LL.B. III Term 2017

LB – 303: COMPANY LAW

**Prescribed Legislation:** The Companies Act, 2013

**Prescribed Readings:**

Paul L. Davies, *Gower and Davies Principles of Modern Company Law* (Latest edition)
Gower’s and Davies’ *Principles of Modern Company Law*, (8th ed., 2008)

**Prescribed Journals:**

*Chartered Secretary: ICSI, New Delhi*
*Corporate Law Adviser*
*Company Law Journal*

**Recommended Readings:**

- *Report of Companies Law Committees (February, 2016)*
- *The Companies (Amendment) Bill, 2016*

**Topic 1: Nature and Kinds of Companies**

(b) **Theory of ‘Corporate Personality’**: Concept of Separate Legal Entity, Company not a citizen of India; Lifting of the Corporate Veil, Statutory Exceptions to Limited Liability

2. *State Trading Corporation v. CTO*, AIR 1963 SC 811  
5. *Daimler Co., Ltd. v. Continental Tyre and Rubber Co. (Great Britain), Ltd.*, AIR 1966 SC 320  
7. *In re Sir Dinshaw Manekjee Petit*, AIR 1927 Bom. 371  

(c) **Kinds of Companies** – Public Sec. 2(71) and Private Companies Sec. 2(68); Holding Sec. 2(46) and Subsidiary Companies Sec.2(87); Limited and Unlimited Companies Sec.2(92); Share-holding and Guarantee Companies Sec.2(21/22); Producer Companies; Small company Sec. 2(85); One person company Sec.2(62); Government company Sec.2(45); and foreign company Sec.2(42).

**Topic 2 : Promotion and Formation of Company**

(a) **Promotion**: Promotion of Company, Promoters Sec.2 (69), their position, Powers, Duties and Liabilities.

(b) **Formation**: Formation of Company (Sec.3), Procedure of registration including online registration of a company, Effects of Certificate of Incorporation And Registration of company (Sec.9).


**Topic 3 : Company’s Constitutional Documents**

(a) **Memorandum of Association Section 4 and Articles of Association Section 5** – Importance, Registration and Its Effect; Binding Nature; Clauses in Memorandum of
Association, Alteration of Memorandum of Association and Articles of Association Section 10-16

(b) **Doctrine of Ultra vires** – A critical analysis of doctrine of Ultra Vires.


16. *In re (Jon) Beuforte (London) Ltd*. (1953) Ch. 131 107

17. *Bell Houses, Ltd. v. City Wall Properties, Ltd.* (1966) 2 All E.R.674 111

18. *Re Introductions, Ltd., Introductions, Ltd. v. National Provincial Bank Ltd.* (1969) 1 All ER 887 121


(c) **Doctrine of Indoor Management**: Binding Nature of Articles of Association between members/shareholders *inter se* and also outsiders; Rule of Constructive Notice; Doctrine of Indoor Management and its exceptions.


21. *Freeman & Lockyer (A Firm) v. Buckhurst Park Properties (Mangal) Ltd.* (1964) 1 All ER 630 133

22. *Kotla Venkataswamy v. Chinta Ramamurthy*, AIR 1934 Mad. 579 144

**Topic 4: Prospectus**

Prospectus Sec. 2(70), Kinds- Abridged Sec.2 (1), Deemed Sec.25, Shelf Sec. 31, Red-Herring Sec. 32, Information Memorandum, Registration Sec.26, Remedies against Misrepresentation, Liabilities- Civil and Criminal.

**Topic 5: Company’s Share Capital/Debenture**

(a) **Equity Finance**: Shares Sec. 2(84), Kinds of Share capital Sec.43

(a) Equity share (b) Preference share

(b) **Debt Finance**: Debentures Sec. 2(30) Nature of shares or debentures Sec.44

Comparison Between Share and Debenture
**Topic 6: Board of Directors**

Corporate Governance; Appointment of Directors; Duties of Directors and their Criminal and Civil liabilities.

**Director’s Identification Number Sec.153-159**

Independent Director Sec.2 (47)

- **Case Study on Satyam Scandal**
  23. Percival v. Wright (1902) 2 Ch. 421
  24. Burland v. Earle (1902) AC 83 : (1900-03) All ER Rep. 1452
  25. City Equitable Fire Insurance Co., Re (1925) Ch. 407
  27. Industrial Development Consultants Ltd. v. Cooley (1972) 1 WLR 443

**Topic 7: General Meetings**

Types / Kinds of Meetings, Essential Conditions of a Valid Meeting, Procedure for Calling Company Meetings.

**Topic 8: Prevention of Oppression and Mismanagement**

Protection of Minority Shareholders; Powers of Tribunal and Central Government; Prevention of Oppression and Mismanagement Sec.241-244;

**Class Action Suit (Sec.245)**

*Foss v. Harbottle* Rule - Exceptions – acts ultra vires, fraud on minority, acts requiring special majority, wrongdoers in control, etc.

29. Foss v. Harbottle (1843) 2 Hare 461: (1843) 67 ER 189
30. H.R. Harmer Ltd., Re (1958) 3 All E.R. 689
31. Scottish Co-operative Wholesale Society, Ltd. v. Meyer 1959 AC 324
32. Shanti Prasad Jain v. Kalinga Tubes Ltd., AIR 1965 SC 1535
33. Rajahmundry Electric Supply Corporation Ltd. v. A. Nageshwar Rao, AIR 1956 SC 213
34. Bharat Insurance Co. Ltd. v. Kanhaiya Lal, AIR 1935 Lah. 792
35. Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holdings Ltd., AIR 1981 SC 1298

**Topic 9: Winding up of Companies**
Modes of Winding up Sec.270 – Winding up by the Tribunal Sec.271-303; Voluntary winding up Sec.304-323; - Grounds, Procedure.

37. German Date Coffee Co., In Re (1882) 20 Ch. D. 169 247
38. Seth Mohan Lal v. Grain Chambers Ltd., AIR 1968 SC 772 260
40. Yenidje Tobacco Co. Ltd., Re (1916) 2 Ch. D. 169

**Topic 10: Adjudicatory Bodies**

National Company Law Tribunal; National Company Law Appellate Tribunal – Constitution, Powers, Jurisdiction, Procedure, Judicial Review Sec. 407-433

41. Madras Bar Association V. Union of India & Anr. Writ Petition (C) No. 1072 OF 2013 Decision on 14th May, 2015. 273

**Topic 11: Corporate Social Responsibility**

Introduction to CSR; Need for CSR; CSR Sec. 135 under Companies Act, 2013; Companies (Corporate Social Responsibility Policy) Rules 2014 (CSR Rules) and Schedule VII of Companies Act, 2013

**IMPORTANT NOTE:**

1. The topics and cases given above are not exhaustive. The teachers teaching the course shall be at liberty to add new topics/cases.

2. The students are required to study the legislations as amended up-to-date and consult the latest editions of books.
LL.B. IV Term

Company Law

Cases Selected and edited by

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