LL.B. III Term 2015

LB – 303: COMPANY LAW
(New Syllabus w.e.f. 2015)

Prescribed Legislation: The Companies Act, 2013

Prescribed Readings:
1. Paul L. Davies, Gower and Davies Principles of Modern Company Law (Latest edition)

Topic 1: Nature and Kinds of Companies

(a) ‘Company’ – Definition; Evolution – Comparative analysis of provisions of Companies Act, 1956 and Companies Act 2013; Comparison between Company and Partnership and Company and Limited Liability Partnership; Formation of Company (Sec-3), Effects of Registration (Sec-9), Advantages and Disadvantages of Incorporation – Theory of ‘Corporate Personality’/Separate Legal Entity, Limited liability of members/shareholders, Holding and disposal of property, Management divorced from capital, Perpetual succession, Transferable shares, Power to sue and being sued

(b) Theory of ‘Corporate Personality’: Company not a citizen of India; Lifting of the Corporate Veil – Tax Evasion, Enemy Character, Fraud or Improper conduct, Statutory Exceptions to Limited Liability - Reduction in number of members below minimum Mis-description of Company’s Name, Holding and Subsidiary Relationship, Personal liability of promoters, directors, etc. for fraudulent conduct of business.

2. State Trading Corporation v. CTO, AIR 1963 SC 811
3. TELCO v. State of Bihar, AIR 1965 SC 40
4. R.C. Cooper v. Union of India (1970) 3 SCR 530
5. Daimler Co., Ltd. v. Continental Tyre and Rubber Co. (Great Britain), Ltd., 1916 AC 307 : (1916-17) All ER Rep. 191
7. In re Sir Dinshaw Maneckjee Petit, AIR 1927 Bom. 371
### 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), foreign company Sec.2(42).

### Topic 2: 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
- Effect of ultra vires transactions critical analysis

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<td>Re Introductions, Ltd., Introductions, Ltd. v. National Provincial Bank Ltd. (1969) 1 All ER 887</td>
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<td>Dr. A. Lakshmanaswami Mudaliar v. Life Insurance Corporation of India, AIR 1963 SC 1185</td>
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#### (c) Doctrine of Indoor Management
- Binding Nature of Articles of Association between members/shareholders inter se and also outsiders; Rule of Constructive Notice; ‘Indoor Management’- Exceptions – knowledge of irregularity, suspicion of irregularity, forgery, representation through articles

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<td>Royal British Bank v. Turquand (1856) 119 ER 886 : (1843-60) All ER Rep. 435</td>
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20. *Freeman & Lockyer (A Firm) v. Buckhurst Park Properties (Mangal) Ltd.* (1964) 1 All ER 630


**Topic 3: Promoters – Duties and Liabilities**

Promoters Sec.2(69), Rights, Powers and Duties as Trustee; Contract with company; Liability for Negligence and Personal Profits


**Topic 4: Company’s Share capital/Debenture**

Shares Sec. 2(84), Kinds of Share capital Sec.43 (a) Equity share (b) Preference share
Debentures Sec. 2(30) Nature of shares or debentures Sec.44

**Topic 5: Board of Directors**

Appointment of directors Sec.152, and duties of directors Sec.166, fiduciary and other duties of directors – Directors Identification number Sec.153-159 – Independent directors Sec.2(47), Mandatory Women Directors

23. *Percival v. Wright* (1902) 2 Ch. 421
27. *Industrial Development Consultants Ltd v. Cooley* (1972) 1 WLR 443

**Topic 6: General Meetings**

General Meetings (a) Annual General Meeting Sec.96 (b) Extraordinary Gener Meetings Sec.100
**Topic 7: 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 189 178


32. *Shanti Prasad Jain v. Kalinga Tubes Ltd.*, AIR 1965 SC 1535 199


34. *Bharat Insurance Co. Ltd. v. Kanhaiya Lal*, AIR 1935 Lah. 792 219

35. *Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holdings Ltd.*, AIR 1981 SC 1298


**Topic 8: 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. 169 234


40. *Yenidje Tobacco Co. Ltd., Re* (1916) 2 Ch. D. 169

**Topic 9: Adjudicatory Bodies**

National Company Law Tribunal; National Company Law Appellate Tribunal – Constitution, Powers, Jurisdiction, Procedure, Judicial Review Section 407-433
**Topic 10 : Corporate Social Responsibility**

CSR Section 135; Schedule VII;
Companies (Corporate Social Responsibility Policy) Rules 2014 (CSR Rules)

**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.

3. The Question Paper shall include one compulsory question consisting of five parts out of which four parts will be required to be attempted. The question papers set for the examinations held during some earlier years are printed below for guidance.

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LL.B. III Term

LB-303 : Company Law

Cases Selected and edited By

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