

PAPER 7(b) –ELECTIVE

TITLE OF THE COURSE- CORPORATE LAWS

Level of Knowledge : Elementary Working Knowledge

Objectives:

- (i) To develop an understanding of the regulation of registered companies and to provide thorough understanding of the various provisions of the Indian Company Law as well as Schedules and Rules made thereunder including their interpretation through case laws departmental clarifications etc.
- (ii) To provide conceptual understanding of the 4 principles of Corporate Laws.

Unit 1

1. Incorporation and its Consequences

Formation of a company and types of companies – Memorandum of association, Articles of association additional documents required for incorporation, certificate of incorporation; commencement of business. Government and foreign companies.

Alternative of Memorandum and Articles and limitations on power of alteration.

Promoters- Meaning and importance, position duties and liabilities.

Corporate transactions – Pre-incorporation contracts; doctrine of *ultra-vires* and common seal.

Protection of persons dealing with a company – the doctrine of constructive notice; doctrine of indoor management and lifting of corporate veil.

2. Financial Structure and Membership

The concept of capital and financing of companies- sources of capital, classes and types of shares; equity with differential right; issue of shares at par, premium and discount, bonus issue, rights issue, issue of sweat equity shares, employee stock option scheme; private placement.

Shares capital alteration – alteration of share capital; reduction of paid-up capital; forfeiture and surrender.

Prospectus- Definition; abridged, prospectus statement in lieu of prospectus; shells prospectus; information memorandum contents, registration, misrepresentation and penalties therefor.

Debt Capital – debentures, debenture stock, bonds ; new developments in corporate debt financing; debenture trust deed and trustees; conversion of and redemption of debentures; creation of charges – fixed, floating and registration thereof.

Allotment and certificates – contracts to subscribe for shares, debentures and other securities; letters of allotment and renunciation; calls and forfeitures, share certificates and shares warrants.

Membership – modes of acquiring membership including through depository mode; restriction membership; rights and privileges of members.

Transfer and transmission of securities in physical and depository modes.

3. SEBI Guidelines and Regulations

SEBI Guidelines with respect to public issue.

SEBI Guidelines on initial public offer through stock exchange On line system (E-IPO)

SEBI Guidelines with respect to book building

SEBI Guidelines with respect to Sweat Equity

SEBI Guidelines for preferential allotments

SEBI Guidelines on / for / with respect to

a. Employees Stock Options Scheme (ESOS }

b. Employees Stock Purchase Scheme [ESPS]

c. Green Shoe Option

d. Disclosure in Offer Document

4. Management and Control of Companies

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Directors – Appointment / re-appointment of directors, qualification, disqualification, remuneration, vacation of office, retirement, resignation and removal; loans to directors; their powers and duties; office or place of profit; role of director.

Managing and whole-time directors, manager, company secretary – appointment, reappointment, powers and duties.

Meetings of directors and committees – frequency, convening and proceedings of board/ Committee meetings, minutes and evidence.

General meetings – kinds of meetings and resolutions; law, practice and procedure relating to convening and proceedings at general and other meetings; recording and signing of minutes; role of chairman; teleconferencing; postal ballot.

Distribution of powers of a company 0- division of powers between Board and general meetings; acts by directors in excess of authority, monitoring and management.

5. Borrowing powers and Methods of borrowing

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Raising of funds for meeting short-term, medium and long term requirements.

Acceptance of Public Deposits and Issue of Debentures

Registration of Mortgages and charges

SEBI guidelines pertaining to issue of Debenture.

Rules for acceptance of deposits.

6. Statutory Books and Registers :

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Maintenance of register of members, Register of investments not held in company's name.

Register of charges

Register of debenture holders,

Register of contracts in which directors are interested

Register of Directors, Managing director, Manager and secretary.

Register of Directors shareholding,

Register of loans made.

Minutes books for board meeting and general meetings.

Attendance registers
Importance of registers
Inspection of register.

7. Inter Company Loans and Advances :

Law Relating to making investments in and granting loans to other bodies corporate and giving guarantees and providing security.
Statutory limits
Authority required for the same.
Consequences on the financial health of the company
Concept of companies under same management

8. Winding up & dissolution of company

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Meaning, Distinction of winding & dissolution, types of winding up, consequences, power and position of liquidators

Books :

- a. Company Law & Secretarial Practice : N D Kapoor
- b. Commentary on company Law : Ramaiah
- c. Elements of company Law, N D Kapoor.
- d. Elements of Company Law, Maheshwari and Maheshwari
- e. Indian company law Awatar Singh
- f. Lectures on Company Law, Shah
- g. The securities and Exchange Board of India Act, 1992, and Guidelines issued thereunder
- h. Company law and practice, A K Majumdar & G K Kapoor, Taxman Publ.
- i. Company Law and practice Part I & II, P K Ghosh & V. Balachandran, Sultan Chand & Sons
- j. Business and Corporate Laws, N D Kapoor, Sultan Chand and Sons.
- k. Guide to Company Law Procedures, M C Bhandar, Wadhwa & Co., Nagpur
- l. Company Law (Vol I & II A M Chakraborty, Taxmann, New Delhi.
- m. Corporate Laws – Taxman, Allied Services, P. Ltd,
- n. Company Law – Dr H K Saharay
- o. All Publication of the Institute of Company Secretaries of India, ICSI House, New Delhi
- p. Monthly Journal Chartered Secretary by ICSI
- q. Appointment and remuneration of Managerial Personnel Dr K R. Chandratre
- r. Transfer and Transmission of Shares – Dr K R Chandratre
- s. Company Law Corporate Law of Secretarial Practice , Dr. P. C. Pardeshi

A List of Practical Sub : Corporate Law

- 1) To take an interview of a Manager/ Chairman / M.D. of a Joint Stock Company
- 2) To make legal study of a memorandum association / articles of association
- 3) Study a prospectus of a public co.
- 4) To study legal provision regarding share application by filling share application form
- 5) To study legal provision regarding transfer of share by filling the share transfer form.

- 6) To study legal provisions regarding notice of a AGM by preparing a notice.
- 7) To study provision regarding proxy by filling if.
- 8) To make an analytical study of an annual report of a Co.
- 9) To take an interview of secretary of registrar of a Joint Stock Co.
- 10) To study legal provision regarding minutes by preparing a minute of AGM of a Co.
- 11) To study legal provision regarding allotment / calls of shares by obtaining allotment / call letters.