

LL.B. III Term 2015

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

Prescribed Legislation: The Companies Act, 2013

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Prescribed Readings:

1. Paul L. Davies, **Gower and Davies Principles of Modern Company Law** (Latest edition)
2. Avtar Singh, **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.

1. *Salomon v. Salomon & Co., Ltd.* (1897) A.C. 22 (H.L.) :
(1895-95) All ER Rep. 33 11
2. *State Trading Corporation v. CTO*, AIR 1963 SC 811 17
3. *TELCO v. State of Bihar*, AIR 1965 SC 40 23
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 29
6. *Lee v. Lee's Air Farming, Ltd.* (1960) 3 All E.R. 420 39
7. *In re Sir Dinshaw Maneckjee Petit*, AIR 1927 Bom. 371 48
8. *CIT v. Meenakshi Mills Ltd.*, AIR 1967 SC 819 : (1967) 1 SCR 934 61

9.	<i>Workmen v. Associated Rubber Industries Ltd.</i> (1985) 4 SCC 114 : (1986) 59 Comp. Cas. 134 (SC)	65
10.	<i>Gilford Motor Co., Ltd. v. Horne</i> (1933) 1 Ch. 935	68
11.	<i>Subhra Mukherjee v. Bharat Coking Coal Ltd.</i> (2000) 3 SCC 312	75
12.	<i>Kapila Hingorani v. State of Bihar</i> (2003) 6 SCC 1	

(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), 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

13.	<i>Ashbury Railway Carriage and Iron Co. Ltd. v. Riche</i> (1875) L.R.7 H.L. : (1874-80) All ER Rep. 2219 (HL)	79
14.	<i>Cotman v. Brougham</i> , (1918-19) All ER Rep. 265 (HL)	89
15.	<i>In re (Jon) Beuforte (London) Ltd.</i> (1953) Ch. 131	95
16.	<i>Bell Houses, Ltd. v. City Wall Properties, Ltd.</i> (1966) 2 All E.R.674	89
17.	<i>Re Introductions, Ltd., Introductions, Ltd. v. National Provincial Bank Ltd.</i> (1969) 1 All ER 887	99
18.	<i>Dr. A. Lakshmanaswami Mudaliar v. Life Insurance Corporation of India</i> , AIR 1963 SC 1185	102

(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

19.	<i>Royal British Bank v. Turquand</i> (1856) 119 ER 886 : (1843-60) All ER Rep. 435	108
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20. *Freeman & Lockyer (A Firm) v. Buckhurst Park Properties (Mangal) Ltd.* (1964) 1 All ER 630 111
21. *Kotla Venkataswamy v. Chinta Ramamurthy,* 122
AIR 1934 Mad. 579

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

22. *Erlanger v. New Sombrero Phosphate Co.* (1878) 3 AC 1218 : 124
(1874-80) All ER Rep. 271

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. 421 133
24. *Burland v. Earle* (1902) AC 83 : (1900-03) All ER Rep. 1452 137
25. *City Equitable Fire Insurance Co., Re* (1925) Ch. 407
26. *Regal (Hastings) Ltd. v. Gulliver* (1967) 2 A.C. 134 (HL) 144
27. *Industrial Development Consultants Ltd. v. Cooley* (1972) 1 WLR 443 162
28. *Standard Chartered Bank v. Pakistan National Shipping Copn.* 172
(2003) 1 All ER 173 (HL)

Topic 6 : General Meetings

General Meetings (a) Annual General Meeting Sec.96 (b) Extraordinary General 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.	<i>Foss v. Harbottle</i> (1843) 2 Hare 461 : (1843) 67 ER 189	178
30.	<i>H.R. Harmer Ltd., Re</i> (1958) 3 All E.R. 689	
31.	<i>Scottish Co-operative Wholesale Society, Ltd. v. Meyer</i> 1959 AC 324	
32.	<i>Shanti Prasad Jain v. Kalinga Tubes Ltd.</i> , AIR 1965 SC 1535	199
33.	<i>Rajahmundry Electric Supply Corporation Ltd. v. A. Nageshwara Rao</i> , AIR 1956 SC 213	215
34.	<i>Bharat Insurance Co. Ltd. v. Kanhaiya Lal</i> , AIR 1935 Lah. 792	219
35.	<i>Needle Industries (India) Ltd. v. Needle Industries Newey (India) Holdings Ltd.</i> , AIR 1981 SC 1298	
36.	<i>M.S.D.C. Radharamanan v. M.S.D. Chandrasekara Rajja</i> (2008) 6 SCC 750 : AIR 2008 SC 1738	223

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.	<i>German Date Coffee Co., In Re</i> (1882) 20 Ch. D. 169	234
38.	<i>Seth Mohan Lal v. Grain Chambers Ltd.</i> , AIR 1968 SC 772	247
39.	<i>Aluminum Corporation of India Ltd. v. M/s. Lakshmi Rattan Cotton Mills Co. Ltd.</i> , AIR 1970 All. 452	250
40.	<i>Yenidje Tobacco Co. Ltd., Re</i> (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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