

Chanakya National Law University, Patna

B.A., LL.B. (H) and B.B.A., LL.B. (H) 2022-23;

SEMESTER- VII

Course Title: Company Law

Course Overview

The curriculum is designed to focus on the topics which are addressed in any undergraduate Company Law Paper and lectures the framework of company law, the corporate entity, the corporate constitution, corporate governance issues including the directors' role, duties and responsibilities, as well as shareholder remedies, the protection of creditors. Director's liabilities on insolvency and overview to the concept of Corporate Reconstruction, which will be taught in detail in the Upcoming Semesters.

Industrialization plays a very vital role in the economic development of India. In the post-Independence era, industrial regulation is employed as a principal means in the strategy for attaining constitutional values. Companies are no doubt powerful instruments for development. Besides bringing returns and financial benefits to the capital and labor they help amelioration of the living conditions of masses. In a developing society like India, vast varieties of consumer goods are manufactured or produced and different kinds of public utility services are generated both for general welfare and consumption purposes. Obviously, it is beyond the capacity of one or a few entrepreneurs to engage into such activities. Because the problem of raising large capital needed for such enterprises, there is a looming danger of market risks. Hence, taking recourse to the device of incorporation is the only efficacious way to surmount all such hurdles

Learning Outcomes

On completion of the course, students will be able to:

A. Knowledge and Understanding

Having successfully completed this Company Law Paper , you will be able to demonstrate knowledge and understanding of:

- a. the idea of the separate legal personality of a company, and you will be able to consider disparagingly the legal issues existing by company and individual liability with respect to torts and crimes carried out by a company;
- b. the elementary shareholding patterns commonly adopted by companies in India; and you will be able to clarify the concept of conservation of capital and to understand the role it plays in the protection of creditors especially in the context of distributions to shareholders;

- c. the lawful structure of a company, and you will be able to elucidate the promised basis of the association between stakeholders and the company and escalate the division of power between Board of Directors and shareholders; you will be able to understand the structure and composition of company boards, and you will be able to recognize the general duties of directors newly introduced under Companies Act,2013 and to assess the scope of their authority, and you will be able to rigorously evaluate their fiduciary duties, and comprehend the scope of their common law duties of care and skill;
- d. the basic aims and nature of IBC 2016 regimes in India; especially administration and liquidation as Insolvency Professionals; and you will be able to explain the shift from asset distribution to corporate rescue in recent years; and to understand and state the consequences of this shift for creditors, especially Financial Creditors and you will understand and be able to state the possible liabilities of directors in the event of insolvency.

B. Subject Specific Academic and Research Skills

You will be able to:

- communicate effectively knowledge of issues of company law and present reasoned arguments coherently.
- critically evaluate legal resources by way of statutory interpretation, case analysis, review of journal articles and consideration of reform reports from bodies such as Ministry of Corporate Affairs and NCLT, NCLAT and Supreme Court of India;
- critically assesses the strengths and weakness of law reform as developed by the Company Law Reforms Committee Reports and reflected in the Companies Act 2013 with recent amendments;

C. Transferable and Cognitive Skills

You will be able to:

- analyse and interpret multifaceted Statutory and Case material;
- develop and present written arguments supported by appropriate evidence.
- evaluate legal materials and effectively apply them to practical corporate problems;

List of Topics/ Modules

Topic/ Module	Contents/ Concepts	Sessions / Lectures
Module I: THE CORPORATE ENTITY	Meaning of Corporation 1.1. Theories of corporate personality 1.2. Creation and extinction of corporations	1-5
Module II: FORMS OF CORPORATE AND NON-CORPORATE ORGANISATIONS	2.1. Corporations, partnerships and other associations of persons, state corporations, government companies, small scale, co-operative, corporate and joint sectors	6-8
Module III: LAW RELATING TO COMPANIES - PUBLIC AND PRIVATE	Need of company for development formation of a company registration and incorporation. 3.2. Memorandum of association - various clauses - alteration therein - doctrine of ultra vires. Law 87 3.3. Articles of association - binding force - alteration - its relation with memorandum of association - doctrine of constructive notice and indoor management - exceptions. 3.3.1. Prospectus - issue - contents - liability for misstatements - statement in lieu of prospectus. 3.4. Promoters - position - duties and liabilities 3.4.1. Shares - general principles of allotment statutory restrictions -	8- 55

share certificate its objects and effects - transfer of shares - restrictions on transfer - procedure for transfer - refusal of transfer- role of public finance institutions - relationship between transferor and transferee - issue of shares at premium and discount - depository receipts - dematerialised shares(DEMAT) 3.4.2. Shareholder - who can be and who cannot be a shareholder - modes of becoming a shareholder - calls on shares - forfeiture and surrender of shares - lien on shares

3.4.3. Share capital - kinds - alteration and reduction of share capital - further issue of capital - conversion of loans and debentures into capital - duties of courts to protect the interests of creditors and share holders

3.5. Directors - position - appointment - qualifications - vacation of office - removal - resignation - powers and duties of directors - meeting, registers, loans - remuneration of directors - role of nominee directors - compensation for loss of office - managing directors - compensation for loss of office -

	<p>managing directors and other managerial personnel</p> <p>3.5.1. Meetings - kinds - procedure - voting 3.5.2. Dividends - payment - capitalisation - profit</p> <p>3.6. Audit and accounts units 1 3.7. Borrowing powers - powers - effect of unauthorized borrowing - charges and mortgages - loans to other companies - investments - contracts by companies</p> <p>3.8. Debentures - meaning - fixed and floating charge - kinds of debentures - shareholder and debenture holder - remedies of debenture holder</p> <p>Protection of minority rights 3.10. Protection of oppression and mismanagement - who can apply? - powers of the company , court and of the central government 3.11. Investigation - powers 3.12. Private companies - nature and advantages - government companies - holding and subsidiary companies</p> <p>3.13. Regulation and amalgamation</p> <p>3.14. Winding up</p>	
MODULE IV: LAW AND MULTINATIONAL COMPANIES	Law and Multinational Companies 4.1 International norms for control 4.2. National law FEMA (Foreign Exchange Management Act 1999) controls joint - ventures - investment	54-57

	in India - repatriation of project. 4.3. Collaboration agreements for technology transfer	
Module V: GOVERNANCE AND RESPONSIBILITY	Organizational Resilience to Systemic Shocks Environmental, Social, and Governance Corporate and Environmental Social Responsibility	57-61

Recommended/Reference Text Books and Resources:

Text Books

- 1. Relevant Bare Acts**
- 2. A. Ramaiya Guide to Companies Act, Lexis Nexis Butterworths, Wadhwa, Nagpur**
- 3. M.C. Bhandari Guide to Company Law Procedures, Lexis Nexis Butterworths Wadhwa Nagpur**
- 4. Taxmann Master Guide to Companies Act 2013 & Company Rules**
- 5. S K Kataria The Companies Act, 2013 with Rules and Ready Referencer by Bloomsbury Publication**
- 6. Sridharan and Pradhan Guide to Takeovers and Mergers by Wadhwa & Co.**
- 7. K.R. Sampath Mergers/Amalgamations, Takeovers, Joint Ventures, LLPs and Corporate Restructure, Snow White Publications**
- 8. S. Ramanujam Mergers et al, Lexis Nexis Butterworths Wadhwa Nagpur**
- 9 . Ray Mergers and Acquisitions Strategy, Valuation and Integration, PHI**

Web Resources

www.ebook.mca.gov.in

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