in a prospectus⁸. Courts may disregard the corporate form and hold directors and promoters accountable personally.

Section 339 - Liability For Affording Fraudulent Business - When examining the winding-up of a company, if the tribunal determines that the company has been conducting its business with intent to defraud creditors or for a fraudulent purpose, it may declare the person or persons

responsible for the company to be personally liable for the debts owed by the company. This section is an example of the statutory authority to lift the corporate veil in order to hold individuals liable for their actions.

Sanction For Fraud - Sanction for fraud related to the affairs of a company, is mandated by the criminal law of Fraud. Once fraud has been proved against an individual, the person or persons found to be responsible for the commission of the fraud may have their corporate status disregarded by the courts and that individual will be held responsible for the debts incurred in the course of carrying out the fraudulent activity⁹.

2. Judicial Framework of Lifting the Corporate Veil

Since the statutory provisions governing lifting the corporate veil do not expressly indicate every circumstance in which the corporate veil may be lifted, the courts will determine the circumstances under which the corporate veil may be lifted through their own interpretation of the corporate veil doctrine.

The separate legal personality principle of corporations was first definitively articulated by the House of Lords in the landmark case of *Salomon v A Salomon & Co Ltd* which held that a corporation is a separate legal entity. However, the principle has been expanded to provide exceptions to the application of the separate legal personality principle. The corporate veil is often lifted in India by Indian courts for the following reasons: Fraud or improper conduct, Tax evasion, To avoid legal obligations, To disguise agency or sham companies, In the interest of the public

The judicial pronouncements of the courts on this topic have a direct and significant effect on the overall laws governing the lifting of the corporate veil, as they serve as precedent and guidelines for determining the circumstances under which the corporate veil should be lifted.

3. The Role of Regulators

In addition to the judicial system, regulators also play an essential part in promoting corporate accountability. For example, the National Company Law Tribunal has the authority to investigate and impose penalties for the misconduct perpetrated by individuals within a corporation through acts of fraud.

4. Inconsistency in the Current Framework

The aforementioned standards (statutory and case law) present multiple challenges to clarity within legal jurisprudence. These challenges stem from: The Companies Act of 2013 does not

explicitly state the requirements of the doctrine of “piercing the corporate veil”, Most courts use a case-by-case basis as a standard to provide a ruling etc. When statutory guidelines do not exist, it can create confusion and differences in the application of law, thus impacting corporate governance and the protection of stakeholders.

2.1 Doctrine of Separate Legal Personality

One of the most basic characteristics of Company Law is the Doctrine of Separate Legal Personality. When a company is registered under law, it is assigned its own identity, which is separate to the identities of the shareholders, directors and members. Therefore, the company has its own legal entity and, as a legal entity, has its own rights, duties and liabilities that are independent from the people who own or operate the company.

The fact that the company has its own legal Entity is the basis for the corporate veil doctrine, and therefore protects the company from liability for the actions of those involved with the company. This means that the company can enter into contracts, own property, sue and will be sued in its own name, and will be liable for its own debts and other financial obligations.

Features of Separate Legal Personality

There are several key legal aspects of a corporation that make it different from other entities:

1. **Independent Legal Existence:** A corporation is an independent entity separate from its shareholders and directors. Even if the corporation's members change or pass away, the corporation will still exist.
2. **Limited Liability:** Shareholders' liability is limited to the amount of their investment in the corporation. Shareholders' personal assets are generally protected from the corporation's liabilities.
3. **Ownership of Property:** Property that is owned by the corporation is owned by the corporation itself rather than by individual shareholders.
4. **Ability to Sue and be Sued:** A corporation can bring a lawsuit against another party or can be sued by another party in its own name.
5. **Perpetual Succession:** A corporation continues to exist even if there is a change in its membership.

2.2. Nature of Lifting the Corporate Veil.

The notion of piercing or lifting the corporate veil is a significant doctrine in Company

Law. This is specially important because the principle of separate legal personality separates companies from their shareholders or members, which means that they can be treated legally and financially as independent entities; however, in situations where the corporate form has been abused, a court may pierce or lift the corporate veil to determine who truly controls a particular corporation.

Meaning of Lifting the Corporate Veil

Lifting the corporate veil is known in law as a way of holding the shareholders, directors, or promoters of a corporation liable for the acts of that corporation, by looking past the legal existence of the corporation, and determining what was really taking place, on the basis of why the corporation was formed, and how it is being operated. Therefore, the Court will investigate what actually is the company, and who has control of the company, rather than merely looking at the corporation as an entity.

Nature and Characteristics of Lifting the Corporate Veil

The characteristics describing how to lift the corporate veil can be outlined as follows:

- 1. An Exception to the General Rule:** While lifting the corporate veil does allow for the separation of legal personality of a corporation (or subsidiary), the courts generally, except for exceptional cases or instances, will respect the distinct legal entity of a corporation or subsidiary.
- 2. The Courts Developed the Doctrine:** Lifting the corporate veil has developed mainly as a result of decisions made by judges and case law.
- 3. Judicial Discretion of the Courts is Applied:** The courts use their discretion when deciding if they should lift the corporate veil of a corporation or its subsidiary. Some factors considered by courts would be fraud, abuse of the corporate form and whether or not there is a public interest factor.
- 4. Substance versus Form:** The doctrine of lifting the corporate veil focuses on the principle that the law will look at the true substance of a transaction, and not just the 'legal' form, of the transaction; and therefore, if a corporation was set up to hide a fraudulent act, the judge would remove the legal protection of the corporation.
- 5. To Protect Against Justice and Public Interest:** The main reason for lifting a corporate veil is to prevent persons from committing injustice or fraud or using the corporate form to hide or separate themselves from liability.

2.3 Statutory Recogniton in India

In India, the concept of lifting/piercing the corporate veil is a doctrine/principle developed mainly by the Courts and Law does allow for such a procedure. Incorporation of a company establishes a company as an independent legal entity from its shareholders/directors which is supported by the Companies Act 2013.

Misuse of the corporate structure includes committing fraudulent or improper acts by using the corporate structure; therefore, certain provisions exist under the statutory laws that allow officers and courts to ignore the company's separate legal entity status and hold the officers personally liable for those acts.

2.4. SEBI and SFIO oversight role.

SEBI and SFIO Oversight Role - Regulatory authorities in India have a significant role to play in corporate accountability and prevention of abuse of corporate personality. Regulatory authorities like the SEBI and Serious Fraud Investigation Office also play an important oversight role when it comes to piercing the corporate veil. Their pen of regulation and investigation is to recognize fraudsters and corporate misery — which may lend justification to lifting the corporate veil if the regulatory structure is then employed to cloak the appropriate wrongdoing¹⁰.

1. Role of SEBI (Securities and Exchange Board of India)

The Securities and Exchange Board of India (SEBI) is the apex regulator for the securities market and protects investors in India. SEBI was set up under the Act.

Important Functions Associated with Corporate Veil

- 1. Regulation of Listed Companies** - SEBI makes sure companies enlisted on stock exchanges abide by disclosure norms, corporate governance framework, and transparency requirement. If a company tries to cover up for fraudulent actions by hiding behind its corporate structure, the capital market regulator can probe into it and take action."
- 2. Economic Offence Under The Eyes of Prevention of Fraudulent and Unfair Trade Practices** - The market watchdog SEBI investigates insider trading, market manipulation and fraudulent transactions¹¹. In case of abuse of corporate structure to affect the securities market, SEBI may pierce the corporate veil and ascertain as to who is responsible behind a company.
- 3. Enforcement and Penalties** - The regulator has the authority to levy fines, give

directions and halt trade or prohibit someone from entering its securities market. In such situations, SEBI may virtually pierce the corporate veil and take all persons-in-command of the Company to task.

- 4. Corporate Governance Oversight** - SEBI encourages good corporate governance through provisions in regulations such as the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015¹², which provide for transparency and accountability in the functioning of listed companies.

2. Role of SFIO (Serious Fraud Investigation Office)

The SFIO is an investigative agency that operates under the Companies Act 2013 and investigates white-collar crimes including complex corporate frauds. Main Functions Concerned with Corporate Veil:

- 1. Investigation of Corporate Fraud:** The Serious Fraud Investigation Office (SFIO) is responsible for investigating serious corporate frauds involving multiple layers of companies, complex financial transactions, and many more international transactions.
- 2. Finding those Responsible for Corporate Wrongdoing:** SFIO unravels the trail of corporate fraudulent activities by scrutinizing records, books and managerial decisions which are not being issued in the real name(s), thus circumventing legal efficacies.
- 3. Prosecution and Legal Action:** SFIO then submits its report to the government after finishing the investigation. The persons involved can be pursued criminally. The contents of the report may form the basis for the court to hold directors, promoters or officers liable for fraud.
- 4. Working together with other agencies:** SFIO works with other regulatory bodies like SEBI, the Ministry of Corporate Affairs, and law enforcement to make sure that corporate laws are followed.

Chapter 3: Judicial Inconsistency in Veil Lifting

The idea of lifting the corporate veil sits at the heart of company law, but in India under the Companies Act, 2013, courts handle it so unevenly that it leaves everyone scratching their heads. Picture this: no straightforward rule-book tells judges precisely when to overlook a company's standalone status—a bedrock principle from the classic Salomon case. Instead, they're stuck weighing business safeguards against reining in shady tactics like scams or dodges. Decisions swing based on a judge's outlook, case details, or bigger-picture aims, leaving businesses, funders, and advisors in the dark. What should promote even-handed justice

often spirals into guesswork.

3.1 Veil Lifted: Pro-Accountability Approach

When judges lean this way, they chase true fairness, stripping away the corporate mask if it hides mischief. Fraud leads the charge: courts won't let crooks duck behind a business front, much like in *Gilford Motor*, where a former worker skirted a rivalry ban via a family-run shell¹³.

Tax cheats get called out too, especially sham outfits built to skip bills. Bigger stakes involve public welfare, wartime foes in *Daimler v. Continental Tyre*¹⁴, or Eco-messes pinning blame on top firms. Dodging labor dues or deals, as in *Jones v. Lipman*¹⁵ hasty land-sale ploy, draws the same response. Indian rulings, like *Re FG Films*¹⁶ spotting foreign pull-strings on local shells, trigger director heat under fraud clauses in Sections 339 or 447. It's courts saying: real culprits pay, structure be damned.

3.2 Veil Respected: Pro-Certainty Approach

This side grips Salomon tightly: firms exist apart, insulating bosses to fuel bold ventures and steady trades. The hurdle? Ironclad proof of total grip, outright fakery from deceit—not fuzzy fairness pleas as *LIC v. Escorts* dialed down overreach. No casual lifts; backers bank on sharp boundaries. *Tata Engineering v. Bihar*¹⁷ nailed it: companies aren't citizen packs claiming solo perks. It spares risk-takers personal wreckage from flops, honoring paperwork save for glaring wrongs.

3.3 Core Reasons for Inconsistency

No all-in-one statute sparks the mess—judges patch holes case-by-case. They bounce between "alter ego" blends of owner-firm or "instrumentality" profit gadgets, clashing Skipper Construction's wide net against tighter reins elsewhere. Layered empires—mother firms stacking offspring—nudge some toward street-smart tweaks, others to dusty norms. Core clash: paper shell or hidden reins? Tax and wind-up laws tangle with benches; worker scraps merge groups as one, deals keep 'em apart. Judges' moral twinges tip scales, skipping firm benchmarks like England's *Prest* evasion yardstick. Without common ground, disorder festers.

Chapter 4: Causes of Inconsistency in Lifting the Corporate Veil

The doctrine of lifting the corporate veil is an important concept in company law because it helps courts identify the real individuals behind a company when the corporate structure is misused. Generally, a company is treated as a separate legal entity from its shareholders and directors, a principle established in *Salomon v. A. Salomon & Co. Ltd.* However, in India the Companies Act, 2013 does not clearly explain when courts should ignore this separate identity. Because of this lack of clarity, courts sometimes apply the doctrine differently in similar situations. Several factors contribute to this inconsistency.

1.1. Legislative Silence and Fragmented Statutory Grounds

One of the main causes of inconsistency is the absence of a clear statutory framework in the Companies Act, 2013. The Act does contain certain provisions that allow personal liability of directors or officers in specific situations, particularly in cases involving fraud or misrepresentation. However, these provisions do not establish a single comprehensive rule for lifting the corporate veil.

For instance, sections dealing with fraud, misstatements in prospectus, and false information during company incorporation allow authorities to hold individuals responsible. These provisions show that the law recognizes situations where the corporate structure should not be misused. Yet they are scattered across different parts of the Act and apply only to particular circumstances. Because the legislation does not provide a uniform guideline, judges must rely on interpretation and past decisions, which often leads to varying outcomes.

4.2 Judicial Discretion without Structured Standards

Another major reason for inconsistency is the wide discretion exercised by courts¹⁸. Since the statute does not provide a clear test, judges decide whether to lift the corporate veil based on the facts of each case. Courts usually consider factors such as fraud, public interest, or attempts to evade legal obligations.

For example, in *LIC of India v. Escorts Ltd*¹⁹, the Supreme Court emphasized that the corporate veil should not be lifted casually and should only be done in exceptional circumstances. In contrast, courts have taken a stricter approach when the corporate form is clearly used to commit fraud or deceive others. Because judges rely on their own reasoning and interpretation, the outcome may differ from one case to another even if the circumstances are somewhat similar.

4.3 Complex Corporate Group Structures

Modern businesses often operate through complicated corporate group structures that include holding companies, subsidiaries, and associate companies. These arrangements are usually created for legitimate reasons such as risk management, expansion, or tax planning. However, they may also make it difficult to determine who actually controls the company.

When disputes arise, courts must decide whether each company in the group should be treated separately or whether the entire group should be viewed as a single economic unit. In some cases, courts recognize the independence of each company, while in others they treat the group as one entity if there is evidence of misuse. This lack of consistent treatment contributes to the overall uncertainty surrounding the doctrine.

4.4 Regulatory Weaknesses

Another factor behind the inconsistency is the involvement of multiple regulatory authorities. In India, different bodies such as the Ministry of Corporate Affairs, tax authorities, and tribunals may investigate corporate misconduct. Each authority operates under its own legal framework and objectives.

Because these regulators apply different rules and standards, their approaches toward corporate structures may vary. For instance, tax authorities may disregard certain corporate arrangements to prevent tax avoidance, while company law authorities may focus mainly on fraud or misrepresentation. This regulatory fragmentation makes the application of the doctrine less predictable.

4.5 Doctrinal Confusion

Finally, inconsistency also arises from the different legal theories used by courts to justify lifting the corporate veil. Judges sometimes rely on concepts such as the “alter ego” theory, which treats the company and its controllers as the same entity, or the “instrumentality” approach, which focuses on whether the company is being used as a tool for personal benefit. Since these doctrines are not clearly defined in Indian legislation, courts interpret them in different ways. As a result, similar cases may be decided using different reasoning. This doctrinal uncertainty further contributes to the inconsistent application of the corporate veil doctrine in India.

In conclusion, the inconsistency in lifting the corporate veil arises from legislative silence, broad judicial discretion, complex corporate structures, regulatory fragmentation, and doctrinal confusion. Greater clarity in legislation and clearer judicial standards could help

bring more consistency and predictability to this area of company law.

Chapter 5: Impact of the Doctrine of Corporate Veil on Other Jurisdictions

5.1. United States Approach

The Salomon Case serves as the foundation of English Company law. English courts recognize the impact of piercing the corporate veil on the core principle of limited liability and generally maintain the standard practice of refraining from pursuing claims against a company's legal identity. Consequently, English courts usually adopt a careful stance regarding veil piercing and seek to limit its use. English law lacks a general principle that permits the piercing of the corporate veil in cases of misuse, fraud, misconduct, or evasion of legal obligations.

English courts are willing to depart from the Salomon principle, but has not achieved. Following the Salomon case in 1897 and up to the end of World War II in 1945, an experimental phase unfolded in the U.S. Due to severe critiques of limited liability, English courts started to lift the corporate veil soon after the Salomon ruling, as seen in several legal precedents. Cases such as *In re Darby*, *Gilford*, and *Daimler* demonstrated how courts navigated issues of fraud, trusteeship, and enemy status. Nonetheless, because of the absence of a cohesive methodology, these experiments did not lead to a structured framework. However, whenever the situation allowed, courts lifted the veil.

U. S. courts typically depend on two main theories when deciding if they should pierce the corporate veil: the agency theory and the alter ego or instrumentality theory. These theories create a specific structure with particular standards to aid in making decisions, encouraging predictability in legal results, though it may not offer the same level of certainty as formal statutes. The alter ego or instrumentality principle indicates that the corporate shield may be lifted when a corporation functions as an extension of an individual, or an "alter ego".

This principle stipulates that three primary criteria must be met: firstly, there should be a unity of interest between the shareholder and the corporation, meaning their identities are so connected that they appear virtually indistinguishable; secondly, the corporation must have committed a wrongful or unfair act; and third, the harm suffered by the party seeking to pierce the veil must be a predictable result of the corporation's actions. These standards help courts maintain a uniform method for piercing the veil, although this occasionally leads to unfair results if the regulations are enforced too strictly. Here is where equitable principles, or fairness considerations, may be brought in to guarantee fair results, although they are not

consistently relevant in these circumstances.

The agency theory, initially defined in 1926 as, focuses on situations where one company is fully controlled by another, thus serving as an agent for the parent company²⁰. In such circumstances, courts might pierce the veil to make the parent company liable. This theory is especially important when the parent company's dominance over the subsidiary is so extensive that the subsidiary is viewed as lacking independence. Although the agency theory is simple, U.S. courts have occasionally disagreed on how to apply it, particularly when control is less apparent.

The Companies Act of India, 2013 does not specifically mention the doctrine of piercing the corporate veil, though it does contain various rules related to corporate governance and limited liability. In contrast, in the USA, the application of this doctrine may be influenced by state-specific business entity laws and other related acts, even in the absence of federal legislation addressing the breach of the corporate veil.

5.2. Japanese Approach

The idea of piercing the corporate veil is commonly known in Japanese as the upliftment of the corporate veil. Japanese Courts also depend on applying this doctrine in extraordinary situations and do not view this tool as a standard method of application. Typically, this doctrine is applied in corporate situations that include fraudulent actions by the company or its executives, or abuse of the corporate framework.

The procedure for overseeing the implementation of this doctrine relies on the litigation process to be entirely at the judge's discretion since there is no particular legal statute permitting the existence of this concept. Although not regulated by a statutory provision, it is important to highlight that Japan implemented the Limited Liability Company (LLC) concept as a new type of business entity in 2006, where this form of company grants limited liability to its members and can also be subject to the lifting of the corporate veil if used unlawfully or fraudulently.

Additionally, in the matter of *Sapporo Service Co. Ltd. v. Taki Electronics Co. Ltd.*, Supreme Court of Japan (1990)²¹, the situation revolved around a dispute in which the plaintiff claimed that an individual's conduct and misuse of the corporate form made them personally liable for the corporation's debts. Therefore, the principle of lifting the corporate veil was also examined and considered in this Japanese case. A comparable application was argued in the case of *Hirooka v. Ishikawa*, Supreme Court of Japan (1990), and the doctrine of lifting the corporate veil played a key role in establishing liability.

5.3. **Turkish Approach**

Turkey's legal framework is also grounded in the Civil Law system, placing greater importance on Judges' discretion than on statutory requirements. Discussing the corporate environment in Turkey, shareholders are regulated by the Turkish Civil Code, and according to Articles 2 and 3/II of the Code, shareholders can be held accountable through veil piercing in these circumstances: (i) fraudulent activities; (ii) breach of contract by posing as the company; or (iii) malicious intent.

Shareholders who possess the majority of voting rights or share capital in a company are referred to as 'controlling shareholders' due to their authority to manage and represent the firm. A different business or individual possessing the majority of shares may also grant control over a corporation. The Turkish judiciary seeks to penetrate the corporate veil and make the controlling shareholder or shareholders liable for the company's debts when they exploit their controlling powers to the detriment of creditors, purely for their own benefit. Thus, the principle of lifting the corporate veil is applied in the Courts of Turkey.

5.4. **United Kingdom Approach**

The principle of lifting the corporate veil, derived from the UK's *Salomon v Salomon* case, permits courts to set aside a company's distinct legal status to hold individuals accountable for fraud, evasion, or misconduct. Although both legal systems depend on comparable common law principles, India employs both judicial precedents and particular statutory provisions (such as the Companies Act 2013) to lift the corporate veil, while the UK (following *Prest v Petrodel*) adopts a more restrained approach, concentrating exclusively on "evasion" or "concealment" of legal duties.

UK Method (Conservative): The UK Supreme Court limited veil lifting to two primary principles. Principle of Evasion and Principle of Concealment²².

Evasion Principle states that interfering with someone who has a legal obligation by inserting a company to avoid it. The Concealment Principle involves revealing the actual parties responsible for a company to enforce liabilities, while still recognizing the company's distinct identity.

Indian Approach (Proactive): Indian courts often acknowledge *Salomon* but regularly pierce the corporate veil for "public interest" or to avert the abuse of corporate structure. The Companies Act, 2013, permits lifting the veil in cases of fraudulent trading, inability to return application money, or misrepresentation of the company. Instances such as *Delhi Development Authority v. Skipper Construction*²³ (establishing responsibility for deceitful actions)

illustrate a wider scope.

India frequently employs the "alter ego" principle, viewing the company and its executives as identical in instances of fraud. In comparison, the UK, following *Prest*, restricts this strictly to instances where the company is merely a "sham" or "façade."

Chapter 6: Consequences of Lifting the Corporate Veil

6.1. Impact on Limited Liability and Investor Confidence

The action of piercing the corporate veil can weaken the concept of limited liability, a key benefit of corporate status that promotes investment. When courts choose to pierce the veil, shareholders may face personal liability for company debts, possibly putting their personal assets at risk. This scenario can discourage investors, particularly in small and medium-sized enterprises (SMEs), because they might worry that unforeseen judicial rulings could result in personal liability. Without clear guidelines, this doctrine may weaken investor confidence, affecting both capital flow and economic growth.

6.2. Increase in Litigation (Litigation Explosion)

While Indian law permits courts to pierce the corporate veil, practical difficulties hinder the implementation of this principle. Collecting proof of fraudulent actions or misconduct by directors or shareholders can be a challenging endeavor, as they may conceal information or establish intricate corporate arrangements to evade notice. Moreover, utilizing principles such as "substance over form"—in which courts look into the actual situation behind a transaction's official arrangement—can be labor-intensive and challenging to execute, especially in situations that involve complex corporate networks or foreign organizations. The heavy administrative load on court and investigative bodies to carefully examine each case can result in uneven enforcement and, occasionally, unsatisfactory results.

6.3. Inadequate Protection for Creditors

While the principle of lifting the corporate veil occasionally shields creditors by making shareholders personally accountable, Indian legislation lacks a clear method for creditors to pursue veil-piercing actions. This legal gap exposes creditors, especially when shareholders try to remove assets or involve themselves in fraudulent activities to evade debt payments. Although courts may sometimes step in to safeguard creditors, the absence of explicit statutory guidelines forces creditors to depend on judicial judgment, restricting their

capacity to autonomously pursue claims and making them vulnerable to court rulings.

6.4. Regulatory Arbitrage and Abuse of Corporate Structure

Ignoring a company's distinct legal status to hold individuals accountable presents considerable chances for regulatory arbitrage and the misuse of corporate frameworks. Although the corporate veil is intended to safeguard shareholders and support business operations, the absence of a consistent, reliable criterion for when courts might "pierce" this veil enables corporate entities to escape legal responsibilities, deceive creditors, or bypass environmental and tax regulations.

Inconsistent judicial enforcement results in abuses like Evasion of Liability, where Shareholders can utilize a company as a shield, or "façade," to escape current legal duties or contract fulfillment.

Arbitrage via Subsidiary Structure: Leading parent firms may divide their functions into various levels of subsidiaries to conceal responsibility, a strategy frequently designed to evade local laws, employment regulations, or ecological standards.

Misuse of Single Economic Entity: Businesses may claim to be distinct entities to reduce liability but function as one entity to take advantage of merged operations, exploiting this separation to avoid taxes or legal obligations.

Fraudulent Transactions: Companies might create "shell" entities that lack genuine business intent, solely to divert assets or conceal the actual beneficiary of a deal.

6.5. Rule of Law Implications of Inconsistent Veil Lifting:

Creates considerable obstacles to the rule of law, mainly by diminishing legal certainty, predictability, and equality under the law. The principle of law mandates that laws should be understandable, reliable, and uniformly enforced. Variability in judicial methods for piercing the veil results in uncertainty for companies and investors about when the corporate protection will remain intact. This ambiguity complicates corporate planning and heightens legal risks for legitimate business operations.

Inconsistent enforcement implies that comparable corporate structures might be handled variably across different courts or jurisdictions, resulting in disparities among market participants. The rule of law relies on maintaining essential legal principles. The Salomon v. Salomon principle (distinct legal identity) is fundamental; inconsistent piercing of this veil undermines the integrity of contracts and corporate identity, vital for business.

6.6. Legal Uncertainty in Veil Lifting

Legal ambiguity is a major result of the uneven enforcement of the principle of "lifting the corporate veil". Since this doctrine is not completely established and heavily depends on judicial discretion, courts may at times rigorously enforce the separate entity principle, while in other cases, they disregard the veil concerned with "justice" or "public interest". This disjointed method poses difficulties in forecasting when personal liability may occur.

The absence of a clear benchmark or consistent criterion for piercing the corporate veil complicates efforts for companies to foresee the legal repercussions of their activities, especially in corporate groups or when establishing subsidiaries. Courts occasionally switch between rigidly following corporate separateness and using "enterprise liability," resulting in inconsistent legal rulings. For example, the High Court may decline to lift the veil in one case, whereas the Supreme Court could choose to do so considering other aspects, heightening litigation risks. Inconsistent implementation obstructs the effective enforcement of accountability, as creditors remain unsure whether they can access the personal assets of those behind a fraudulent business.

Chapter 7: Balanced Framework For Lifting Corporate Veil in India-

7.1. Rigid Codification

Rigid codification refers to the introduction of a clear statutory framework within the Companies Act, 2013 that explicitly defines the circumstances under which courts may lift the corporate veil. The doctrine of separate corporate personality established in *Salomon v A Salomon & Co Ltd* recognises a company as a legal entity distinct from its shareholders and directors.

While this principle protects investors and promotes commercial growth, it can also be misused when individuals hide behind corporate structures to commit fraud or evade legal obligations.

Currently, the Companies Act, 2013 contains only scattered provisions such as section 7(7), section 251 and section 447 which indirectly permit veil lifting but do not form a comprehensive doctrine. A judicial illustration can be seen in *Delhi Development Authority v Skipper Construction Co (P) Ltd* where the Supreme Court lifted the corporate veil after discovering that multiple corporate entities were used to divert funds and defraud homebuyers. The Court held that when a company is used as a mere façade to conceal fraud, courts are justified in disregarding the corporate personality to identify the real

wrongdoers. Codification of such principles could therefore ensure greater legal certainty and reduce inconsistent judicial outcomes.

7.2. Unfettered Judicial Discretion

In India, the doctrine of lifting the corporate veil largely operates through judicial interpretation rather than explicit statutory rules. Under the model of unfettered judicial discretion, courts possess broad authority to determine when the corporate veil should be lifted based on the facts of each case.

Courts usually consider factors such as fraud, improper conduct, agency relationships, public interest and tax evasion. In a case, the Supreme Court refused to lift the corporate veil in relation to a cross-border share transaction²⁴.

The Court held that the corporate structure represented a legitimate commercial arrangement rather than a device to evade tax. The Court recognised the independent corporate identity of a subsidiary company and declined to pierce the veil²⁵. While judicial discretion allows flexibility, the absence of statutory guidance often results in inconsistent judicial reasoning.

7.3. Principled Veil-Lifting Test (Three-Tier Model)

To reduce inconsistency, legal scholars have proposed a structured framework known as the Three-Tier Veil-Lifting Test. The first stage is the Control Test, where courts examine whether shareholders or parent companies exercise dominant control over the company. Indicators include majority shareholding, common directors and unified financial control.

The second stage is the Improper Conduct Test, which requires proof that the corporate structure was used for wrongful purposes such as fraud, tax evasion or avoidance of legal obligations.

The final stage is the Causation Test, which requires a direct link between misuse of the company and the harm suffered by the claimant. This reasoning was reflected in *Prest v Petrodel Resources Ltd* where the UK Supreme Court clarified that veil lifting is justified only when a company is used to evade an existing legal obligation. Such a structured approach promotes consistency while preserving judicial flexibility.

7.4. Role of Supreme Court Guidelines

The Supreme Court of India plays a crucial role in shaping the doctrine of lifting the corporate veil through its constitutional authority under Articles 141 and 142 of the Constitution of India.

The law declared by the Supreme Court binding on all courts within India²⁶, enabling the Court to develop guiding principles where legislation is unclear. In *Delhi Development Authority v Skipper Construction Co (P) Ltd* the Court lifted the corporate veil after discovering that promoters had created multiple companies to conceal fraudulent activities.

Conversely, in *LIC v Escorts Ltd* the Court emphasised that veil lifting should be applied only in exceptional circumstances. Through such precedents the Supreme Court effectively provides quasi-statutory guidance until legislative reform is undertaken.

7.5. Role of Regulators (MCA, SFIO, SEBI)

Regulatory authorities also play a crucial role in uncovering misuse of corporate structures. The Ministry of Corporate Affairs (MCA) supervises company registration and corporate governance.

It introduced the Significant Beneficial Ownership Rules requiring disclosure of individuals who ultimately control companies. The Serious Fraud Investigation Office investigates complex corporate frauds including shell company networks.

A notable example is the Satyam Computer Services accounting scandal where regulatory investigations revealed manipulation of financial statements and misuse of corporate structures.

7.6 Legislative Reform

A long-term solution to inconsistency in veil lifting is comprehensive legislative reform within the Companies Act, 2013. The Act could introduce a dedicated chapter defining circumstances in which courts may pierce the corporate veil, supported by statutory factors such as fraud, control and misuse of corporate form. Comparative insights may be drawn from *Prest v Petrodel Resources Ltd* where the UK Supreme Court clarified that veil lifting should occur only when the corporate structure is used to evade legal obligations. Similar statutory clarity in India would enhance predictability and strengthen corporate governance.

Chapter 8: Emerging Challenges

8.1 Complex Group Structures and Beneficial Ownership

Modern corporations often operate through complex group structures involving holding companies, subsidiaries and offshore entities. These layered arrangements may obscure the identity of the individuals who actually control corporate decisions. To address this issue, India introduced the Significant Beneficial Ownership Rules, 2018 which require companies

to disclose individuals who ultimately control more than ten percent of ownership or influence. These measures improve transparency and assist courts in identifying the true beneficiaries behind corporate entities.

8.2 Digital Economy and Shell Corporations

The rise of the digital economy has created new avenues for corporate misuse. Shell companies may operate through digital platforms, cryptocurrency transactions and online financial systems. These entities are frequently used to hide illicit funds, evade taxes or transfer assets across international borders. Courts and regulators increasingly need to examine such structures and pierce the corporate veil where companies function merely as vehicles for fraud or money laundering.

8.3 ESG and Public Interest Expansion

Environmental, Social and Governance (ESG) principles have expanded the scope of corporate accountability. Modern corporate law emphasizes that companies must consider their impact on society and the environment. In *M C Mehta v Union of India*²⁷ the Supreme Court introduced the doctrine of absolute liability for hazardous industries, strengthening corporate responsibility for environmental harm. The decision demonstrates how courts prioritize public interest and environmental protection over strict adherence to corporate personality.

8.4 Future Judicial Trajectories

The future development of veil-lifting doctrine in India is likely to involve greater judicial standardization and corporate transparency. Courts may develop clearer analytical tests to ensure consistent application of the doctrine. Globalization also requires courts to address cross-border corporate structures and cooperate with international regulatory frameworks. Furthermore, technological developments such as digital platforms and algorithm-driven corporate entities will require courts to adapt traditional veil-lifting principles to modern economic realities.

Chapter 9: Conclusion

9.1. Recommendations.

The doctrine of lifting the corporate veil has long been characterized by a lack of uniformity and predictability, primarily because it has evolved through judicial interpretation rather than

comprehensive statutory codification. This perceived inconsistency, however, is not merely a defect but a reflection of the complex and dynamic nature of modern business structures. Companies today operate across diverse sectors, adopt varied organizational models, and engage in increasingly sophisticated transactions. In such a landscape, it is neither feasible nor desirable for the legislature to prescribe an exhaustive list of circumstances under which the corporate veil may be lifted. Any rigid statutory framework would risk becoming obsolete or ineffective, as it could be easily circumvented by innovative corporate arrangements designed to exploit legal loopholes. Thus, the absence of fixed statutory provisions can be understood as a conscious space left for judicial discretion to adapt to evolving commercial realities.

At the same time, the principle of separate legal personality, firmly established in *Salomon v A Salomon & Co Ltd*, remains the cornerstone of company law. It provides certainty and protection to shareholders by limiting their liability and encouraging investment and entrepreneurship. However, when this principle is misused to perpetrate fraud, evade legal obligations, or defeat public policy, courts have not hesitated to pierce or lift the corporate veil. The challenge, therefore, lies in reconciling two competing objectives: preserving the sanctity of corporate personality and preventing its abuse. This is where the solution of balancing flexibility and legal certainty becomes crucial.

A balanced approach requires that courts retain sufficient flexibility to address novel forms of corporate misconduct while simultaneously ensuring that their decisions are guided by coherent principles. Flexibility allows the judiciary to respond effectively to situations where companies are used as mere instruments or façades for improper purposes. For instance, in *Gilford Motor Co Ltd v Horne*, the court lifted the veil to prevent a former employee from using a company as a device to circumvent a non-compete clause. Similarly, in *Jones v Lipman*, the defendant attempted to evade a contractual obligation by transferring property to a company under his control; the court treated the company as a sham and ordered specific performance. These cases demonstrate that judicial flexibility is essential to prevent injustice.

However, unbridled discretion can lead to unpredictability and undermine business confidence. Legal certainty demands that courts articulate clear reasons and rely on identifiable principles when deciding to lift the veil. This can be achieved through a principle-based framework rather than rigid rules. Courts may rely on established grounds such as fraud, façade or sham, evasion

of legal obligations, agency relationships, and protection of public interest. By consistently applying these guiding principles, the judiciary can develop a structured body of precedent that enhances predictability without sacrificing adaptability.

A useful way to operationalize this balance is through a two-step judicial test. First, the court should determine whether there has been an element of impropriety, such as misuse of the corporate form to achieve an unlawful or unjust objective. Second, the court should assess whether lifting the veil is necessary to remedy the wrongdoing or prevent injustice. This necessity requirement ensures that veil lifting remains an exceptional remedy, invoked only when alternative legal mechanisms are inadequate. Such an approach preserves the integrity of corporate personality while ensuring that it does not become a shield for misconduct.

The need for flexibility is particularly evident when examining the diverse grounds on which courts have lifted the veil across different business contexts. In cases involving fraudulent business structures, courts have disregarded corporate personality where companies are formed solely to perpetrate fraud. The decision in *Gilford Motor Co Ltd v Horne* is illustrative of this principle. Similarly, in contract avoidance cases such as *Jones v Lipman*, the veil is lifted to prevent individuals from escaping contractual liabilities through the interposition of a company.

In the realm of taxation, courts have intervened where corporate structures are used as devices for tax evasion. For example, in *CIT v Sri Meenakshi Mills Ltd*²⁸, the court emphasized that the corporate form cannot be used to evade tax obligations. Similarly, in cases involving sham or façade companies, such as *Trustor AB v Smallbone* (No 2)²⁹, the veil is lifted when the company exists merely as a vehicle to conceal the true facts.

Group companies present another complex scenario where the doctrine is applied. In *DHN Food Distributors Ltd v Tower Hamlets LBC*³⁰, the court treated a group of companies as a single economic entity, recognizing the commercial reality of their operations. Although this approach has been applied cautiously in later cases, it highlights the need for flexibility in dealing with modern corporate groups. Similarly, in cases of asset stripping, such as *Creasey v Breachwood Motors Ltd*³¹, courts have lifted the veil to prevent companies from transferring assets to avoid liabilities.

Director misconduct also justifies piercing the veil, particularly where directors breach their fiduciary duties by diverting corporate assets for personal gain. In *Gencor ACP Ltd v Dalby*³², the court held a director personally liable for profits made through misuse of his position. Similarly, where a company acts as an agent or alter ego of its shareholders, courts may disregard its separate personality, as seen in *Life Insurance Corporation of India v Escorts Ltd*.

Public interest considerations also play a significant role in veil lifting. In *Delhi Development Authority v Skipper Construction Co (P) Ltd*, the Supreme Court lifted the veil to prevent fraud on the public and ensure justice. Likewise, in cases involving national security, such as *Daimler Co Ltd v Continental Tyre and Rubber Co (Great Britain) Ltd*, the court examined the enemy character of a company by looking beyond its corporate personality.

These varied grounds across different business contexts demonstrate that the doctrine of lifting the corporate veil cannot be confined within rigid statutory boundaries. Each case presents unique facts and requires a nuanced analysis. Therefore, the most effective solution lies in maintaining a balance between flexibility and legal certainty. Flexibility ensures that courts can address emerging forms of corporate abuse, while legal certainty provides stability and predictability for businesses.

9.2 Final Observation

The doctrine of lifting the corporate veil occupies a complex yet indispensable position within modern company law. Rooted in the foundational principle established in *Salomon v A Salomon & Co Ltd*, the concept of separate legal personality continues to serve as the bedrock of corporate jurisprudence by ensuring limited liability, encouraging investment, and facilitating economic growth. However, as this paper demonstrates, the very strength of this principle also creates the potential for misuse when individuals exploit the corporate structure as a shield for fraud, evasion, or improper conduct.

The central issue identified in this study is not merely the existence of inconsistency in judicial decisions, but the absence of a coherent and structured framework within the Companies Act, 2013. Courts in India have been compelled to rely extensively on judicial discretion, leading to divergent approaches that oscillate between strict adherence to corporate personality and proactive intervention in the interest of justice. While such flexibility

enables courts to respond to complex and evolving corporate realities, it simultaneously generates legal uncertainty, undermines predictability, and affects investor confidence.

A comparative analysis with jurisdictions such as the United Kingdom, the United States, Japan, and Turkey reveals that while inconsistency is not unique to India, other systems have gradually evolved clearer doctrinal standards. The restrictive approach adopted in *Prest v Petrodel Resources Ltd*, particularly through the evasion and concealment principles, demonstrates the value of a principled limitation on veil lifting. Similarly, structured tests such as the “alter ego”³³ and “instrumentality” doctrines in the United States highlight the importance of defined judicial criteria.

In the Indian context, the absence of such structured standards has resulted in an over-reliance on case-specific reasoning. This paper argues that complete codification is neither feasible nor desirable, as rigid statutory provisions may fail to address the dynamic and sophisticated nature of modern corporate structures. Instead, what is required is a **principle-based framework** that balances judicial flexibility with legal certainty. Such a framework should incorporate:

- Clearly articulated **guiding principles** (fraud, evasion, façade, public interest);
- A **structured judicial test** (control, misconduct, and causation);
- Enhanced **regulatory coordination** (MCA, SFIO, SEBI); and
- **Judicial discipline** in consistently applying established doctrines.

Ultimately, the doctrine of lifting the corporate veil must remain an **exceptional remedy**, invoked only where the misuse of corporate personality is evident and where no alternative remedy is sufficient. The goal is not to weaken the principle of separate legal personality, but to preserve its integrity by preventing its abuse.

In conclusion, the perceived inconsistency in veil lifting is not merely a flaw but a reflection of the doctrine’s inherent flexibility. The challenge, therefore, is not to eliminate discretion but to **structure it**. A balanced approach combining legislative guidance, judicial consistency, and regulatory oversight will ensure that the doctrine continues to serve its dual purpose: **protecting legitimate business activity while preventing injustice and corporate abuse**.

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- ³ Companies Act, 2013, Section 2(20) (India)
- ⁴ *Cape Pacific Ltd. v. Lubner Controlling Investments. (Pty) Ltd., 1995 (4) S.A. 790 (A)*
- ⁵ *Salomon v. Salomon & Co, Ltd [1897] AC 22 (HL)*
- ⁶ LCB Gower, Principles of Modern Company Law (10th edn, Sweet & Maxwell 2016)
- ⁷ The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India)
- ⁸ Companies Act, No. 18 of 2013, Section 34–35, India Code (2013)
- ⁹ Companies Act, 2013, Section 447 (India)
- ¹⁰ Securities and Exchange Board of India Act, 1992, §§ 11, 11B
- ¹¹ Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (India)
- ¹² Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (India)
- ¹³ *Gilford Motor Co Ltd v Horne*, [1933] Ch. 935
- ¹⁴ *Daimler Co Ltd v Continental Tyre and Rubber Co*, [1916] 2 A.C. 307
- ¹⁵ *Jones v Lipman*, [1962] 1 W.L.R. 832
- ¹⁶ *Re FG Films Ltd*, [1953] 1 W.L.R. 483
- ¹⁷ *Tata Engineering and Locomotive Co Ltd v State of Bihar*, A.I.R. 1965 S.C. 40
- ¹⁸ Avtar Singh, *Company Law* (latest ed.)
- ¹⁹ *Life Insurance Corporation of India v Escorts Ltd*, (1986) 1 S.C.C. 264
- ²⁰ *Berkey v Third Avenue Railway Co*, 244 N.Y. 84 (1926)
- ²¹ *Sapporo Serv. Co. Ltd. v. Taki Elecs. Co. Ltd.*, Tokyo Dist. Ct. (Japan) 1990
- ²² *Prest v Petrodel Resources Ltd*, [2013] UKSC 34
- ²³ *Delhi Development Authority v Skipper Construction Co (P) Ltd*, (1996) 4 S.C.C. 622
- ²⁴ *Vodafone International Holdings BV v Union of India*, (2012) 6 S.C.C. 613
- ²⁵ *State of Uttar Pradesh v Renuagar Power Co*, (1988) 4 S.C.C. 59
- ²⁶ INDIA CONST. art. 141
- ²⁷ *M.C. Mehta v Union of India*, (1987) 1 S.C.C. 395
- ²⁸ *Commissioner of Income Tax v Sri Meenakshi Mills Ltd*, A.I.R. 1967 S.C. 819.
- ²⁹ *Trustor AB v Smallbone (No 2)*, [2001] 1 W.L.R. 1177
- ³⁰ *DHN Food Distributors Ltd v Tower Hamlets LBC*, [1976] 1 W.L.R. 852
- ³¹ *Creasey v Breachwood Motors Ltd*, [1993] BCLC 480 (Ch.)
- ³² *Gencor ACP Ltd v Dalby*, [2000] 2 B.C.L.C. 734
- ³³ Reinier Kraakman et al., *The Anatomy of Corporate Law* (3d ed. 2017)

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