

# 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*, (8<sup>th</sup> ed., 2008)  
A. Ramaiya, *Guide to the Companies Act* (17<sup>th</sup> ed., 2010)  
Hicks, Andrew & Goo S H, *Cases and Material on Company Law*, Oxford University Press (8<sup>th</sup> ed., 2008)  
Kershaw, David, *Company Law in Context*, Oxford University Press, UK, (2<sup>nd</sup> ed., 2012)  
Avtar Singh, *Company Law* (16<sup>th</sup> ed., 2015)  
H.K.Saharay, *Company Law*, (6<sup>th</sup> ed., 2012)

**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* 01
- *Human Rights Responsibility of Multinational Corporations, Political Ecology of Injustice: Learning from Bhopal Thirty Plus?*  
*Prof. Upendra BAXI*

### Topic 1: Nature and Kinds of Companies

(a) 'Company' – Definition; Evolution; History of Company Legislation in India; Meaning and Nature of Company with Emphasis on its Advantages and Disadvantages over other forms of Business organizations. Comparison between Company and Partnership and Company and Limited Liability Partnership; New Provisions of Companies Act, 2013; The Companies (Amendment) Bill, 2016

(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

1. <i>Salomon v. Salomon &amp; Co., Ltd.</i> (1897) A.C. 22 (H.L.): (1895-95) All ER Rep. 33	14
2. <i>State Trading Corporation v. CTO</i> , AIR 1963 SC 811	20
3. <i>TELCO v. State of Bihar</i> , AIR 1965 SC 40	26
4. <i>R.C. Cooper v. Union of India</i> (1970) 3 SCR 530	
5. <i>Daimler Co., Ltd. v. Continental Tyre and Rubber Co. (Great Britain), Ltd.</i> , 1916 AC 307 : (1916-17) All ER Rep. 191	32
6. <i>Lee v. Lee’s Air Farming, Ltd.</i> (1960) 3 All E.R. 420	42
7. <i>In re Sir Dinshaw Maneckjee Petit</i> , AIR 1927 Bom. 371	51
8. <i>CIT v. Meenakshi Mills Ltd.</i> , AIR 1967 SC 819: (1967) 1 SCR 934	64
9. <i>Workmen v. Associated Rubber Industries Ltd.</i> (1985) 4 SCC 114: (1986) 59 Comp. Cas. 134 (SC)	68
10. <i>Gilford Motor Co., Ltd. v. Horne</i> (1933) 1 Ch. 935	71
11. <i>Subhra Mukherjee v. Bharat Coking Coal Ltd.</i> (2000) 3 SCC 312	78
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); 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).

13. <i>Erlanger v. New Sombrero Phosphate Co.</i> (1878) 3 AC 1218: (1874-80) All ER Rep. 271	82
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## **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.
14. *Ashbury Railway Carriage and Iron Co. Ltd. v. Riche* (1875) L.R.7 H.L.: (1874-80) All ER Rep. 2219 (HL) **91**
15. *Cotman v. Brougham*, (1918-19) All ER Rep. 265 (HL) **101**
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**
19. *Dr. A. Lakshmanaswami Mudaliar v. Life Insurance Corporation of India*, AIR 1963 SC 1185 **124**
- (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.
20. *Royal British Bank v. Turquand* (1856) 119 ER 886 : (1843-60) All ER Rep. 435 **130**
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. <i>Percival v. Wright</i> (1902) 2 Ch. 421	146
24. <i>Burland v. Earle</i> (1902) AC 83 : (1900-03) All ER Rep. 1452	150
25. <i>City Equitable Fire Insurance Co., Re</i> (1925) Ch. 407	
26. <i>Regal (Hastings) Ltd. v. Gulliver</i> (1967) 2 A.C. 134 (HL)	157
27. <i>Industrial Development Consultants Ltd. v. Cooley</i> (1972) 1 WLR 443	175
28. <i>Standard Chartered Bank v. Pakistan National Shipping Cop.</i> (2003) 1 All ER 173 (HL)	185

## **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. <i>Foss v. Harbottle</i> (1843) 2 Hare 461: (1843) 67 ER 189	191
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	212
33. <i>Rajahmundry Electric Supply Corporation Ltd. v. A. Nageshwara Rao</i> , AIR 1956 SC 213	228
34. <i>Bharat Insurance Co. Ltd. v. Kanhaiya Lal</i> , AIR 1935 Lah. 792	232
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 Raqja</i> (2008) 6 SCC 750: AIR 2008 SC 1738	236

## **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**
39. *Aluminum Corporation of India Ltd. v. M/s. Lakshmi Rattan Cotton Mills Co. Ltd.*, AIR 1970 All. 452 **263**
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 14<sup>th</sup> 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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