

# INTRODUCTION TO COMPANY LAW

Q 1. A SHAREHOLDER WHO HOLDS 99% OF THE SHARE CAPITAL OF A COMPANY CAN BE HELD RESPONSIBLE FOR THE ACTS OF THE COMPANY. COMMENT.

ANS:

Q 2. MEMBERS OF A COMPANY INCORPORATED UNDER THE COMPANIES ACT, 2013 ARE THE AGENTS OF THE COMPANY. THEREFORE, THE COMPANY CAN BE HELD LIABLE FOR THEIR ACTS. COMMENT.

ANS:

Q3. IN AN ANNUAL GENERAL MEETING OF AMAR PRIVATE LIMITED, ALL THE SHAREHOLDERS WERE KILLED IN A BOMB BLAST. STATE, WHETHER THE COMPANY IS STILL IN EXISTENCE?

ANS:

Q4. THREE COMPANIES INCORPORATED WITH THE SAME SET OF SHAREHOLDERS ARE TREATED AS SAME COMPANIES UNDER THE COMPANIES ACT, 2013.  
COMMENT.

ANS:

Q5. RANI IS A WEALTHY LADY ENJOYING LARGE DIVIDEND AND INTEREST INCOME SHE HAS FORMED 3 PRIVATE COMPANIES IN AGREED WITH EACH OF THEM TO HOLD A BLOCK OF INVESTMENT AS AN AGENT FOR IT INCOME RECEIVED WAS CREDITED IN THE ACCOUNTS OF COMPANY BUT THE COMPANY HANDED BACK THE AMOUNT TO HER AS A PRETENDED LOAN. THIS WAY, SHE DIVIDED HER INCOME IN THREE PARTS IN A BIT TO REDUCE HER TAX LIABILITY. DISCUSS THE LEGALITY OF THE PURPOSE FOR WHICH THE THREE COMPANIES WERE FORMED.

ANS:

## IMPORTANT TOPICS

① DEFINITION OF COMPANY & BODY CORPORATE

② CHARACTERISTICS OF COMPANY

③ CIRCUMSTANCES OF LIFTING OF CORPORATE VEIL & CASE LAWS

→ WHERE THE DEVICE OF INCORPORATION IS ADOPTED FOR SOME ILLEGAL OR IMPROPER PURPOSE.

CASE LAW: GILFORD MOTOR CO. V. HOME

→ FOR DETERMINING RESIDENCE AND CHARACTER.

CASE LAW: DAIMLER CO. LTD. VS CONTINENTAL TYRE & RUBBER CO.

→ FORMATION OF COMPANIES TO DIVIDE INCOME AND AVOID TAX OR AVOID ANY WELFARE LAWS

CASE LAW: SIR DINSHAW MANECKJEE PETIT.

→ TO AVOID A LEGAL OBLIGATION

CASE LAW : WORKMEN EMPLOYED IN ASSOCIATED RUBBER INDUSTRIES LTD. V. ASSOCIATED RUBBER INDUSTRIES LTD.

→ WHERE COMPANIES FORM OTHER COMPANIES AS THEIR SUBSIDIARIES TO ACT AS THEIR AGENT.

CASE LAW : MERCHANDISE TRANSPORT LIMITED V. BRITISH TRANSPORT COMMISSION.

- ④ DISTINCTION BETWEEN PARTNERSHIP FIRM AND COMPANY
- ⑤ DISTINCTION BETWEEN HUF AND COMPANY.

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