

Proteach CA: Business Law : CA Foundation :
Saurabh Jain (CS, LLB, MBL) (# 8802480400)
REVISION ONE DAY BEFORE EXAMINATION

These are all important concepts for last night revision

1.0 ESSENTIALS OF A CONTRACT

- 1.1 Voidable contract is enforceable by law at the option of one or more of the parties but not at the option of the other party and remains enforceable by law if the aggrieved party does not repudiate the contract.
- 1.2 Void contract is one which was valid when entered into but which subsequently becomes void due to impossibility of performance due to changes of law or any other reason.
- 1.3 Void agreement is an agreement not enforceable by law and collateral agreements do not become void.
- 1.4 Illegal agreement is an agreement the object or consideration of which is unlawful. Collateral agreements also become void.

2.0 OFFER AND ACCEPTANCE

- 2.1 A bid at an auction is an offer.
- 2.2 A notice that the goods stated in the notice will be sold by tender is mere statement of intention and not an offer to sell.
- 2.3 Display of goods with price tags in BIG BAZAR is an invitation to offer.
- 2.4 A prospectus issued for subscription of shares is an invitation to offer.
- 2.5 An advertisement inviting tender to supply specific quantity of certain goods during a specific period is an invitation to offer.
- 2.6 Cross offers do not amount to acceptance of one's offer by the other.
- 2.7 A counter offer amounts to rejection of original offer.
- 2.8 Standing offer is same as tender.
- 2.9 An offer made to a definite person or particular group of person can be accepted by that person/group to whom the offer has been made.
- 2.10 The specific terms and conditions must be reasonable and must be brought to the knowledge of the offeree before the contract is concluded and not afterwards.
- 2.11 Death and insanity of the proposer revokes the proposal if the fact of death or insanity comes to the knowledge of the acceptor before he makes his acceptance.
- 2.12 The offer must not contain a term and non-compliance of which would amount to acceptance.
- 2.13 Acceptance must be communicated in the prescribed manner by the offeree himself or an authorized person to the offerer within prescribed time before the lapse or withdrawal of offer.

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3.0 CAPACITY OF PARTIES

- 3.1 A person who is usually of unsound mind but occasionally of sound mind can make a valid contract when he is of sound mind.
- 3.2 An agreement with a minor cannot be ratified even in after he attains majority.
- 3.3 A minor cannot become a principle.
- 3.4 A claim for the payment of necessaries supplied can be made against the minor's property.

4.0 CONSIDRATION

- 4.1 Consideration must be given at the desire of a promisor.
- 4.2 Consideration may move from any person.
- 4.3 Consideration need not be adequate.
- 4.4 Consideration must be something Offer than the promisor's existing obligation.
- 4.5 A stranger to contract cannot sue.
- 4.6 A stranger to contract can sue.
- 4.7 Completed gifts and agency need no consideration.
- 4.8 A written promise to pay time barred debt is a valid contract.

5.0 FREE CONSENT

- 5.1 An agreement without any consent is void-ab-initio.
- 5.2 A threat to commit suicide amount to coercion.
- 5.3 An agreement with consent caused by coercion/under influence/fraud/misrepresentation/mistake is voidable at the option of aggrieved party.
- 5.4 A threat to file a suit (whether civil or criminal) does not amount to coercion unless the suit is on false charge.
- 5.5 Coercion involves physical pressure but undue influence involves moral pressure.
- 5.6 Fraud involves false representation made willfully but misrepresentation involves false representation made innocently.
- 5.7 The aggrieved party can claim damages under fraud and not under misrepresentation.
- 5.8 Silence amounts to fraud where parties stand in fiduciary relationship like present child and where and silence itself is equivalent to speech.
- 5.9 The agreement is void if both the parties are under mistake as to essential fact.
- 5.10 The contract is not voidable if both the parties are under a mistake as to Indian law.
- 5.11 The contract is void if both the parties are under a mistake as a foreign law.
- 5.12 The agreement is voidable if one of the parties is under mistake as to the identity of the person contracted with.

6.0 AGREEMENTS OPPOSED TO PUBLIC POLICY

- 6.1 Agreement in restraint of parental rights is An Agreement Opposed to public policy.

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6.2 Agreement in restraint of any lawful trade. Profession or business to that extent is an agreement Opposed to public policy.

6.3 Agreement in restraint of legal proceeding is An agreement opposed to public policy.

6.4 Agreement in restraint of marriage of minor is not An agreement opposed to public policy.

7.0 VOID AGREEMENTS AND CONTINGENT CONTRACTS

7.1 Prize competition in games of skill if prize money does not exceed Rs-1,000 is not wagering agreement.

7.2 Wagering agreement and transaction collateral to wagering agreement are illegal in the states of Maharashtra and Gujrat.

7.3 An agreement to contribute to a plate or prize of the value of above Rs-500 to be awarded to the winner of a horse race is not wagering agreements.

7.4 Contracts of insurance are not wagering agreements.

7.5 Contingent contract is valid.

7.6 Uncertain agreement is not valid.

7.7 Wagering agreement is not valid.

7.8 Contingent agreement based on impossible event is not valid.

7.9 Agreement to do an impossible act is not valid.

8.0 PERFORMANCE OF A CONTRACT

8.1 Where the promisor offer to deliver the goods or services but the promises refuses to accept the delivery, promisor, is discharged from liability.

8.2 Where the promisor offer to pay the amount but the promises refuses to accept the same, the promisor is not discharged from his liability to pay the amount

8.3 A contract must be performed by a promisor or promisor's agent, legal representatives of third party.

8.4 A valid tender (attempted performance) must be unconditional and for whole obligation at proper time, proper place and to proper person.

8.5 Promisee , legal representative of promise, third party and joint promisor may demand performance.

8.6 Payment by a doctor can be appropriated by creditor as to any lawful debt due even if it is a time barred debt where debtor does not intimate anything.

8.7 Payment by a debtor is always appropriated in a chronological order.

8.8 Payment by a debtor is cannot be appropriated by creditor to dispute debt.

9.0 DISCHARGE OF A CONTRACT

9.1 Substitution of a new contract for the original contract the same or different parties on the same or different terms is 'Novation'.

9.2 Cancellation of the correct by any party or all the parties tp a contract is 'Rescission'.

9.3 Change in the terms of a contract with mutual consent of same parties and not different parties is 'Alteration'.

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9.4 Acceptance by promisee of a lesser fulfillment of the promise made is called 'Remission'.

9.5 Intentional relinquishment of a right under the contract is 'Waiver'.

9.6 Right to recover a debt lapses after 3 years as per law of Limitation act.

9.7 Where both the promisor and promisee knew about the initial impossibility, such agreement is void-ab-initio.

9.8 Where both the promisor and promisee did not know about the initial impossibility, such agreement is void.

9.9 Commercial impossibility/difficulty of performance is not a valid excuse for nonperformance of a contract.

10.0 REMEDIES FOR BREACH A CONTRACT

10.1 In case of anticipatory breach, the aggrieved party can either rescind the contract immediately or treat the contract as operative and wait till due date of performance.

10.2 In case of anticipatory breach, if the aggrieved party rescinds the contract immediately without waiting until the due date for performance, the amount of ordinary damages will be = Market price on date of breach minus the contract price.

10.3 In case of anticipatory breach, if the aggrieved party treats the contract as operative and wait till the due date for performance, the amount of ordinary damages will be = Market price on due date or performance minus the contract price.

10.4 Special damages can be recovered, if the special circumstances which would result in a special loss in case of breach of a contract are communicated to the promisor.

10.5 In case of wrongful dishonor of a cheque of any trader, Exemplary damages are larger if the amount of cheque is smaller.

11.0 QUASI-CONTRACTS

11.1 A quasi-contract is an obligation imposed by law upon a person for the benefit of another even in the absence of a contract.

11.2 The claim of quantum meruit arises in case of void agreement of contract that become void.

11.3 Right to recover the price of necessaries supplied arises under quasi-contracts.

11.4 Right to recover from a person to whom money is paid or thing is delivered by mistake or under coercion arises under Quasi-contracts.

12.0 THE SALES OF GOODS ACT, 1930

12.1 The state of Goods Act, 1930 deals with goods but not with other movable property or immovable property.

12.2 The terms 'Goods' means every kind of movable property and includes stock and Shares, growing crops, grass & things agreed to be served under the contract of sale but excludes actionable claims and money (but not old rare coins).

12.3 A contract of sale of goods includes both a sale & an agreement to sell.

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- 12.4 The consideration for the contract of sale can be partly in money and partly in goods since the act does not prohibit as such.
- 12.5 Essential elements of a contract of sales include seller, buyer, goods, transfer of ownership, price and essential elements of a valid contract
- 12.6 The sales of goods act does not apply to the hire purchase agreement and contracts for skill & labour.
- 12.7 There can be sale or agreement to sell in respect of existing goods but there can only be an agreement to sell in respect of future goods and contingent goods.
- 12.8 The contracting parties are not discharged on non-acquisition or non-production of future goods but are discharged on non-acquisition of contingent goods
- 12.9 If goods are destroyed, the contract of sale or an agreement to sell specific goods becomes void but contract of sale or an agreement to sell Unascertained goods does not become void.
- 12.10 Where the price is not determined in any manner, the buyer must pay the seller the reasonable price of goods.
- 12.11 Stipulation as to time of payment is not deemed to be an essence of a contract of sales unless otherwise agreed.
- 12.12 Stipulation can be condition even if it is called a warranty in the contract of sale.
- 12.13 A stipulation the breach of which gives the aggrieved party a right to terminate the contract is called a condition.
- 12.14 The breach of condition is treated as breach of warranty where the contract is not severed and the buyer has accepted the goods or part thereof.
- 12.15 Conditions and warranties may be implied or express.
- 12.16 In a contract of sale by description and by sample, the goods must correspond with the sample as well as description.
- 12.17 In a contract of sales of goods, there is no implied condition or warranty as to the quality of the goods or their fitness for any particular purpose.
- 12.18 The seller is not bound to disclose those defects of his goods to the buyer before sale which the buyer could have discovered if the buyer would have examined the goods.
- 12.19 The rule of caveat emptor does not apply where the buyer has disclosed the purpose for which the goods are required and relied upon the seller's skills or Judgement.
- 12.20 Condition as to merchantable quality means goods must be free from any latent defects and does not apply to defects which the buyer could have discovered if the buyer would have examined the goods.
- 12.21 Passing of property means transfer of ownership and not the physical possession.
- 12.22 Ownership can be transferred only in case of specific or ascertained goods and not in case of unascertained goods/future goods/goods sent on approval.

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- 12.23 In case of contract for sale of specific goods not in deliverable state, the property in goods passes when the goods are put into a deliverable State and the buyer has notice thereof.
- 12.24 When goods are sent on approval, the property in goods passes if the customer to whom the goods were sent on approval also sends such goods on approval to some third party because it amounts to adoption of transaction.
- 12.25 In case of a contract of sale of unascertained goods, the property in goods passes when the goods are ascertained and unconditionally appropriated by the seller/buyer with the consent of the other.
- 12.26 The person whosoever be the owner at the time of occurrence of loss has to bear the loss even if delivery has not been made and price has not been paid.
- 12.27 Where the seller has reserved the right of disposal of goods the property in goods passes when the conditions imposed by the seller are fulfilled.
- 12.28 The seller is deemed to have reserved the right of disposal of goods in case of goods deliverable to the orders of seller or his agent or drawing of bill of exchange (B/E) for the price of goods and sending B/E with document of title.
- 12.29 Risk follows ownership.
- 12.30 No seller of goods can transfer better title to the buyer of the goods than he himself possesses.
- 12.31 A seller in possession of goods under a voidable contract can pass a good title to a bonafied buyer before the contract is rescinded.
- 12.32 A seller in possession of goods in the capacity of a bailee cannot pass a good title to a bonafied buyer.
- 12.33 A joint buyer in sole possession of goods with the consent of all other co-owners can pass a good title to a bonafied buyer.
- 12.34 Where there is no contract as to the place of delivery of existing goods, the goods are to be delivered at the place at which goods are at the time of sale/agreement to sale.
- 12.35 Delivery means voluntary transfer of possession from one person to another.
- 12.36 Delivery of the key of a warehouse where the goods were lying amount to symbolic delivery.
- 12.37 Where there is no contract as to the time of delivery, the goods are to be delivered within reasonable time.
- 12.38 Unless otherwise agreed, there must be simultaneous payment of price and delivery of goods.
- 12.39 Unless otherwise agreed, the buyer must apply for delivery.
- 12.40 Unless otherwise agreed, the expenses of putting the goods into a deliverable state shall be borne by the seller.
- 12.41 Unless otherwise agreed, the buyer is not bound to accept delivery by installments.

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- 12.42 Delivery of part of goods with an intention of giving the delivery of the whole amounts to the delivery of the whole of the goods.
- 12.43 Where the seller delivers a quantity of goods larger than contracted for, the buyer may accept/reject the whole or accept the contracted and reject the excess.
- 12.44 In case of short or excess delivery if the buyer rejects the whole quantity, the contract is not is not treated as cancelled. The seller still has the right to tender again the quantity of goods as per contract and the buyer is bound to accept the same.
- 12.45 Delivery of the goods to carrier (Whether named by the buyer or not) for the purpose of transmission to the buyer, or delivery of the goods to wharfinger custody, is prime facie deemed to be a delivery of goods to the buyer.
- 12.46 Right of lien can be exercised where the goods have been sold without any stipulation to credit.
- 12.47 Right of lien cannot be exercised where parts delivery is intended as delivery of the whole.
- 12.48 Right of lien can be exercised where the goods have been sold on credit, but the term of credit has expired.
- 12.49 Right of lien can be exercised where the buyer becomes insolvent.
- 12.50 Right of lien can be exercised if seller possesses the goods as agent or bailee for buyer.
- 12.51 Right of lien can be exercised if seller has obtained a decree for the price of the goods.
- 12.52 Right of stoppage in transit is an extension of right of lien.
- 12.53 Right of stoppage in transit can be exercised if the seller has parted with the possession of goods and goods are in the course of transit and the buyer has become insolvent.
- 12.54 Goods are deemed to be in course of transit from the time when they are delivered to a carrier or other bailee for the purpose of transmission to the buyer, until the buyer or his agent in that behalf takes delivery of them from such carrier or other bailee.
- 12.55 Right of stoppage in transit can be exercised if the carrier holds the goods in the capacity of an independent person and not in the capacity of an agent for the seller or buyer.
- 12.56 An unpaid seller is bound to resale the goods.
- 12.57 The unpaid seller must give a notice of resale to the buyer irrespective of the nature of the goods.
- 12.58 Where the seller is expressly reserved the right of resale, the unpaid seller must give any notice of the resale to the buyer.
- 12.59 Where a notice for resale has been given to the buyer and there is loss on resale, the unpaid seller can recover it from the buyer.

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- 12.60 If notice of resale is not given, the new buyer who buys in resale from unpaid seller will get a good title irrespective of the fact whether the notice of resale has been given to the original buyer or not.
- 12.61 An auction sale can be subject to a reserve price.
- 12.62 The relationship between the owner of the goods and the auctioneer is that of the principle and agent.
- 12.63 In an auction sale a bid once given can be withdrawn before the fall of hammer.
- 12.64 An auctioneer can refuse to accept even highest bid.
- 12.65 In an auction sale, bidder can enter into an agreement to keep the bid low by eliminating competition amongst them.
- 12.66 A seller can reserve a right to bid at an auction.
- 12.67 Where the right to bid at an auction is expressly reserved by the seller, the seller or anyone person on his behalf may bid the auction.
- 13.0 THE INDIAN PARTNERSHIP ACT, 1932
 - 13.1 There must be at least two competent persons to contribute partnership.
 - 13.2 There must be an agreement to constitute partnership.
 - 13.3 There must be a business to constitute partnership.
 - 13.4 There must be mutual agency to constitute partnership.
 - 13.5 There must be sharing of profits to constitute partnership.
 - 13.6 The members of a joint Hindu family carrying on family business are called coparcener.
 - 13.7 There is no limit on number of members of a joint Hindu family carrying on family banking business.
 - 13.8 Two or more persons who own some property jointly are called co-owners.
 - 13.9 The joint owners of some property sharing profits or gross returns arising from the property do not become partners.
 - 13.10 It is compulsory to have a partnership agreement but it is not compulsory to have a partnership deed or to get the firm registered.
 - 13.11 The partnership deed must be signed by all the partners.
 - 13.12 The terms laid down in the partnership deed may be varied by the consent of all partners.
 - 13.13 An unregistered firm cannot file a suit against a third party if the value of suit exceeds Rs 100 but a third party can file a suit against an unregistered firm or its partners.
 - 13.14 If a minor on attaining majority, elects to become a partner, he becomes only personally liable to third parties for those acts of the firm since he was admitted to the benefits of partnership.
 - 13.15 Partnership at will can be disclosed by any partner giving notice in writing to all other partners but partnership for a fixed period can be dissolved only with the consent of all the partners.

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- 13.16 A minor can be admitted to the benefits of partnership with the consent of all the partners.
- 13.17 The contract between the partners can provide that a partner shall not carry or any business other than that of the firm while he is a partner.
- 13.18 Any difference arising as to ordinary matter connected with the business must be decided with the consent of majority or the partners.
- 13.19 A change in the nature of the business can be made with the consent of all the partners.
- 13.20 The duties of the partners u/s 9 and 10 can never be changed even by an agreement amongst the partners.
- 13.21 The duties of the partners u/s 12 and 13 can be changed by an agreement amongst the partners.
- 13.22 The authority conferred on a partner by section 19 of the Indian partnership act is called his implied authority.
- 13.23 Implied authority of a partner does not empower him to enter into a partnership on behalf of the firm.
- 13.24 Implied authority of a partner does not empower him to submit a dispute relating to the business of the firm to arbitration.
- 13.25 Implied authority of a partner does not empower him to acquire/transfer any immovable property on behalf of the firm.
- 13.26 Implied authority can be restricted or extended by mutual agreement.
- 13.27 In case of an emergency, in order to prevent losses to the firm, a partner may exceed his implied or express authority.
- 14.0 MEANING, NATURE, AND TYPES OF COMPANY.
- 14.1 "Body corporate" or "Corporation" includes a company incorporated outside India, but does not include a co-operative society registered under any law relating to co-operative societies. [Sec2(11)]
- 14.2 The term 'company' does not include a company incorporated outside India.
- 14.3 (a) The company is an artificial legal person created by law but not a fictitious person.
- (b) The company has nationality but has no citizenship because a citizen of a country is a personal right peculiar to human being only.
- 14.4 The company has a separated legal entity of its own which is entirely distinct from that of its members. Effects of a separate legal entity are:
- (a) The company may enter into contracts with its members and vice versa. Thus, a member can be a debtor, a creator, a director, and an employee of the company at the same time.
- (b) Its members cannot be held liable for the acts of the company even if he holds virtually the entire share capital.

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- (c) Its members cannot claim ownership right in company's assets during its lifetime or even on its winding up and cannot have any insurable interest in the company's properties since they are not owners.
- (d) Its creditors remedy for the recovery of their debts lie only against the company and not against its members or directors.
- 14.5 With the reference to a company, the term 'perpetual succession' means the continued existence of the company which is not affected by death, insolvency or unsoundness of mind of its members or transfer of shares by its members. A company being a creation of law continues to exist for an indefinite period till it is wound up by the process of law.
- 14.6 The shares of a public company are freely transferable in the manner provided in the articles [Sec 44]
- 14.7 (a) In case of company limited by shares, the liability of a member is limited up to the amount remaining unpaid (if any) on the shares held by a member.
(b) In case of company limited by guarantee, the liability of a member is limited up to the amount guaranteed by a member.
(c) In case of company limited by guarantee and having share capital, the liability of member is limited up to the aggregate of amount unpaid on shares held by him and amount guaranteed by him.
- 14.8 In case a company does not have a common seal, the authentication shall be made by two directors or by a director and the company secretary, wherever the company has appointed a company secretary.
- 14.9 (a) Lifting the corporate veil means 'ignoring separate legal entity of the company and looking at the real persons behind and treat the company and its members as same person when the company starts using the corporate veil for improper conduct, or to protect fraud or to justify wrongs etc.
(b) Corporate veil is lifted under the following statutory provisions:
- i. When the no. of members falls below the statutory minimum [Section 3A]
 - ii. Misrepresentation in prospectus [Section 35]
 - iii. To investigate ownership of a company [Section 216]
 - iv. To investigate into the affairs of related companies [Section. 219]
 - v. When business is carried on to defraud the creditors [Section 339]
- (c) Corporate veil can be lifted under judicial interpretations:
- i. For determination of the character of the company.
 - ii. For prevention of fraud or improper conduct.
 - iii. For the protection of revenue.
 - iv. When company is formed to act as an agent of its members.
 - v. When company is formed to avoid the welfare laws.

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(e) If the company carries on business for more than 6 months with no of members reduced below the statutory minimum requirement (i.e. 2 in case of Pvt. Co and 7 in case of public Co.) all the person who were members of the company and were aware of this fact shall be personally liable for debts contracted after those 6 months.[Sec 3A]. Thus, members of a limited company may have unlimited liability as per Sec 3A.

14.10 Five points of difference between a Partnership and a company

Basic of distinction	Partnership	Company
1. Separate legal entity	No.	Yes
2. Nature of liability	Unlimited	Limited in case of a limited company
3. Perpetual existence	Does not enjoy	Enjoys
4. Minimum numbers of members	2	<ul style="list-style-type: none"> • A public co.-7. • A Pvt. Co.-2 • One person company-1
5. Maximum numbers of members	Banking business : 10 Non banking business : 20	<ul style="list-style-type: none"> • Public co.-no limit. • Pvt.-200
6. Mutual agency	Exists	Does not exist
7. Property of organization	Joint property of all its partners.	Belongs to company and not to its members
8. Remedy of creditors	Against the partners jointly and severally.	Only against the company and not against its members
9. Dissolution	Can be by mutual agreement.	Can only be by law.

14.11 Five points of difference between a company and LLP.

Basic of distinction	Company	LLP
Regulated by	'The Companies Act, 2013'	'the limited liability Partnership Act,2008'
Motive of formation	Profit and service motive.	Only for profit motive.
Charter document	Memorandum of association	LLP agreement
Number of members	Private company: minimum 2 members & maximum 200 members. One person company 1 member. Public company: minimum 7	Minimum 2 but there is no limit on maximum number or partners.

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	members but there is no limit on maximum number of members.	
Filling of Annual statement of solvency	Not required	Required
Provision for whistle blowing	Does not exist	Exists

14.12 Both the company limited by share and company limited by guarantee are required to state in the memorandum that the members' liability is limited.

14.13 Members of company limited by share may be called upon to discharge their liability either during the company's life time or during its winding up whereas in case of company limited by guarantee having no share capital, the liability of its members, can be enforced by the liquidator since such liability can be enforced only after the commencement of winding up of the company and not during the life time of the company.

14.14 (a) An unlimited a company must have its own memorandum and Articles of association.

(b) The article of an unlimited company must state the number of members (at least 100) with which the company is to be registered.

(c) The articles of an unlimited company having a share capital must also state the amount of share capital with which the company is to be registered.

14.15 A private company means a company which by its articles:

- Restricts the right to transfer its shares, if any,
- Limits the numbers of its members to 200 (except in case of one Person company).

Note: for the purposes of limit of 200, present employees who are members and ex- employees who were members while in that employment and have continued to be members after the employment ceased. Are exclude and the joint shareholders are counted as a single member.

- Prohibits any invitation to the public to subscribe for any securities of the company.

14.16 Five points of difference between a public Company and a private Company.

Basic of distinction	Public company	Private company
1. Use of the word 'Private'	Not required	Required
2. Minimum number of members	7	2
3. Maximum number of	No limit	200 (except in the case

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members		of one person company).
4. Minimum number of directors	3	2
5. Transferability of share	Not restricted	Restricted
6. Invitation to the public to subscribe securities	Can invite	Cannot invite
7. Articles of association	Can either frame its own or adopt table 'F'	Has to compulsorily frame its own article.
8. Special privileges	Does not enjoy	Enjoys

14.17 Privileges available only to an independent private company (i.e. a private company which is not a subsidiary of a public company).

- Private limited company is free to issue any kind of shares if the articles of association or the memorandum of association of such private company provides so [Sec 43&47]
- Private companies accepting deposits from members up to 100% of paid-up share capital & free-reserves need not to comply with conditions mentioned in section 73 (2)(a) to (e).
- Private company can frame own rules for General Meetings.
- Private company having a paid up share capital of less than Rs 100 Crore is not included in Max Audit Limit
- An individual for directorship in private companies can stand in for directorship without serving the notice of 14 days and a deposit of 1 lakh [Sec 160].
- An individual for directorship in private limited company need not to be voted individually. [162].
- Private companies are exempted from filling MGT-14 with the ROC on various provisions under section 179(3) and rule 8 of the amended companies (meetings of boards & its powers) Rules, 2014.
- Restrictions on power of board u/s 180 do not apply to a private company.
- An interested director of a private limited company can participate in the board meeting after disclosing interest [Sec184(2)]
- In case of private companies shareholder's approval is not required for appointment or the remuneration of MD/WTD u/s 196(4) &(5) even if the conditions for the appointment are not as per the requirements of schedule V of the act.

14.18 (a) "One person company" means and company which has only one person as a member. [Sec 2(62)]

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(b) The memorandum of OPC is required to indicate the name of the other person, with his prior written consent in the prescribed form, who shall, in the event of the subscriber's death or his incapacity to contract become the member of the company and the written consent of such person shall be filled with the register at the time of incorporate of the one person company along with its memorandum and articles. [Proviso to Sec 3(1)]

(c) Only a natural person who is an Indian citizen and resident in India-

(1) Shall be eligible in incorporate a One Person Company;

(2) Shall be a nominee for the sole member of a One Person Company.

Note: "Resident in India" means a person who has stayed in India for at least 182 days during the immediately preceding one calendar year.

14.19 (a) 'Association not for profit' the Central Government may by license allow a person or an association of persons to be registered as a limited liability company without using the words 'limited' or 'private limited' as part of its name.

(b) The central Government will grant the license if it is satisfied that a person or an association of persons proposed to be registered as a limited liability company:

(1) Has in its objects the promotion of commerce, art, science, religion, charity or any other useful object;

(2) Intends to apply its profits, if any, or other income in promoting its objects; and

(3) Prohibits the payment of dividend to its members.

(c) A firm may be a member of the company registered u/s 8. [Sec 8(3)]

14.20 (a) As per Section 2(85) "Small Company" means a private company-

(1) Paid-up share capital of which does not exceed Rs 50 lakh or prescribed higher amount which shall not be more than Rs 5 crore; or

(2) Turnover of which as per its last profit and loss account does not exceed Rs 2 crore or prescribed higher amount which shall not be more than Rs 20 crore:

(b) Following cannot be small company:

(1) A holding company or a subsidiary company;

(2) A company registered u/s 8; or

(3) A company or body corporate governed by any special act;

25. (a) As per Section 2(45), a government company means "any company in which at least 51% of the paid-up share capital is held

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- (1) By the central government or
- (2) By any state government or governments or
- (3) Partly by the central government and partly by one or more state governments

And includes a company which is subsidiary of a government company as thus defined

- (b) A Government company registered under this act is a non-statutory company and is not an agent of the government.
- (c) A government company can be a private company.

14.21 (a) As per section 2(42) "foreign company" means any company or body corporate incorporated outside India which-

- (1) Has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- (2) Conducts any business activity in India in any other manner.

(b) A foreign company is required to file the following documents with the registrar of companies within 30 days from the date of establishment of business in India like memorandum and articles, address of the registered or principle office, list of directors and secretary

14.22 As per Section 2(46) of the companies Act, 2013, holding company, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

14.23 As per Section 2(87) Subsidiary company or subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company-

- (1) Controls the composition of the board of directors; or
- (2) Exercise or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Note: the composition of a company's board of directors shall be deemed to be controlled by another company if that order company can appoint or remove all or a majority of the directions.

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14.24 A subsidiary company either by itself or through its nominee cannot hold any shares in its holding company unless it holds such shares as the legal representative or as a trustee or before it became a subsidiary company of the holding company. [Sec 19]

14.25 According to section 581A of the Companies Act, 1956, a producer company is a body corporate having objects or activities specified in section 581 B of the Companies Act, 1956, and which is registered as such under the provisions of the act. The membership of producer companies is open to such people who themselves are the primary producers, which is an activity by which some agricultural produce is produced by such primary producers.

14.26 (a) A company can become a partner in a firm only if its memorandum of association specifically allows it to do so. Since it is a separate legal entity in the eyes of law, it has contractual capacity to enter into any valid contract.

(b) A limited liability company can have unlimited liability as a partner in a firm since it is the liability of the members of a limited company which is limited and not that of the company act.

14.27 (a) As per Sec 464, no association or partnership consisting of more than 100 persons shall be formed for the purpose of carrying on any business that has for its object the acquisition of gain by the association or partnership or by the individual members thereof, unless it is registered as a company under this act or is formed under any other law for the time being in force.

(b) Sec 464 does not apply to single joint Hindu family carrying on any business even for earning profits and with any number of members, stock exchange and non-profit earning association.

(c) Where two or more joint Hindu families enter into partnership, then all adult members (whether Male or female) are counted to determine the limit of 100 as per sec 464. That means minor members of such families shall be excluded.

(d) Every member of an illegal association shall be personally liable for all the liabilities incurred in carrying on the business and shall also be punishable with fine not exceeding Rs1,00,000.

(e) Once the association contravenes the provision of section 464, it remains illegal even if there is subsequent reduction in the number of its members. In other words, the illegality of an illegal association cannot be cured by subsequent reduction in the number of its members. [Madanlal v. Janki Parshad]

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(f) Contract made before the registration cannot be validated and issued upon by subsequent registration. [Gujrat trading Co.v. Tricumji]

(g) No suit either for administration or partition of an illegal association can be filled by any member of legal association. [Mewa ram v. ram gopal] an illegal association cannot be wound up under the provisions of the companies Act.

(h) An illegal association cannot be sued by its members and outsiders.

14.28 As per section 2(51) "Key managerial personnel", in relation to a company, means;

- (1) The chief company executive officer or the managing director or the manager;
- (2) The company secretary;
- (3) The whole-time director;
- (4) The chief financial officer; and
- (5) Such other officer as may be prescribed.

14.29 (a) "Relative", with reference to any person, means any one who is related to another, if-

- (1) They are members of a Hindu Undivided Family;
- (2) They are husband and wife; or
- (3) One person is related to the other in such manner as may be prescribed.

(b) The following not relatives:

- (1) Step-Daughter and her husband
- (2) Brother's wife
- (3) Sister's husband
- (4) Children of son, daughter, brother & sister

14.30 Public financial institution means-

- (a) The life insurance corporation of India,
- (b) The infrastructure development finance company limited (IDFC),

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(c) Specified company referred to in the unit trust of India (Transfer of undertaking and Repeal Act, 2002);

(d) Institutions notified by the central Government u/s 4 A(2) of the companies Act, 1956 so repeated under section 465 of this Act;

(e) Such other institution as may be notified by the central government in consultation with the RBI: the central government by notification in the official gazette is empowered to specify any other institute as public financial institution if:

(1) It is constituted under any central/state act or

(2) At least 51% of its paid up capital is controlled or held by the central/state government (s)/ or partly by the central government and partly by one or more state governments.

15.0 INCORPORATION OF A COMPANY

15.1 Promotion is the process of conceiving an idea and developing it into a concrete proposition or project and taking steps to implement it through the formation of a company.

15.2 As per sec 2 (69) the term "promoter" means a person-

(a) Who has been named as in prospectus or is defined by the company in the annual return referred to in sec 92; or

(b) Who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

(c) In accordance with whose advice, directions or instruction the board of directors of the company is accustomed to act. But a person who is acting merely in a professional capacity shall not be deemed as a promoter.

15.3 Person who buy property with a view to selling it later at profit to a company to be formed by them are regarded as promoters. (Glucstein v. barner)

15.4 The promoter's legal position is that he is neither an agent nor a trustee of the company he promotes because there is no company in existence.

15.5 The legal position of a promoter is that he stands in a fiduciary (relationship of trust and confidence) in relation to a company he promotes. The fiduciary relation of a promoter really begins when the company is formed. (Erlanger v. New Sombrero phosphate co.)

15.6 The fiduciary obligation of promoter, means an obligation of promoter to disclose fully all material facts of contracts, profit made or to be made and his personal interest in any transactions/contract with the company. In fiduciary capacity a promoter has duty:

(a) 'Not to make any secret profit'.

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- (b) To make full and fair disclosure of his personal interest in every transaction with the company.
 - (c) To give the benefit of negotiation to the company.
 - (d) To ensure that prospectus issued at their instance contains all material facts and particulars and does not contain any untrue statement.
- 15.7 liability of promoters include (a) liability for not including prescribed matters and reports as per sec 26, (b) criminal and civil liability for mis-statements in a prospectus [sec 34 & 35], (c) personally liability for pre-incorporation contracts.
- 15.8 (a) Promoters cannot claim remuneration and reimbursement of expenses incurred by them in promotion-
- (1) As a matter of right
 - (2) Even if they have already entered into a contract with the prospective directors.
 - (3) Even if the articles provides for it. Provision in articles merely gives the directors an authority to make such payment does not give the promoters a right to claim remuneration or to sue the company for the same.
- (b) Promoters can claim remuneration and reimbursement of expenses incurred by them in promotion if the company after incorporation makes a contract with promoters to that effect.
- 15.9 Preliminary contracts are those contracts which are entered into by the promoters for and on behalf of the proposed company before its incorporation.
- a. The company is not bound by the preliminary contracts even if (a) the company has taken the benefit of the work on its behalf under the contracts (b) the contract stipulates that the company, after incorporation shall be bound by it.
 - b. The company cannot enforce the preliminary contract.

Exception: as per sec. 15(h) and 19(e) of the specific relief act, 1953, preliminary contracts can be enforced by or against the company if:

- (1) Such contracts are for the purposes of the company.
 - (2) Such contracts are warranted by terms of incorporation (i.e. the contract must fall within any of the clauses contained in object clause)
 - (3) Such contracts are accepted by the company after its incorporation.
 - (4) The acceptance of such contracts in communication by the company to the other party to the contract.
- However, the above provisions are not applicable for:
- (1) Contract to take shares
 - (2) Contract to render personal services.

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C. the company cannot rectify the preliminary contracts since the company was not in existence when the preliminary contracts were made. A valid rectification of a transaction requires the existence of a principle at the time of entering into a transaction. [kelner v. baxter]

D. The company cannot adopt preliminary contracts either by passing special resolution or by making adoption of such contracts as one of the object of the company in its memorandum of association. [North Sydney investment co. v. Higgins]

E. The promoters are personally liable for the preliminary contracts.

15.11 Steps involved in the formation of a company are:

STEP 1: Obtain digital signature certificate (DSC)

STEP 2: Obtain the name approval

STEP 3: Get e-MoA and e-AoA prepared

STEP 4: Fill form SPICe INC-32

STEP 5: Apply for company's PAN and TAN

15.12 Documents & information required to be filled with SPICE

1. Memorandum and articles of association of the company duly signed by each subscriber to the memorandum and duly witnessed by at least one witness. [Section 7(1)(a) & rule 13]

2. Declaration from the professional [Section 7(1)(b) & rule 14]

3. Affidavit from each of the subscribers to the memorandum and each of the first directors [Section 7(1) (c) & rule 15]

4. Address for correspondence till its registered office is established [Section 7(1) (d)]

5. Particulars of each of the subscriber [Section 7 (1) (e) & rule 16]

6. Particulars of each of the first directors along with their consent to act as direction [Section 7 (1) (f) & rule 17]

15.13 As per Sec 7 (3), on and from the date mentioned in the certificate of incorporation issued, the registrar shall allot to the company a unique 21 digits (alpha-numeric) corporate identity number (CIN), which shall be a distinct identity for the company and which shall also be included in the certificate.

15.14 From the date of incorporation

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1. Body corporate: the original subscribers to the memorandum as well as the other persons who may, from time to time, become members of the company, shall constitute a body corporate by the name contained in the memorandum of association.

2. The company shall have power:

- (1) To exercise all the functions
- (2) To acquire, hold and dispose of property
- (3) To contract
- (4) To sue others and be sued by others.

3. The company shall have perpetual succession

15.15 (a) Certificate of incorporation given by the registrar of companies in respect of any association shall be conclusive evidence that-

(1) All the requirements of companies act have been complied with in respect of the registration as well as matters precedent and incidental thereto.

(2) The association is a company authorized to be registered and duly registered under the act.

(b) The term 'conclusive evidence' means that no inquiry shall be allowed to be made regarding the correctness or incorrectness of any particulars contained in the certificate of incorporation.

In other words, once issued, the certificate of incorporation cannot be challenged in any court or tribunal on any grounds whatsoever.

15.16 The validity of a certificate of incorporation cannot be dispute on any ground whatsoever. The certificate of incorporation shall remain valid and corporate status shall remain unaffected even in the following cases.

- (a) Where one person has signed on behalf of all the subscribers.
- (b) Where all the signatories to memorandum are minors.
- (c) Where all the signatures on the memorandum are forged.
- (d) Where the memorandum was altered after signing by subscribers, but before its registration
- (e) Where illegal objects are incorporate in the object clause.

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15.17 Certificate of incorporation is not the conclusive proof with respect to the legality of the objects of the company, mentioned in the objects clause of the memorandum of association. As such, if a company has been registered whose objects are illegal, the incorporation does not validate the illegal objects. In such a case the only remedy available is to wind up the company. [Performing right society Ltd.v. London theatre of varieties(1992)].

16.0 MEMORANDUM & ARTICLES OF ASSOCIATION

16.1 Memorandum of association is the constitution of the company which lays down the fundamental conditions upon which alone the company is allowed to be formed. It defines as well as confines the powers of the company.

16.2 The memorandum must be signed by each of the subscribers to the memorandum in the presence of at least one witness who must attest the signature and add his address, description and occupation (if any).

16.3 Memorandum of association of a company must state the following clauses:

- (a) Name clause
- (b) Registered office clause
- (c) Objects clause
- (d) Liability clause
- (e) Capital clause
- (f) Nominee clause in the case of a one person company (OPC)

NOTE: capital clause and liability clause are not required in memorandum of association of unlimited company whether or not having share capital and capital clause is not required in case of companies having no share capital.

16.4 (a) The term 'ultra vires' means beyond one's power of authority.

(b) Acts ultra vires the Companies act/memorandum shall be void and cannot be ratified even by an unanimous resolution of all the shareholders. [Ashbury railway carriage & iron Co. V. Riche]

(c) Acts ultra vires the articles of association /powers of directors but within the powers of the company shall not be altogether void and can be rectified and made valid by altering its articles by a special resolution at its general meeting with retrospective effect.

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(d) For acts which are ultravires the company/memorandum, neither the company can sue other nor be sued by others.

(e) A members can bring injunction against the company to restrain it from doing ultravires acts.

(f) The directors can be held personally liable for breach of authority.

16.5 Articles are the internal rules and regulations which govern the internal management of the company and bind the company and members thereof.

16.6 The articles of association may contain any regulation for the attainment of objects stated in the memorandum subject to the following restrictions.

(a) The articles must not include anything which is illegal or contrary to general law.

(b) The articles must not include anything which is against public policy.

(c) The articles must not include anything which is prohibited by the companies act.

16.7 The articles of an unlimited company and company limited by guarantee must specify the number of members (at least 100) with which the company proposes to be registered.

16.8 Articles of private company having share capital must contain the three statutory restrictions as per Sec 2(68).

16.9 The articles must be signed by each of the subscribers to the memorandum in the presence of at least one witness who must attest the signature and add his address, description and occupation (if any).

16.10 (a) Subject to the provisions of the companies act and memorandum a company may alter its articles by a special resolution at the general meeting of the company [Sec 14 (1)]

(b) Alteration of article involving conversion of public company into private company requires special resolution and approval of tribunal as per second proviso to Sec 14 (1).

(c) A copy of the special resolution authorizing articles alteration must be filed with the registrar within 30 days of passing the resolution.

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(d) A copy of the tribunal's order approving the alteration involving conversion of public company into private company, together with the printed copy of the altered articles must be filed with the registrar within 15 days of the date of receipt of the order of approval [Sec 14 (2)]

16.11 (a) Alteration of articles must not be inconsistent with any of the provisions of act or memorandum of association or with tribunal's order.

(b) Alteration having the effect of increasing the liability of a member shall not be binding upon him unless the company is a club any other associations.

(c) Alteration may have a retrospective effect so long as it does not effect the things already done by the company and alteration is for the benefit of the company as a whole. [Allen v. gold feet of West Africa]

(d) The alteration must be bona fide for the benefit of the company as a whole.

(e) Alteration must not constitute a fraud on minority.

(f) Alteration must not cause a breach of contract with an outsider.

(g) The power to alter articles is a statutory power and it cannot be taken away by any provision in the memorandum or articles. [Walker Vs. London tramways co. (1879)]

(h) Where the company is a club, its member is bound by alteration increasing his liability even if does not agree in writing

(1) Where the company is not a club or other association, its member is not bound by alteration increasing his liability unless he agrees in writing

16.2 A public company limited by shares need not have its own articles since it can adopt table F as per Sec 5.

16.13(a) Since the memorandum and articles constitute a contract between the members and the company, (1) The members are bound to the company and the company is bound to its members.

(b) Since the memorandum and articles do not constitute a contract between the company and outsider a outsider is not entitled to sue the company for enforcement to the article even the article provide certain right to him. [Eley V. positive Govt. life assurance Co. LTD (1876)]

16.14 Since the memorandum and articles of association on their registration with the registrar become public documents and are available for public

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inspection in the registrar's office on payment of prescribed fees, every person dealing with the company is presumed to have the knowledge of the contents of these documents and also to have understood them according to their proper meaning. [Earnest v. Nicholls (1857) 6 H.L.C. 401, Griffith v. Poget, (No.2)(1877) 6 Ch. D. 517, Oak Bank Oil V. Crum, (1882) 8 A.C. 65]. This type of presumed knowledge of these documents is termed as 'Constructive Notice of memorandum and articles of association.

16.15 The doctrine of indoor management is an exception to the doctrine of constructive notice. The doctrine protects the outsider against the company by entitling them to assume that the provision of the article of association have been duly complied with by the company in its internal working. The doctrine is based on the principles of justice and public convenience. [Royal British Bank v. Turquand, (1856)]

16.16 Conditions for availability of the benefit of doctrine of indoor management

- (a) The person dealing with the company must have the knowledge of the memorandum and articles.
- (b) The person dealing with the company must not have knowledge of irregularity.
- (c) The person dealing with the company must not be put upon an enquiry.
- (d) There must be some procedural or internal irregularity.
- (e) There must not be any ultra vires act or illegality.

16.17 Exceptions to the doctrine of indoor management does not apply in the following cases:

- (a) If a person dealing with the company has knowledge of irregularity.
- (b) A person dealing with the company has suspicion of irregularity.
- (c) Where forgery is involved [doctrine of indoor management applies to procedural irregularities and not illegalities (i.e. forgery). [Rubben v. Great Fingal consolidated, (1906)]
- (d) A person dealing with the company has no knowledge of articles.
- (e) Where acts are beyond apparent authority of officer

17.0 SHARES AND SHARE CAPITAL

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17.1 (a) Section 2(84) of the companies act, 2013 defines a share as “a share in the share capital of a company, and includes stock except where a distinction between stock and share is expressed or implied”.

(b) The shares are the movable properties transferable in the manner provided by the articles of the company.

(c) A share is the smallest unit into which the capital of the company is dividend.

(d) A share is not a sum of money but is an interest measured by a sum of money and made up of various rights contained in the contract.

(e) Stock is a aggregate of fully paid shares which have been legally consolidated which is transferable in fraction also.

17.2 (a)The company can issue equity shares with voting rights, or

(b) The company can issue equity shares with differential rights as to voting, dividend etc.

17.3 An equity is a share which is not a preference share, in other words, it is a share which does not carry two preferential rights (viz.,right to received dividend and right to receive repayment of capital) attached to a preference share.

17.4 A preference share is one which carries the following two preferential rights.

(a) A right to receive dividend at a stipulated rate or of a fixed amount before any dividend is paid on equity shares;,

(b) A right to receive repayments of capital on winding up of the company, before the capital of equity shareholders is returned.

17.5 Participating preference share is that share which, in addition to two based preferential rights, also carries one or more of the following rights as per the articles of association.

(a) A right to participate in the surplus profits left after paying dividend to equity shareholders; and

(b) A right to participate in the surplus assets left after the repayment of capital to equity shareholders on the winding up of the company.

17.6 Unless otherwise stated, a preference share is deemed to be cumulative, non-participating and non-convertible.

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17.7 No company limited by shares shall issue any preference share which is redeemable after the expiry of a period of 20 years from the date of issue.

17.8 Authorized capital: an authorized capital refers to that capital which is authorized by the memorandum of association to be the maximum amount of share capital of the company. This is the maximum limit of the company which it is authorized to raise and beyond which the company cannot raise unless the capital clause in the memorandum is changes. [Sec 2(8)]

17.9 Issued capital: An issued capital refers to the normal value of that part of authorized capital, which the company issues from time to time for subscription [Sec 2(50)]

17.10 Subscribed capital: Subscribed capital refers to the capital which has been subscribed by the members of a company [Sec 2(86)].

17.11 Called- up capital: “called- up capital” means such part of the capital, which has been called for payment. [Sec 2(15)]

17.12 Paid-up capital: “paid-up share capital” or “share capital paid- up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amounts credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called [Sec 2(64)]

17.13 (a) That portion of uncalled share capital which shall not be capable of being called up except in the event of winding up of the company is called reserve capital.

(b) An unlimited company may provide for reserve capital on its conversion into a limited company as per Sec65 by passing a resolution to that effect.

(c) Reserve capital cannot be dealt with in any manner under a power in the memorandum of association.

(d) A company cannot borrow on the security of its reserve capital.

(e) Reserve capital cannot be turned into uncalled capital without the approval of the tribunal.

(f) Reserve capital is not required to be disclosed in the balance sheet.

18.0 THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

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18.1 Need for LLP: A need was felt for a new corporate form that could provide the benefits of limited liability of a company and the flexibility of a traditional partnership to its members in organizing their internal structure based on a mutual agreement. Hence, a concept of LLP was introduced which combines the elements of both 'a corporate structure' (i.e. limited liability) as well as 'a partnership firm structure' (i.e. flexibility). The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of its partners will be limited.

18.2 Limited liability partnership means a partnership formed and registered under this act. [Sec 2(1) (n)]

18.3 Features of LLP:

1. Body corporate
2. Separate legal entity
3. Perpetual succession
4. Limited Liability
5. Minimum no of partners
6. No maximum limit on partners
7. Business for profit only
8. LLP agreement
9. An artificial person created by law

18.4 Advantages of LLP form are as follow:

1. Limited liability
2. Flexibility
3. Separate legal entity
4. Perpetual succession
5. Easy to form
6. Easy to dissolve
7. Foreign national

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8. Whistle blowing

18.5 Essential elements to form LLP

1. To decide about partners and to appoint minimum two individuals as designated partners.
2. To have LLP name: The LLP cannot have the same name with any other LLP, partnership firm or company.
3. To have a registered office to which all communications and notice may be addressed and where they shall be received.
4. To execute a LLP agreement
5. To complete and file incorporation documents along with the compliance statement
6. To file LLP agreement

18.6 Steps to incorporate LLP

Step: Name reservation

Step: Incorporate LLP

Step: File LLP Agreement

18.7 Five points of difference between A Partnership firm and LLP

Basic of distinction	Partnership firm	LLP
Regularly law	'The Indian partnership act, 1932'	'The limited liability partnership act, 2008'
Body corporate	Not	It is
Separate legal entity	No separate legal entity	Has separate legal entity
Perpetual	Does not	Enjoys

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succession	enjoy	
Liability of partners	unlimited	Limited, to the extent their contribution
Registration	Optional	Compulsory
Creation	By agreement	By law.
Designed partners	Need not have	At least 2
Digital signature	No requirement	At least one designated partner must have
Liability of partners for legal compliance	All partners are liable	Only designated partners are liable
Name of entity	Any name	Its name to contain 'limited liability partnership' or 'LLP' as suffix.
Mutual agency	Partners are agents of the firm and other partners.	Partners act as agents of LLP and not of other partners
Admission of minor	Can be admitted to the benefits	Minor cannot be admitted
Can foreign national become partner	Cannot become	Can become a partner
Number of	Minimum 2 and	Minimum 2 but there is no limit on maximum number of partners.

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members	maximum 10 for banking business & 20 for non-banking business.	
Whistle blowing	No such provision	Provision has been made
Annual filling with registrar	No return	<ul style="list-style-type: none"> • Annual statement of accounts • Statement of solvency • Annual return Required to be filled with registrar of LLP every year.

18.8 Five points of difference between A partnership firm and LLP

Basis of distinction	company	LLP
Regulated by	'The companies act, 2019'	'the limited liability partnership act, 2008'
Motive of formation	Profit or service motive	Only for profit motive.
Charter document	Memorandum of association	LLP agreement
Number of members	Private company: minimum 2 members & maximum 200 members. One person company 1 member. Public company: minimum 7 members but there is no limit on maximum number of members	Minimum 2 but there is no limit on maximum number of members
Filing of annual statement of solvency	Not required	Required
Provision for whistle blowing	Does not exist	Exists

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