

LESSON PLAN FOR CORPORATE LAWS

(Core Paper)

Semester II

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Learning Objectives:

The course aims to develop and comprehend business and its processes in accordance with the provisions of the Companies Act, 2013 while analysing case laws.

Learning Outcomes

After completion of the course, learners will be able to:

1. Analyse the regulatory aspects and the broader procedural aspects involved in different types of companies covering the Companies Act, 2013 and Rules.
2. Prepare the basic legal documents required for formation of a company.
3. Analyse the process and documents required for raising capital for the company.
4. Analyse the managerial composition of companies and examine the process of company meetings.
5. Evaluate the framework of dividend distribution and develop understanding of the winding up process including Insolvency Resolution.

Unit 1: Introduction

Meaning and characteristics of a company; Lifting of corporate veil; Overview of administration of Company Law; Types of companies including private and public company, government company, foreign company, one person company, small company, associate company, dormant company and producer company; Association not for profit; Illegal association.

Unit 2: Formation and Incorporation documents

Formation of company, promoters, their legal position and pre-incorporation contracts; Online registration of a company. Memorandum of Association and its alteration, Articles of Association and its alteration, Doctrine of constructive notice, Doctrine of ultra vires and indoor management.

Unit 3: Share Capital

Prospectus, Shelf and Red herring prospectus, misstatement in prospectus; Book building. Allotment and Forfeiture of share, Sweat Equity, ESOPs, Bonus issue, and Further issue of shares, buyback, split of sharers and provisions regarding buyback; Transfer and transmission of shares; Demat system.

Unit 4: Management and Meetings

Directors: Legal position, Disqualifications, Director Identification Number (DIN); Classification of directors-Additional, Alternate and Casual directors, Women directors, Independent director, small shareholder's director; Appointment, Removal of directors; Powers and Duties; Key managerial personnel (KMP); Board Meetings; Shareholders' meetings: AGM and EGM. Convening and conduct of meetings: Requisites of a valid meeting; Resolutions (Virtual meetings); Postal ballot; e-voting.

Unit 5: Dividends, Audit and Winding up

Provisions relating to payment of Dividend. Company Audit: auditor's qualification and disqualifications, Auditor's appointment, rotation and removal, Secretarial Audit. Winding Up: Concept and Modes of Winding Up; Provisions of winding up under Insolvency and Bankruptcy Code 2016.

Practical Exercises

The learners are required to:

1. Identify the type of company based on information available on NSE/BSE website and then analyse the regulatory and procedural aspects covering the Companies Act, 2013.
2. Fill dummy SPICe+ form for incorporation of a company.
3. Write about the timeline and details of the book building process of an actual IPO/FPO.
4. Identify the actual composition of the Board of Directors and examine the minutes of AGM/EGM of listed companies.
5. Analyse a case study on the winding up of a company.

Suggested Readings

- Corporate Laws. New Delhi: Sultan Chand. • Kaur. H. (2022). Company Law. New Delhi: Kitab Mahal.
- Kuchhal, M. C. & Kuchhal, A. (2013). Company Law, Mahavir Publications.
- Kumar, A. (2021). Corporate Laws. New Delhi: Taxmann Pvt. Ltd.
- Maheshwari, S. N., & Maheshwari, S. K. (2015). Elements of Corporate Laws. New Delhi: Himalaya Publishing House Pvt. Ltd

Week 1-3

Introduction

Introduction and overview of the subject

Meaning and characteristics of a company

Special stress on the case laws like

Solomon Vs Solomon,

Lee vs Lee's Air Farming Ltd.

Abdul Haq vs Das Mal

Macaura vs Northern Insurance Company Ltd

Re Dinshaw Maneckjee Petit, 1927

Gilford Motor Co. Ltd. vs Horne

Jones Vs Lipman etc.

Lifting of corporate veil under judicial decisions and under the statute

Illegal association, company whether a citizen or not, company vs Corporation

Types of companies;

Diagrammatic presentation of classification of companies on different basis

Registered company, statutory company, guarantee company, unlimited company, private and public company, conversion from private limited to public limited and vice versa, holding and subsidiary company, associate company, government company, foreign company, one person company, small company, , dormant company and producer company; Association not for profit;

Formation of company

Definition of promoters, their legal position and liability

Pre incorporation contracts; Online registration of a company.

After completion of this unit a doubt class and a class test of 10 marks

Learning Outcome

The student should understand

- The definition and characteristic of company and analyse various case laws
- The regulatory aspects involved in different types of companies covering the Companies Act 2013 and Rules there under. Identify the various types of companies.
- The student should learn the various steps involved in online registration and the legal implications of preliminary contracts.
- Fill dummy SPICe+ form for incorporation of a company.

UNIT-2

Week 4-6

Documents and issue of shares

Memorandum of Association and alteration of name, registered office, objective, liability and capital clause.

Articles of Association and its alteration, doctrine of constructive notice, doctrine of ultra vires and indoor management.

The case laws to be covered in specific are

-Ashbury Railway Carriage & Iron Co. Ltd. vs Riche

-Re Jon Beauforte (London) Ltd.

-Royal British Bank vs Turquand

-Howard vs Patent Ivory Co.

-Anand Bihari Lal vs Dinshaw & co.

-Ruben vs Great Fingall

Prospectus, Shelf and Red herring prospectus, misleading prospectus and the remedies available to the subscriber, GDR; book building.

Flow Chart on book building procedure

CASELAWS TO BE COVERED

-Peek vs Gurney

-Rex vs Kysant

-Smith vs Chadwick

Shiromani Sugar mills limited Vs Debi Prasad

Allotment and Forfeiture of share, issue of Sweat Equity, ESOPs, Bonus shares, Rights shares.

Tabular Comparison between Bonus Issue and Rights Issue

Transfer and Transmission of shares

Buyback and provisions regarding buyback, D-Mat system

Learning Outcome:

1. To understand the basic legal documents and their usage essential for operations and management of company. To understand the implications of Doctrine of Ultra vires and Doctrine of Indoor management
2. After studying this unit the student should also know the procedural requirements for issue, forfeiture and buyback of shares.
3. Write about the timeline and details of the book building process of an actual IPO/FPO.

An assignment will be given to the students from this unit of 10 marks

Unit-3

Week 7-10

Management and Meetings

Classification of directors-Additional, Alternate and Casual directors, Women directors, Independent director, Small shareholder's director; Director Identity Number (DIN); Appointment, Disqualifications, Removal of directors; Legal positions, Powers and Duties; Key managerial personnel, Managing director, Manager and Whole Time Director;

Also explain the difference between MD, WTD and Manager. Board Meetings and procedure of board meeting through video conferencing.

Shareholder's meetings: AGM and EGM. Convening and Conduct of meetings: Requisites of a valid meeting; Resolutions; Postal ballot; e-voting.

Learning Outcome

1. To understand the types of and procedure for appointment of directors. Also the roles of KMPs
2. To understand the procedure for issue of DIN.
3. To understand about various voting methods used in meetings
4. To understand the difference between ordinary resolution and special resolution
5. Identify the actual composition of the Board of Directors and examine the minutes of AGM/EGM of listed companies.

This unit enables the students to synthesis company processes, meetings and decisions.

Unit-4

Week 11-12

Dividends, Audit and Winding up

Provisions relating to payment of Dividend.

Company Audit-auditor's qualification and disqualifications, Auditor's appointment, Rotation of auditors, Auditor's removal, Auditors' report and Auditor's powers.

Administration of Company Law [including National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), Special Courts.

Winding Up:

Concept and Modes of Winding Up:

Explain difference between winding up and dissolution

Discuss chart on modes of winding up

An overview of The Insolvency and Bankruptcy Code, 2016 will also be given.

A class test of 10 marks after completion of this unit

Learning Outcome

Equips the students with framework of dividend distribution and role of auditors in a company.

Student familiarises with various company law authorities and modes of winding up .

Unit-5

Week 13-14

The Depositories Act 1996

Definitions;

Explain the drawbacks of old system of holding securities in physical form

Then deal with the meaning, features and functioning of depository system

Rights and obligations of depositories; Participants issuers and beneficial owners; Inquiry and inspections; Penalty.

Learning Outcome

Comprehend and evaluate working of depositories and their functions in stock markets.

ASSESSMENT

Internal Assessment: 40 Marks (35 marks + 5marks attendance)

Continuous Evaluation : 30 marks (24 marks + 6 marks attendance)

Students will primarily be assessed in following ways

- 1) Written assignment
- 2) Class Test
- 3) Multiple choice questions on google form
 - 1) One assignments of 10 marks . The assignment will be given by the end of April from unit II .
 - 2) Students are asked to revise the portion taught in the previous class and are assessed out of 5 marks.
 - 3) There will be Three Class Test of 10 marks each. It will take place tentatively in the first week of April ,second test in the 1st week of May, 3rd test in 1st week of June,2023.
 - 4) Out of three test and one assignment best 3 will be considered for internal assessment.
- 5) 5 marks are for attendance

For continuous evaluation

A time bound online google form multiple choice questions will be given to students of 12 marks each. 3 of such test will be conducted and 2 best performance of each student will be considered for continuous assessment.

Additional Resources

- Gowar, LCB. (1969). Principles of Modern company Law, Stevens & Sons,London.
- Hanningan, Brenda.(2018). Company Law, Oxford University Press,U.K.
- Ramaiya.(2015). A Guide to Companies Act. Nagpur. Wadhwa Book Company.
 - Study material of ICSI, ICAI