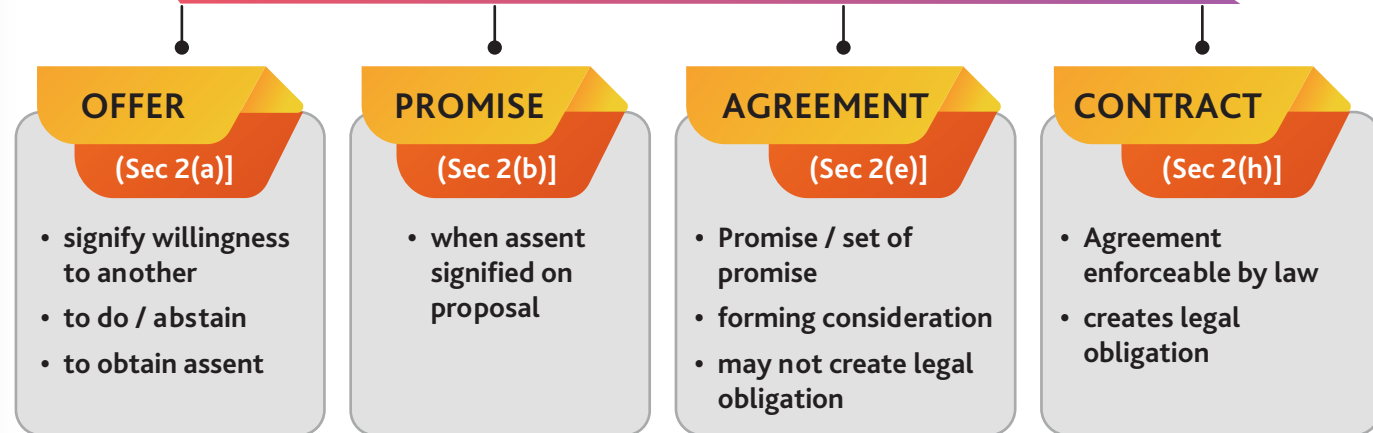
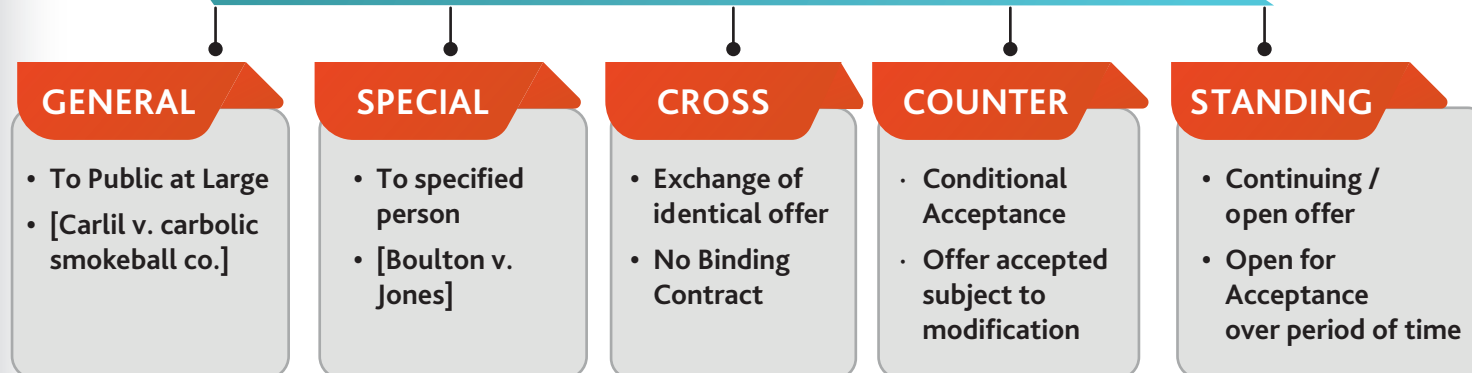


OFFER + ACCEPTANCE = AGREEMENT

AGREEMENT + ENFORCEABLE BY LAW = CONTRACT



KINDS OF OFFER



ESSENTIAL OF VALID OFFER

- Legal Relation**
Legal relation must be created
- Certain, Definite, Not Vague**
No contractual relationship if indefinite / vague
- Communicated to offeree**
Must be communicated [Lalman Shukla v. Gauri Dutt]
- Assent**
must be obtained
- Conditional**
Can be subject to T&C
- Not contain term non-compliance of which would amount to acceptance
- Specific / General**
made to public at large / specified person
- Express / Implied**
offer can be in words or by conduct
- Invitation to offer**
Terms proposed for negotiation
 - Act precedent to offer
 - Can be converted into offer

LEGAL RULES - VALID ACCEPTANCE

- Given by person to whom offer is made
General offer : Accepted by anyone
Special offer : Accepted by specific person
- Absolute & unqualified**
[Neale vs Merret]
- Must be communicated**
Conditional acceptance ≠ Acceptance.
[Brogden v. Metropolitan Railway Co.]
- Prescribed Mode**
If mode prescribed Acceptance in that mode
- Time**
If mentioned : within specified time
If not : within reasonable time
- Mere Silence Not Acceptance**
[Felthouse v. Bindley]
- By Conduct / Implied Acceptance**
• Modes other than verbal / written

Communication of offer

[Sec 4]

Complete

When comes to knowledge of offeree

Communication of Acceptance

[Sec 4]

Complete

Against the offeror
When put in course of transmission by the offeree

Against the offeree
When comes to knowledge of the offeror

Revocation of Acceptance & offer

[Sec 5]

Revocation of offer

Anytime before it is accepted by offeree

Legal भाषा मे

"Revoked anytime before communication of Acceptance is complete as against the offeror"

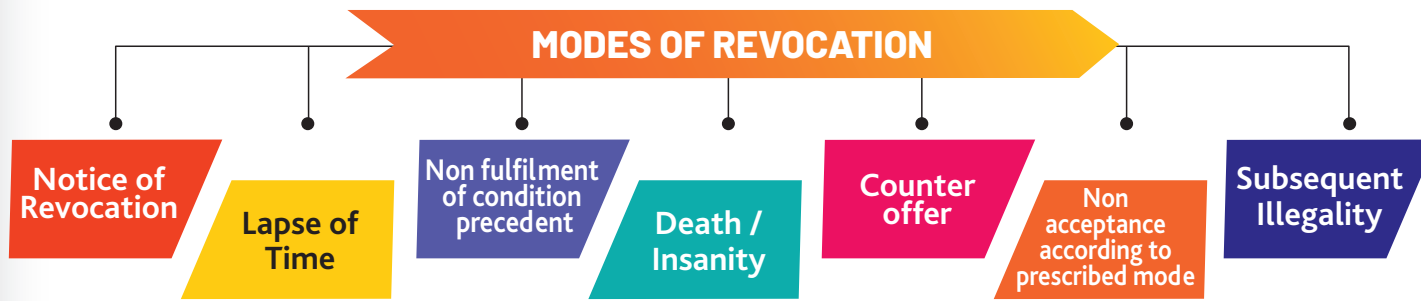
Revocation of Acceptance

Anytime before it comes in knowledge of the offeror

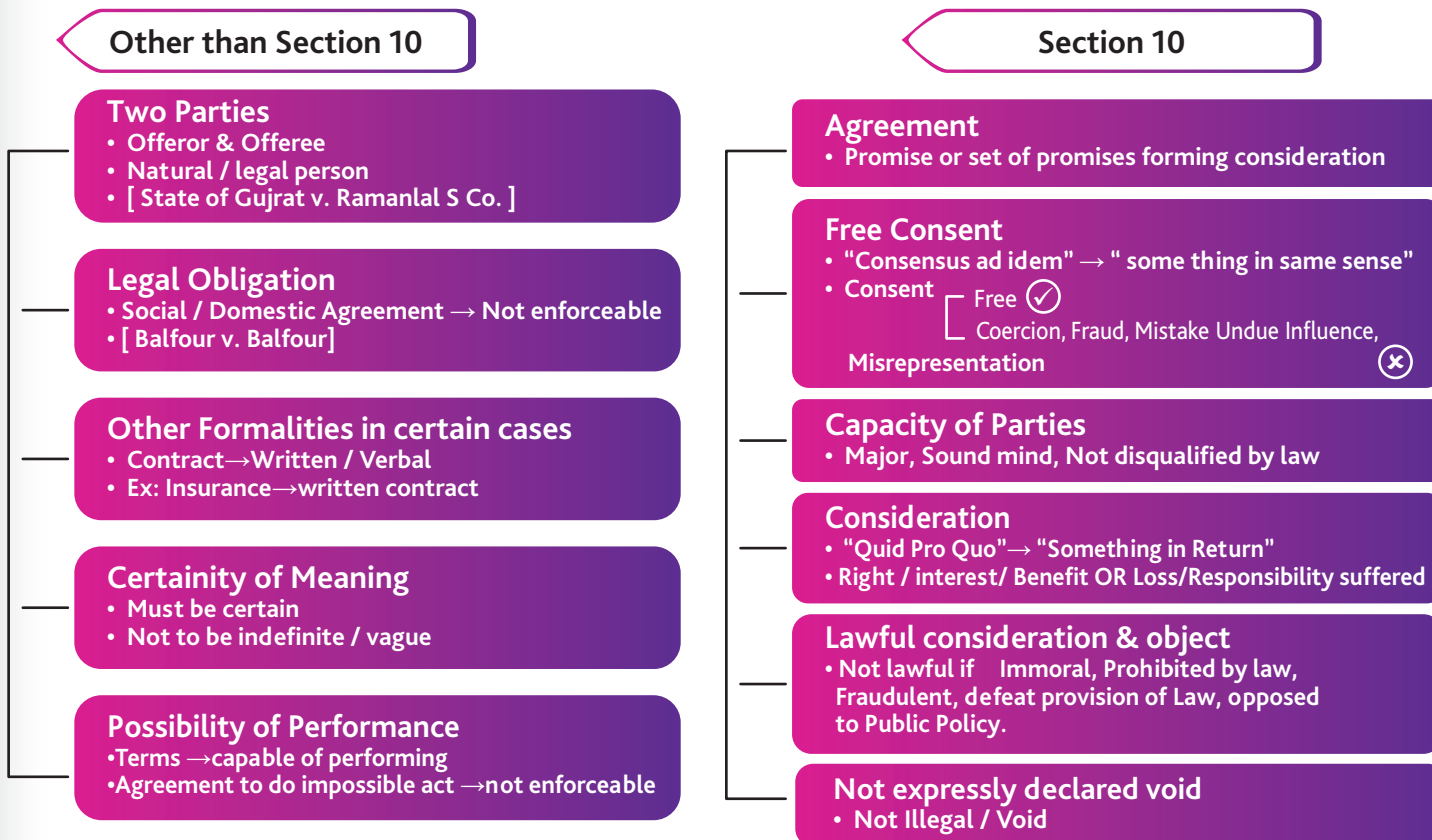
Legal भाषा मे

"Revoked anytime before communication of Acceptance is complete as against the offeree"

MODES OF REVOCATION



ESSENTIALS OF VALID CONTRACT



TYPES OF CONTRACTS

On the basis of

VALIDITY

- Valid
- Void
- Voidable
- Illegal
- Unenforceable

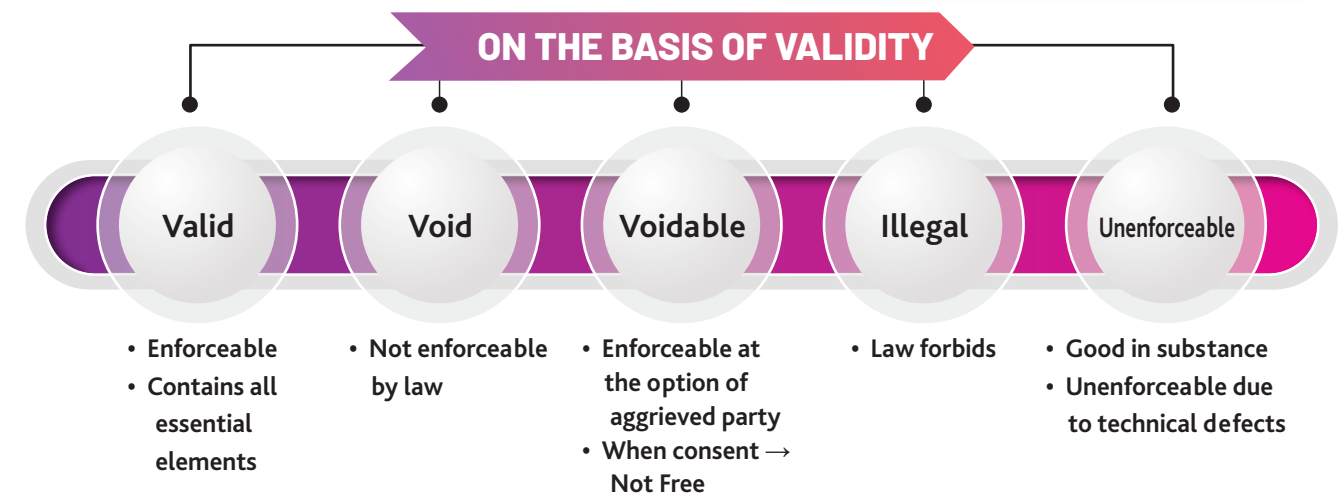
FORMATION

- Express
- Implied
- Quasi
- E-Contract

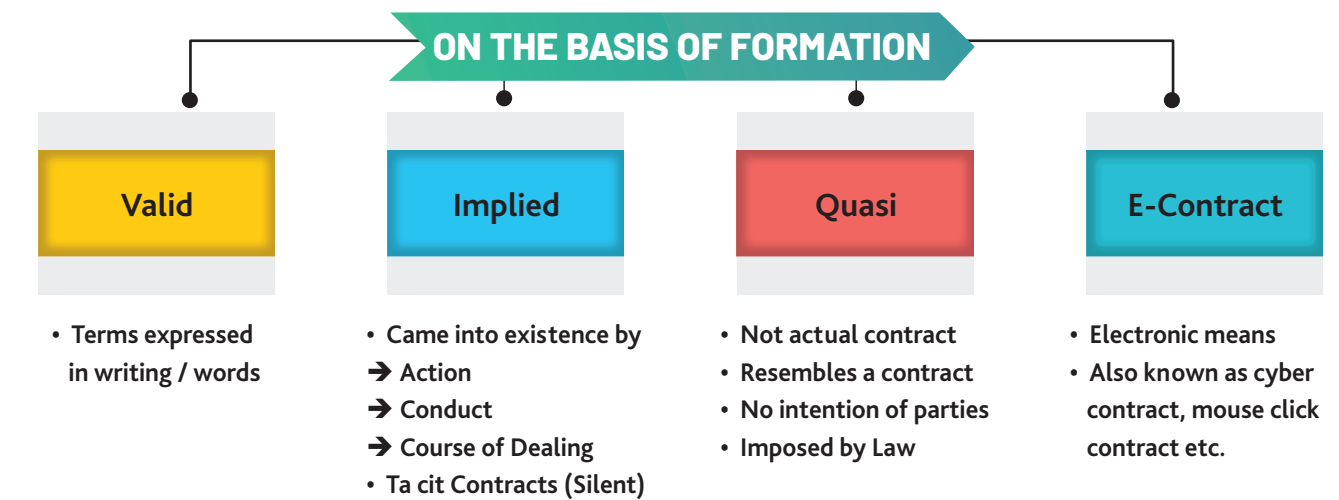
PERFORMANCE

- Executed
- Executory

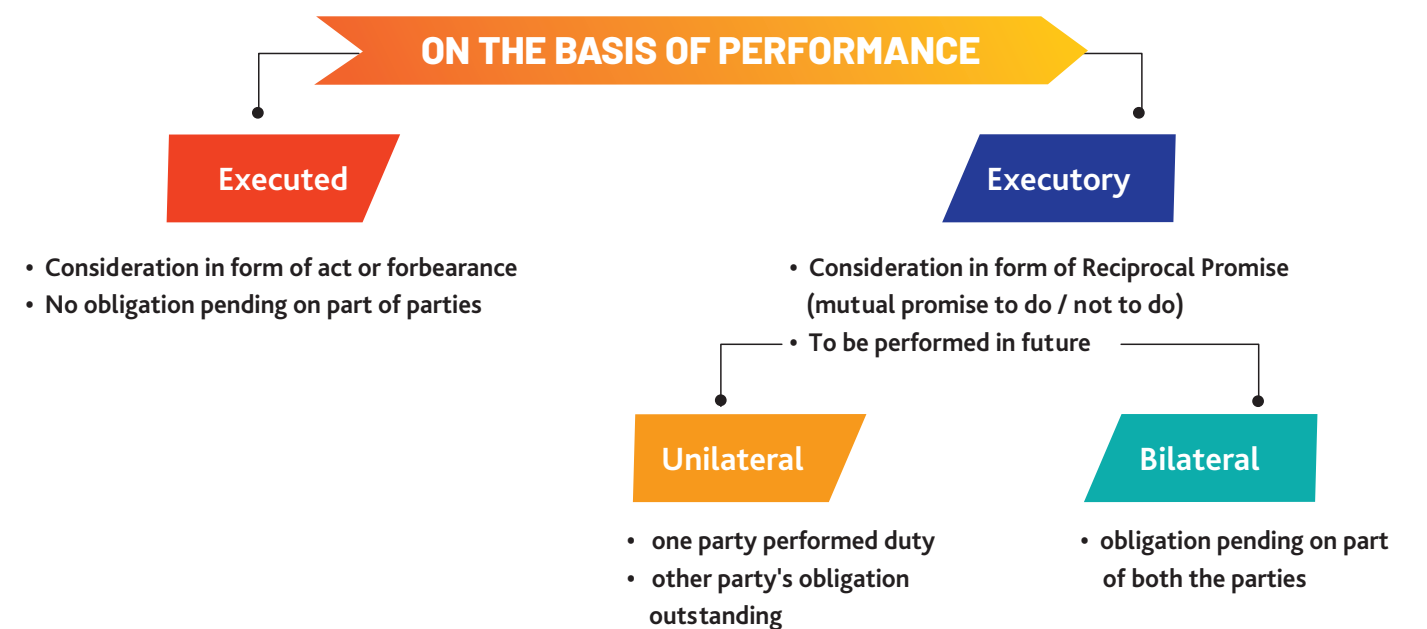
ON THE BASIS OF VALIDITY



ON THE BASIS OF FORMATION



ON THE BASIS OF PERFORMANCE



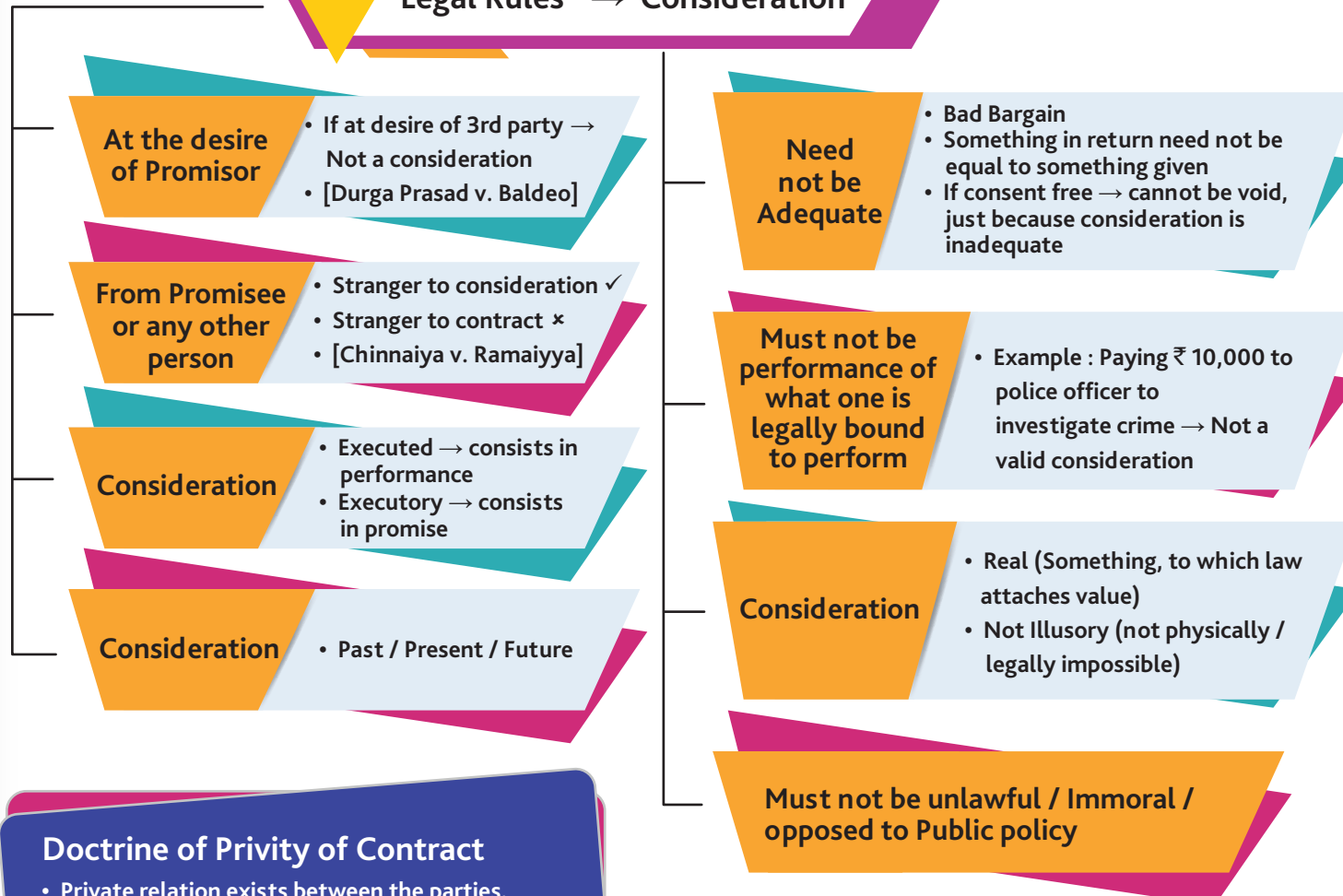
CONSIDERATION

Section 2 (d)

- When at the desire of Promisor
- Promisee or any other person
- Has done or abstained (Past), does or abstain (Present), Promises to do or abstain (Future)

Such act / abstinence / Promise → Consideration

Legal Rules → Consideration



Doctrine of Privity of Contract

- Private relation exists between the parties.
- "Stranger to contract cannot sue"
- Only party to contract can sue.
- EXCEPTIONS → Suit by third party to contract

SUIT BY THIRD PARTY TO CONTRACT

Type of Contract	Contracting Parties		3rd party
	1st party	2nd party	
→ Trust	Settler	Trustee	Beneficiary
→ Family Settlement	Family member	Family member	Family member not included in Contract
→ Marriage Contract	Family member	Family member	Female member
→ Assignment	First party	Assignor	Assignee
→ Estoppel by Acknowledgement of Liability	Giver	Receiver	Beneficiary
→ Covenant Running with Land	Seller	Buyer	Successor of seller
→ Agent	First party	Agent	Principal

Validity of Agreement without Consideration

General Rule : Agreement without consideration → Void But → certain exceptions

Natural Love & Affection Sec 25 (1)

- Near relationship
- In writing
- Registered under Law

Compensation for past voluntary services Sec 25 (2)

- Services rendered voluntarily for Promisor
- Promisor intended to compensate

Time Barred Debt Sec 25 (3)

- Promise in writing
- Signed by person or his agent to pay time Barred Debt

Agency

- Sec 185: No consideration necessary to create agency

Completed Gift Sec 25 (1)

- "No Consideration – No Contract" Do not Apply

Bailment Sec 148

- No consideration required to effect contract of "Gratuitous Bailment" (Free ऋ)

Charity Sec 148

- Promisee takes Liability
- On promise of person to contribute to Charity
- [Kadarnath v. Gorie Mohammad]

OTHER ESSENTIAL ELEMENTS OF CONTRACT

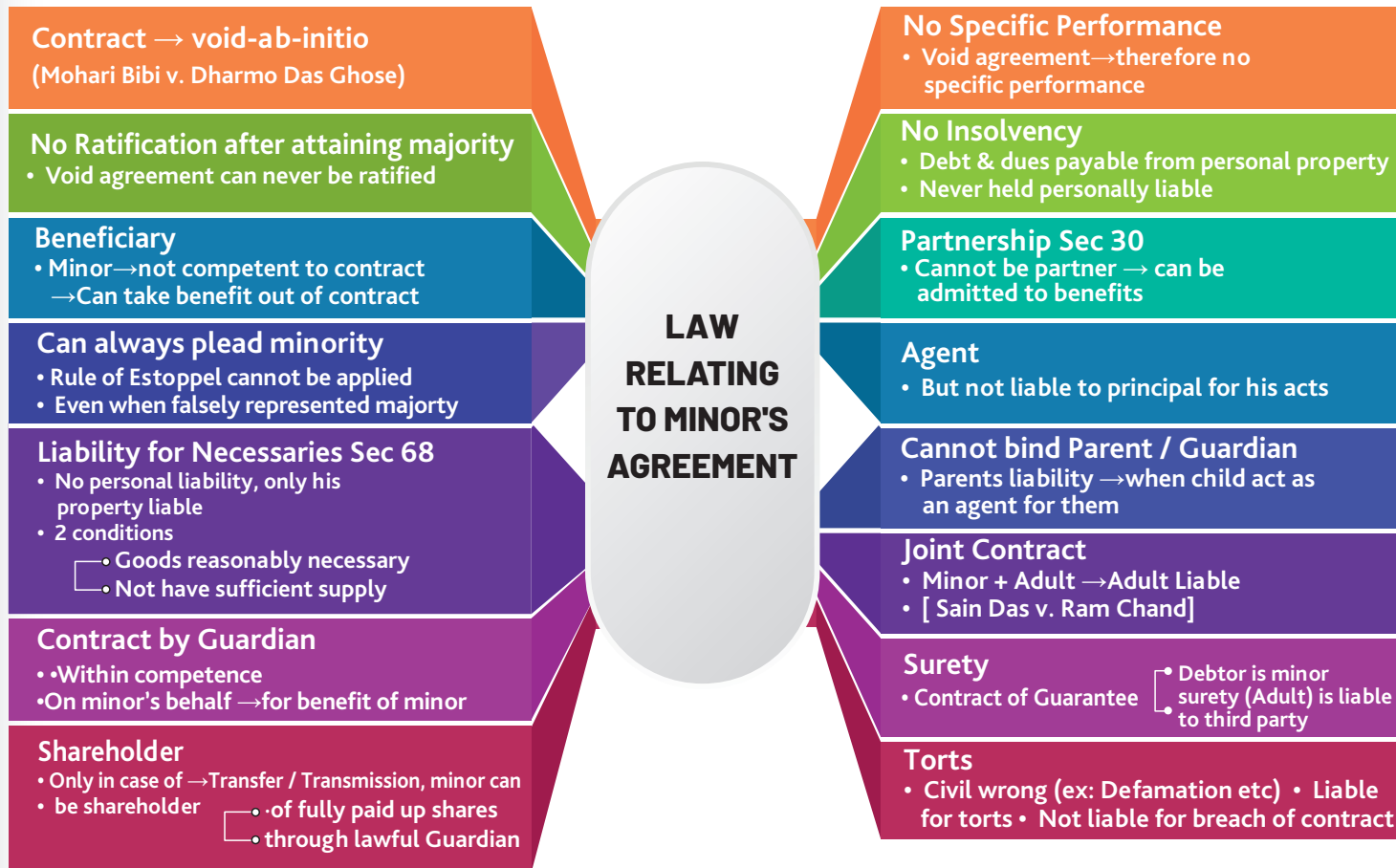
Section 11

Capacity to Contract

Major

Sound Mind

Not disqualified by Law



PERSON OF SOUND MIND SEC 12

usually unsound mind occasionally sound mind

• Make contract, when of sound mind

usually sound mind occasionally unsound mind

• Not make contract, when of unsound mind

NOT DISQUALIFIED BY LAW

Persons disqualified

Foreign Sovereign

Alien Enemy

Convicts

Insolvent

FREE CONSENT

Consent is Free, when not caused by

Coercion (Sec 15)

Undue Influence (Sec 16)

Fraud (Sec 17)

Misrepresentation (Sec 18)

Mistake (Sec 20, 21, 22)

VOIDABLE

VOID

COERCION

- Committing / threatening to commit any Act (Forbidden by IPC)
 - Unlawful detaining / threatening to detain any property
 - Intention : to cause person to make agreement
 - Effect : 1 Contract voidable
 - Effect : 2 Benefit received to be restored
 - Proceed from party to contract
 - Subject must be other contracting party
- Not Necessary

UNDUE INFLUENCE

- Near Relation between 2 parties
- One of them is position to dominate
- Person Deemed to be in position to dominate:-
 - Real & Apparent Authority (Father – Son)
 - Fiduciary Relationship (Trust) (Husband – Wife)
 - Mental Distress (Doctor Patient)
 - Unconscionable Bargain (Unreasonable)
- Effect: 1 Contract voidable
- Effect: 2 May be set aside by court

FRAUD

Commission of Following act:-

- Fact suggested → knows, not true
- Active concealment of fact
- Promise made without intention of performing
- Other act filled to deceive
- Any act declared by Law → as Fraud

Effect:-

- Contract voidable
- Sue for damages

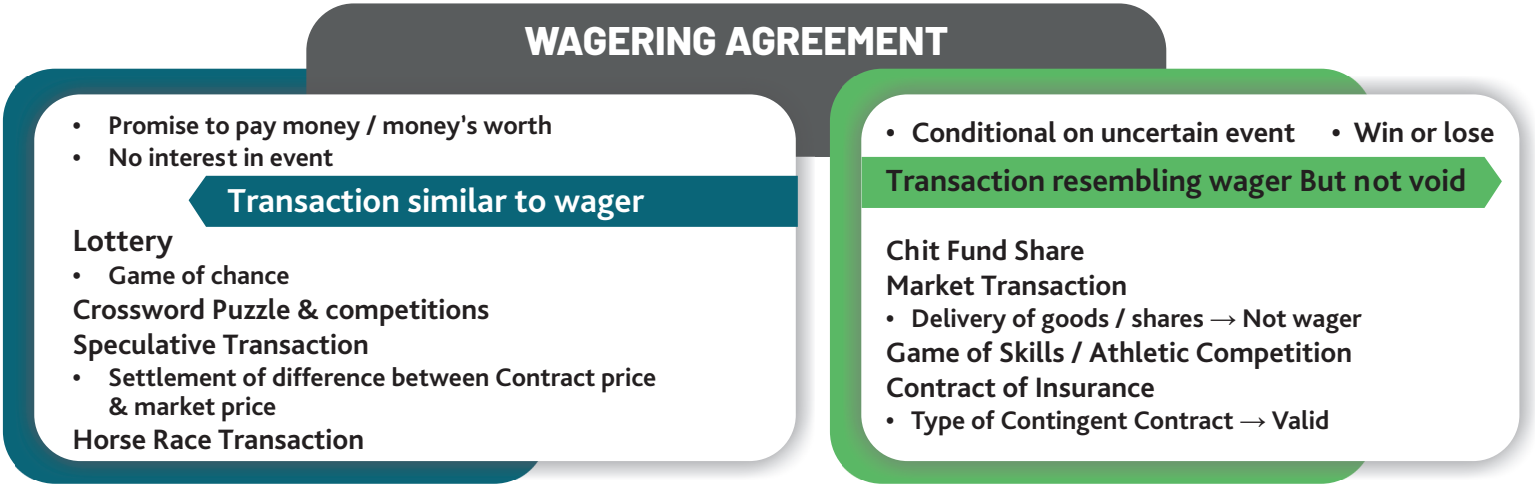
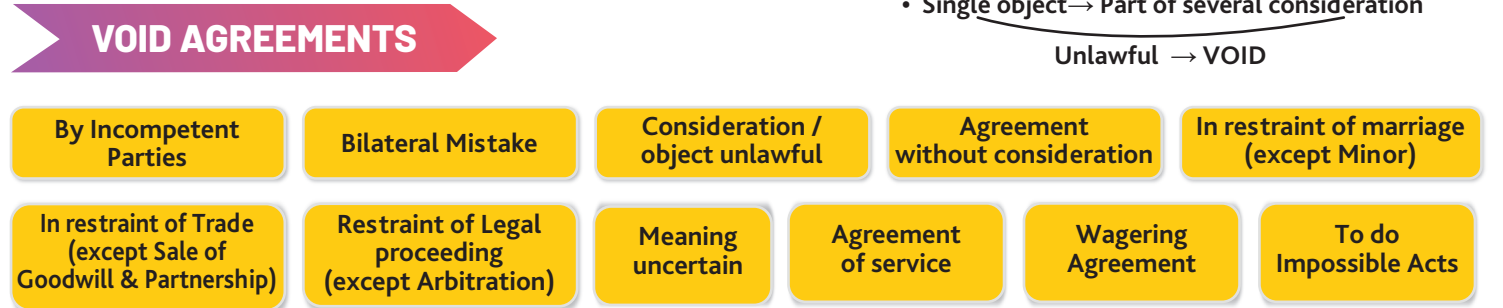
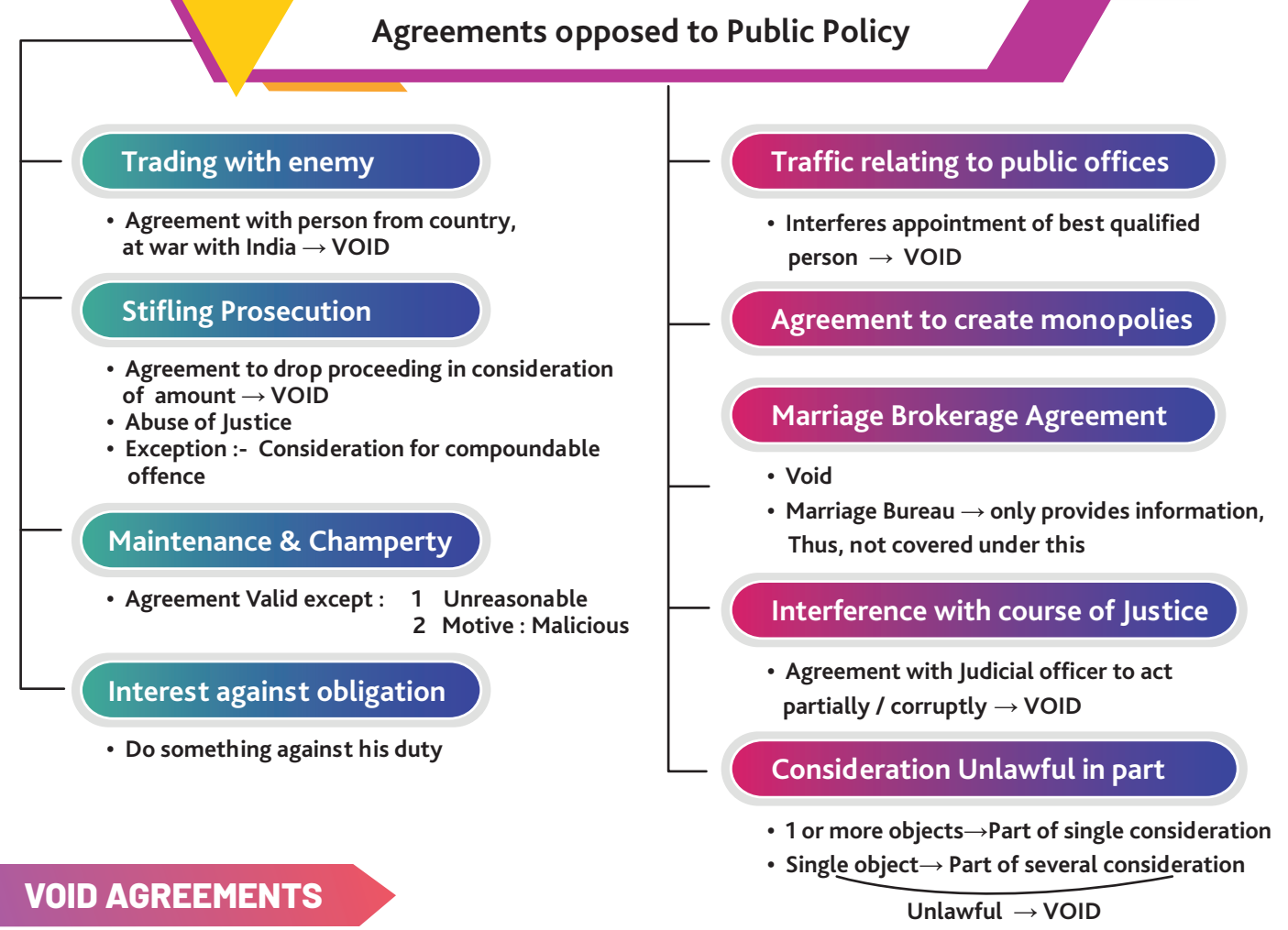
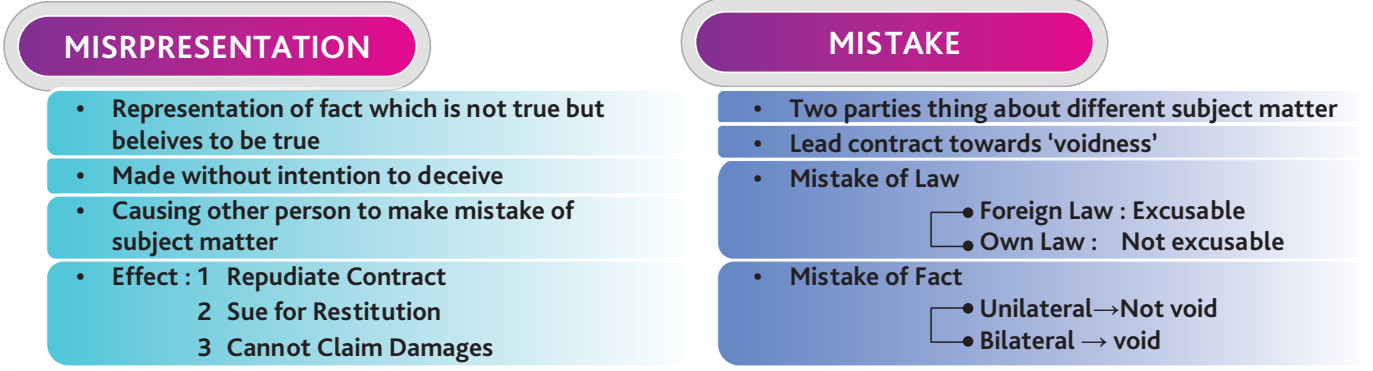
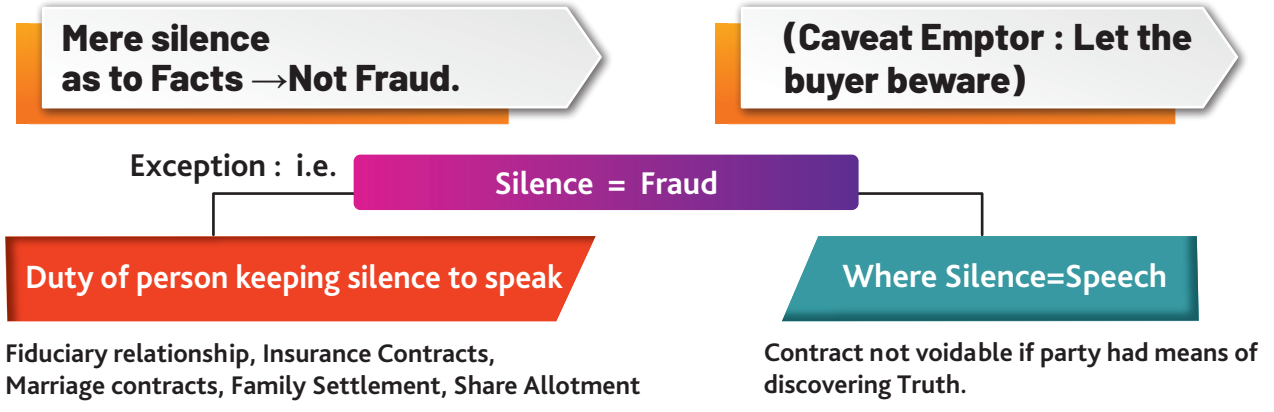
Committed by:-

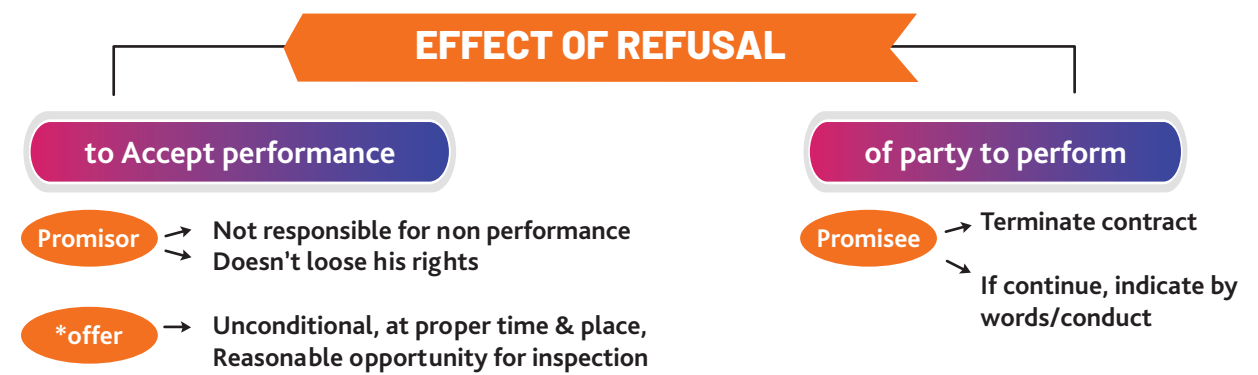
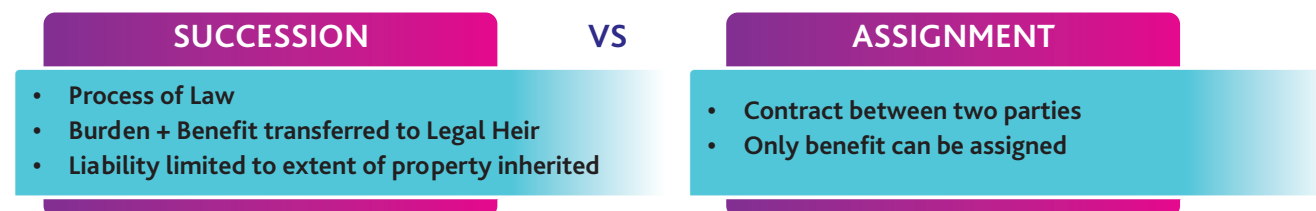
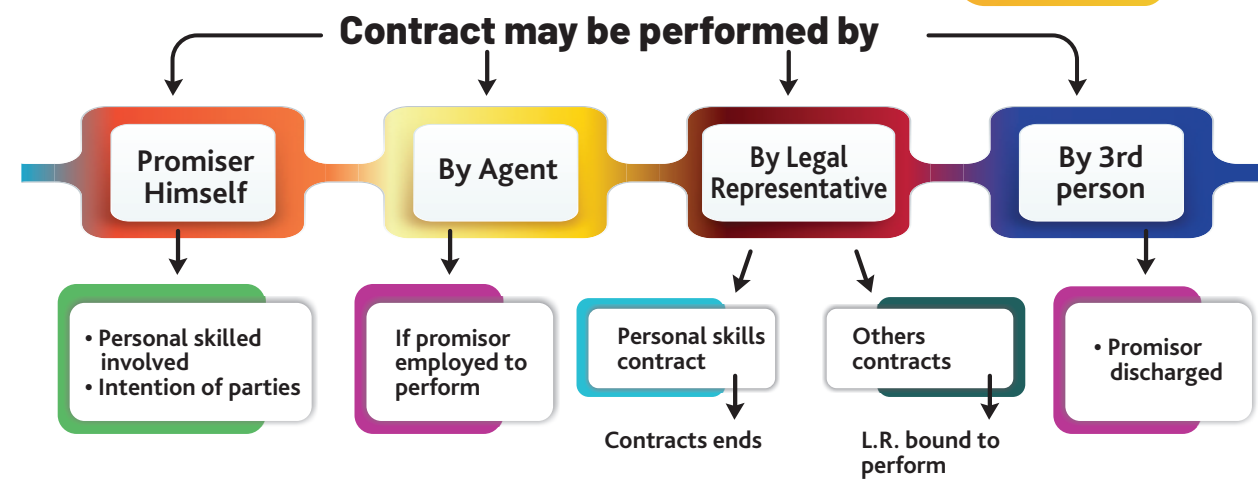
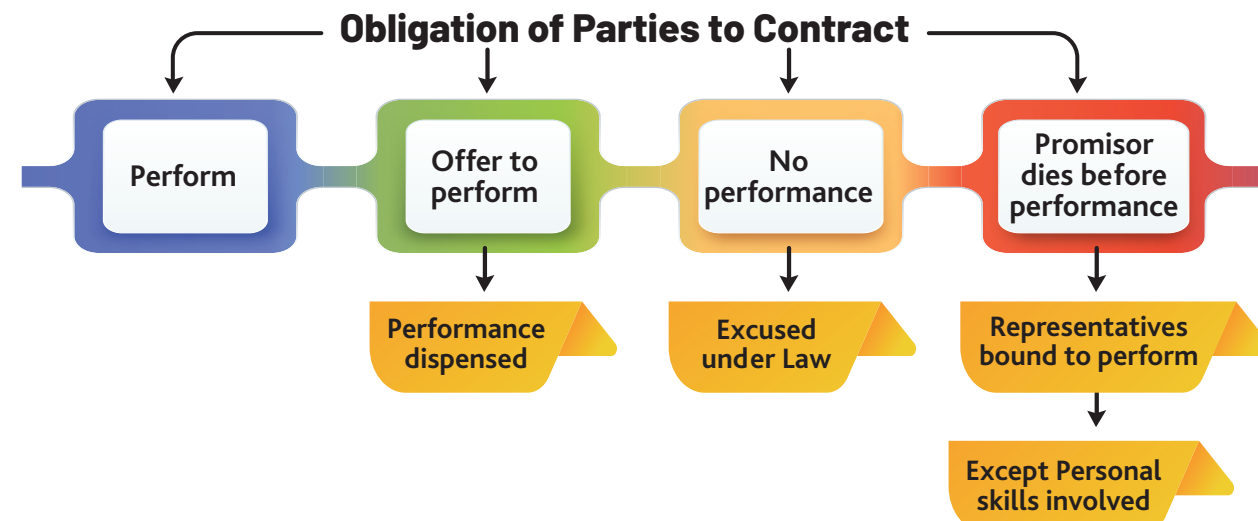
- Party to contract, with his connivance
- Agent of party to contract

Intention:-

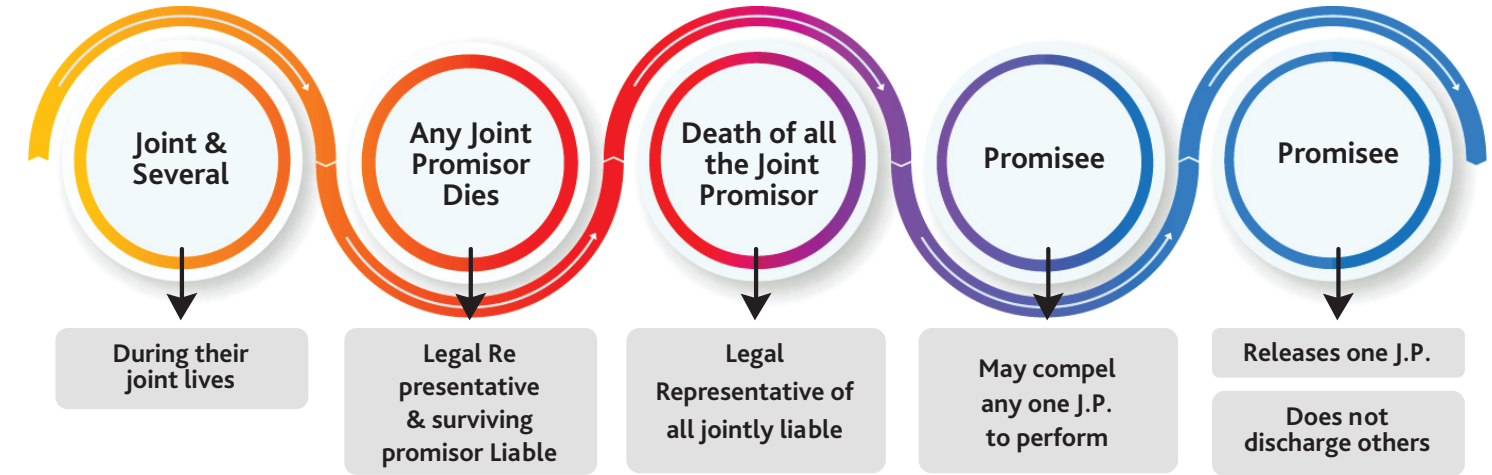
- To deceive
 - To induce to enter into contract
- OR

- Rescind → within reasonable time
- Insist performance

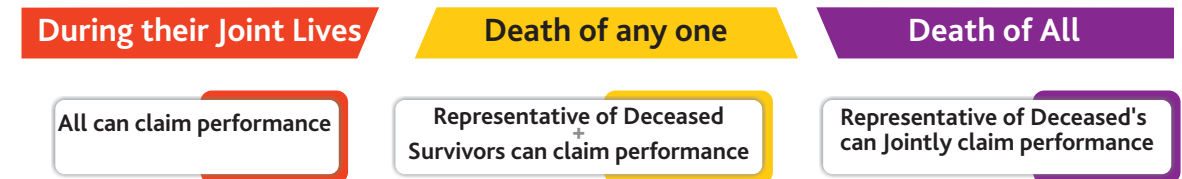




Liability of Joint Promisor



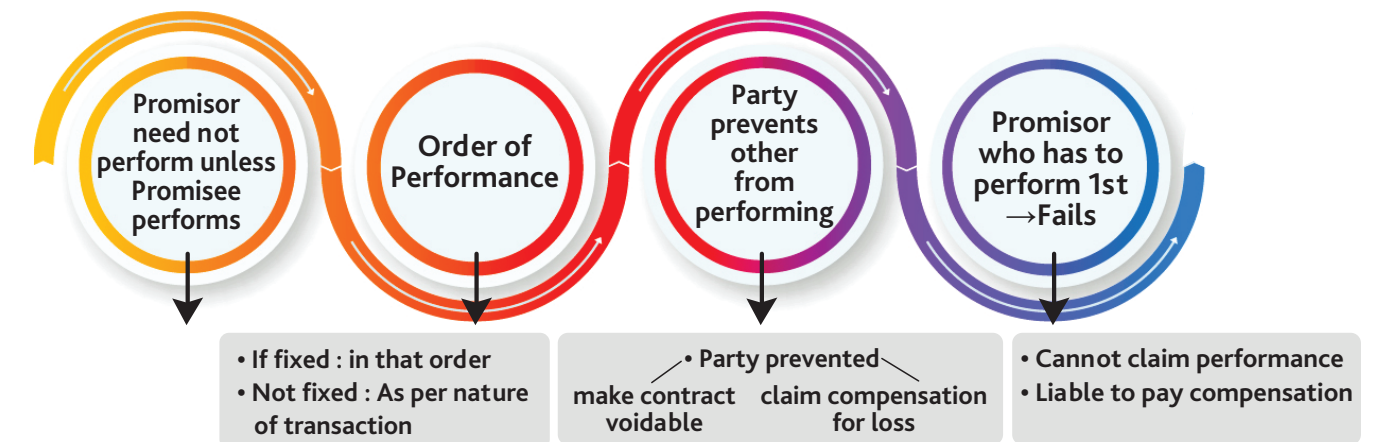
RIGHT OF JOINT PROMISEE



TIME & PLACE FOR PERFORMANCE



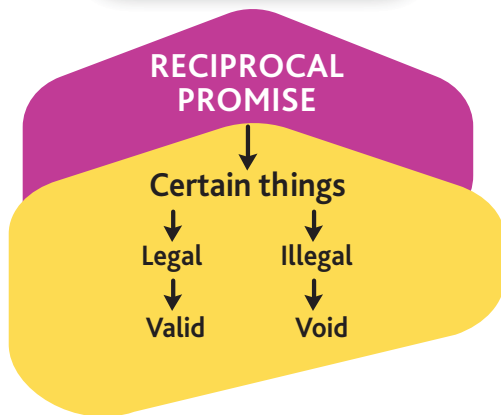
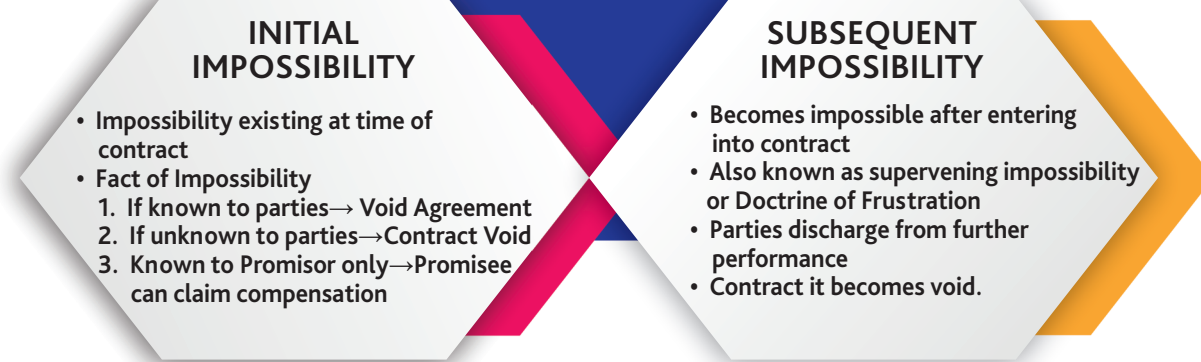
Performance of Reciprocal Promise (mutual Promise to do / not to do)



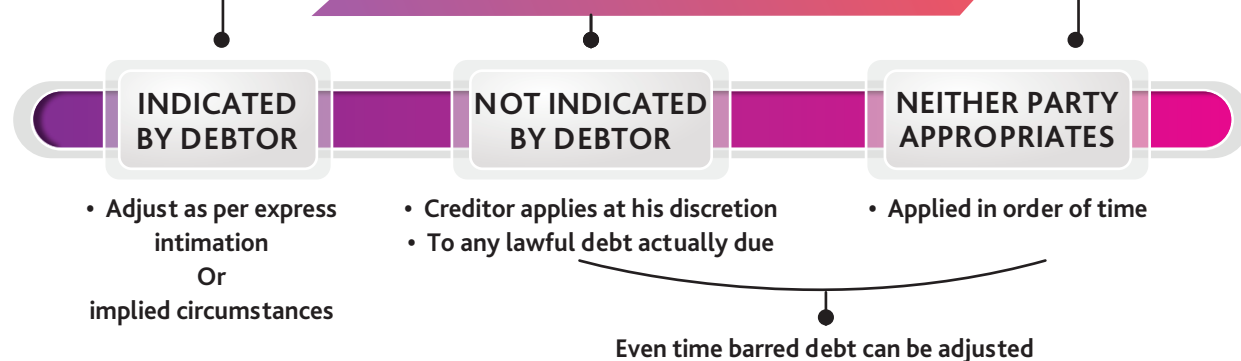
EFFECT OF FAILURE TO PERFORM AT TIME FIXED



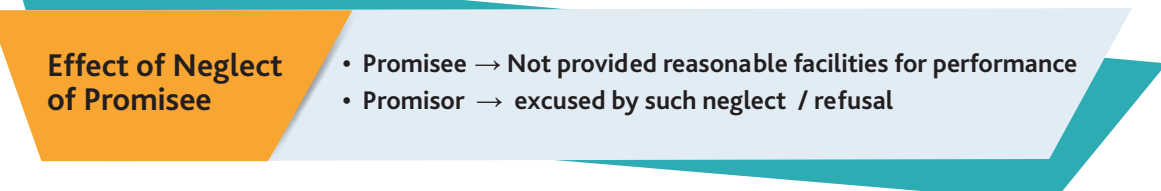
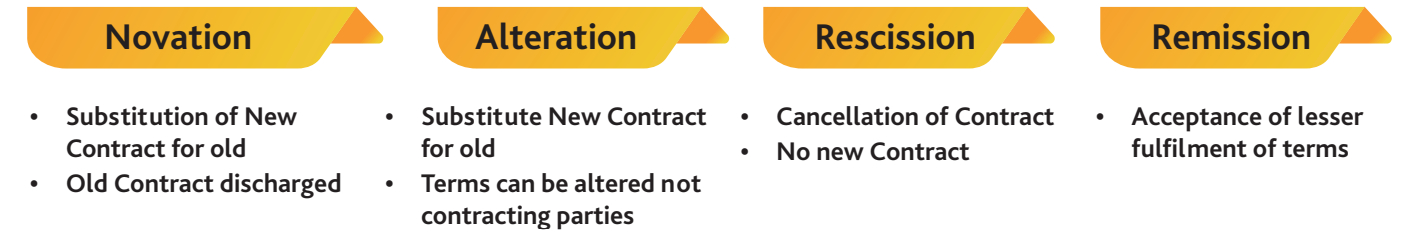
IMPOSSIBILITY



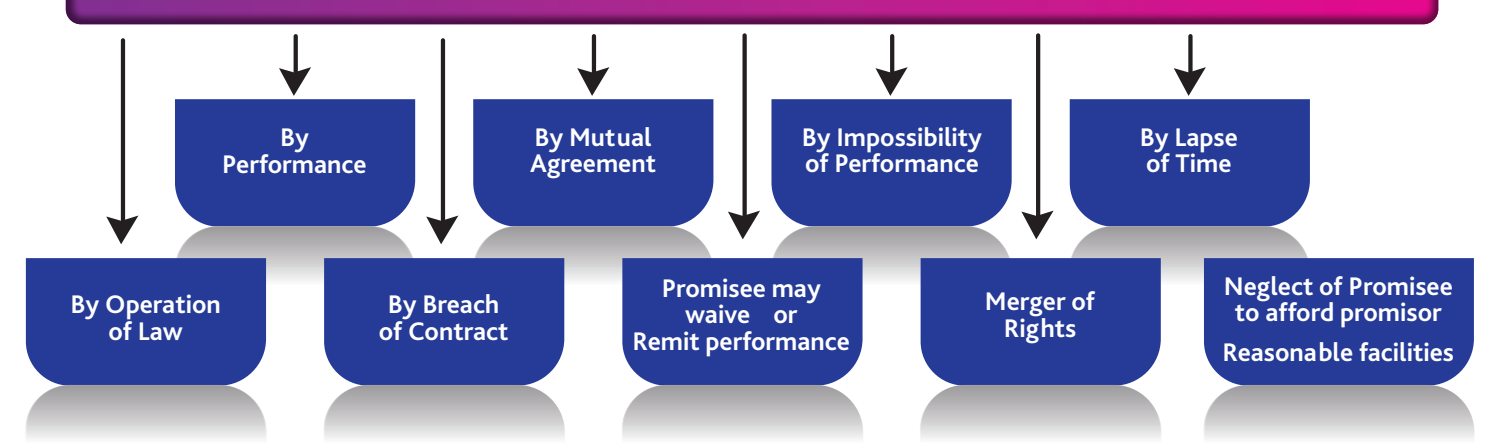
APPROPRIATION OF PAYMENTS



CONTRACTS WHICH NEED NOT BE PERFORMED



DISCHARGE OF CONTRACT



Breach FAILURE OF PARTY TO PERFORM HIS/ HER OBLIGATION UNDER CONTRACT

ANTICIPATORY

- Breach occurring before time fixed for performance has arrived
- Express / Implied breach
- Effect —
 1. Rescind & Sue for Damages immediately.
 2. Not rescind & wait for performance
- Promisor may get benefit of supervening Impossibility

ACTUAL

- Breach occurs —
 1. when performance due
 2. during the performance
- Other party obtains Right of Action against defaulting party.

REMEDIES FOR BREACH OF CONTRACT



SUIT FOR DAMAGES

ORDINARY

- Compensation for damages naturally arose during usual course of events.
- No Compensation for Remote / Indirect Loss

SPECIAL

- Arises on previous notice of special circumstances affecting contract

VINDICTIVE / EXEMPLARY

- Breach of Promise to marry
- Wrongful dishonour of cheque by Bank

NOMINAL

- No real damage suffered
- Establishes Right to decree

DETERIORATION CAUSED BY DELAY

- Damages recovered even without Notice
- PRE – FIXED DAMAGES**
- Sum to be paid for breach → mentioned in contract

LIQUIDATED DAMAGES/SPENALTY

- Reasonable Compensation
- Genuine Pre estimate
- Not exceeding sum mentioned

- Exorbitant amount
- Create terror
- Sum payable in excess of Damage

RECISSION OF CONTRACT

- Contract broken
- Other party may rescind contract
- Can claim compensation

SUIT FOR SPECIFIC PERFORMANCE

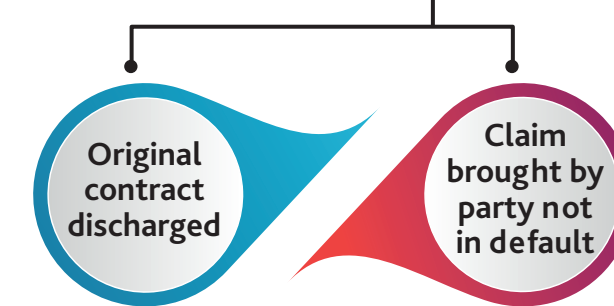
- Damages are not adequate remedy
- Court may direct to carry out promise as per terms of Contract

SUIT FOR INJUNCTION

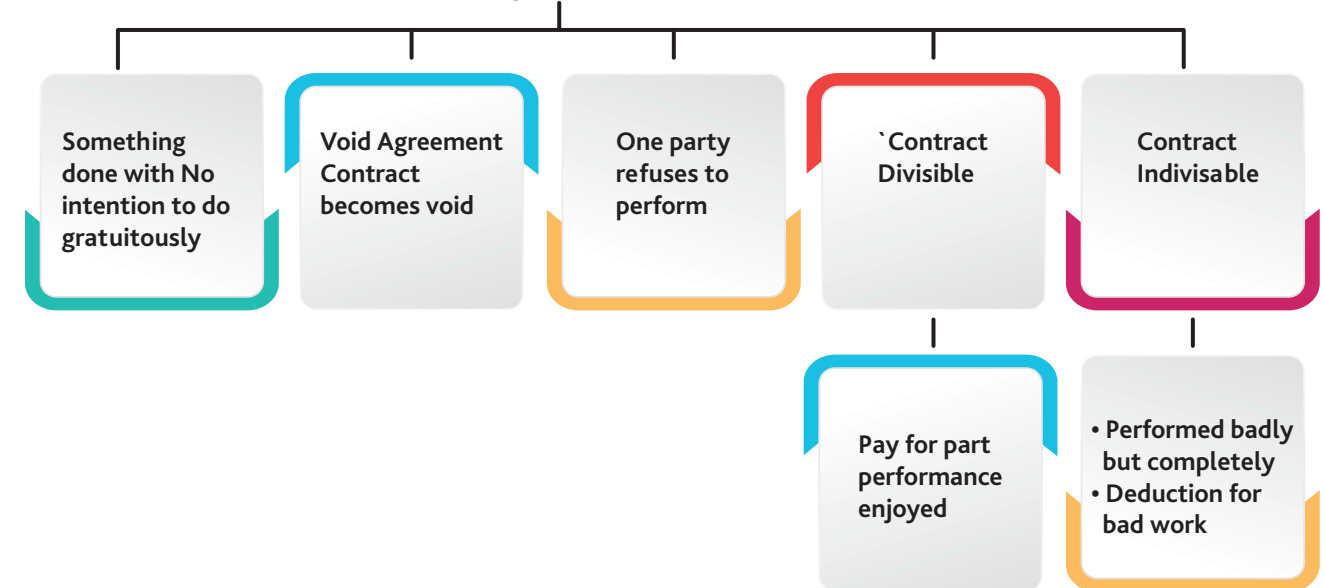
- Party negates terms of contract
- Court → restrains from doing, what he promised not to do.

QUANTUM MERUIT

- As much as the party has deserved
- Recompensate for value of work done, where no remuneration fixed
- 2 Condition for application of Doctrine



- Claim of Quantum Meruit in following cases —



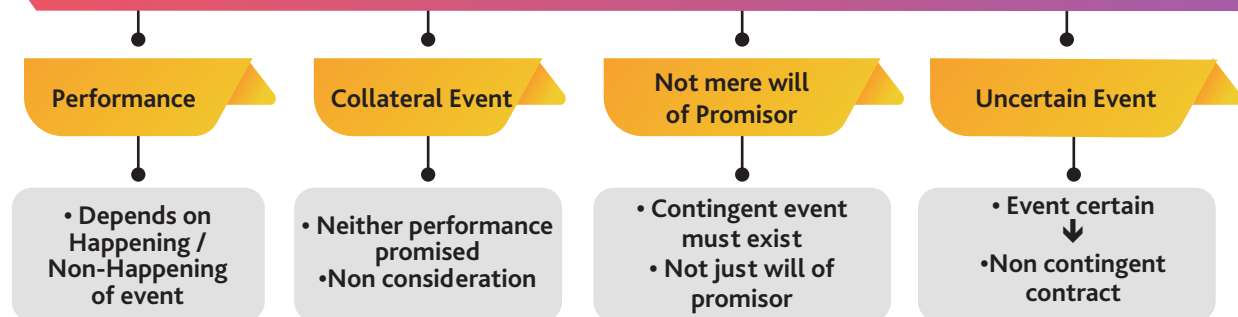
CONTINGENT & QUASI CONTRACT

CONTINGENT CONTRACTS

SEC 31 Contract to do or not to do something, if some even, collateral to contract does or does not happen
Example Contract of Insurance, Indemnity & Guarantee

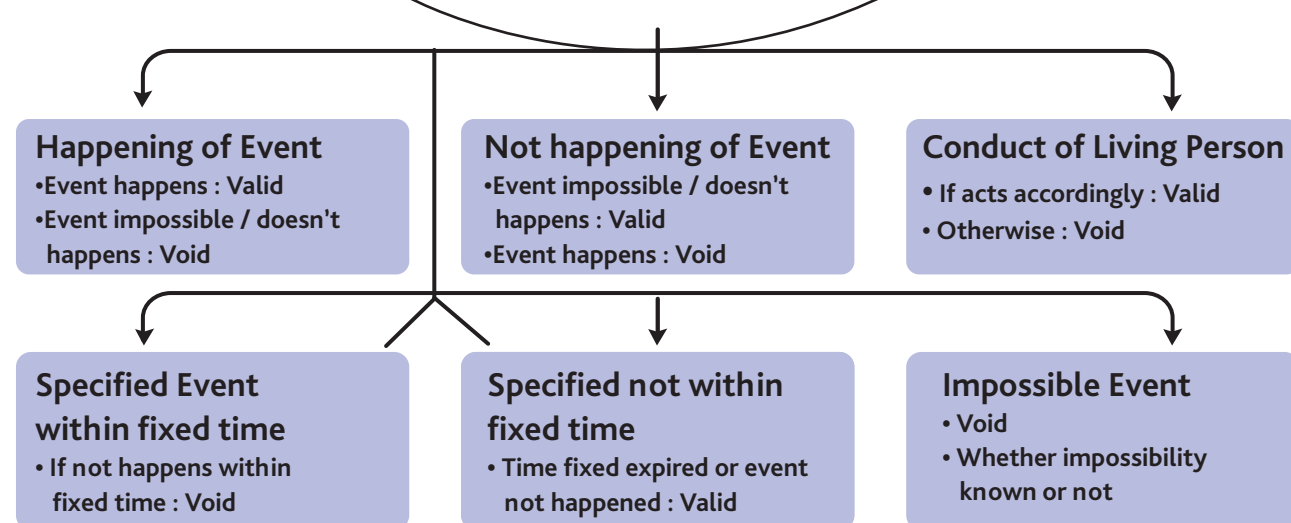
* Collateral Event (Pollock & Mulla)
 Even in which
 • Neither performance promised
 • Nor consideration for a promise

ESSENTIALS OF CONTINGENT CONTRACT

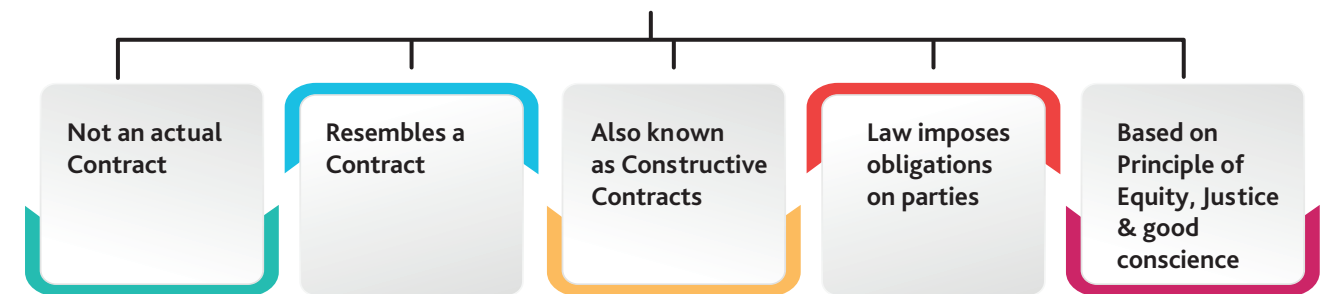


RULES RELATING TO ENFORCEMENT [Sec 32 - 36]

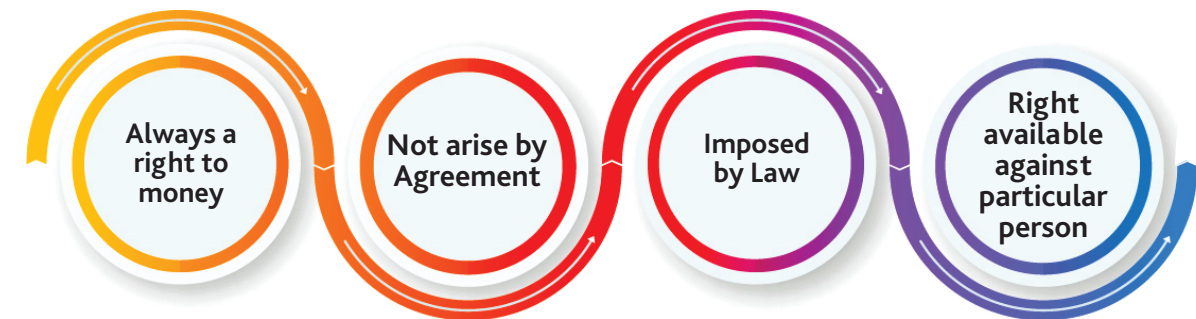
Contract dependent on



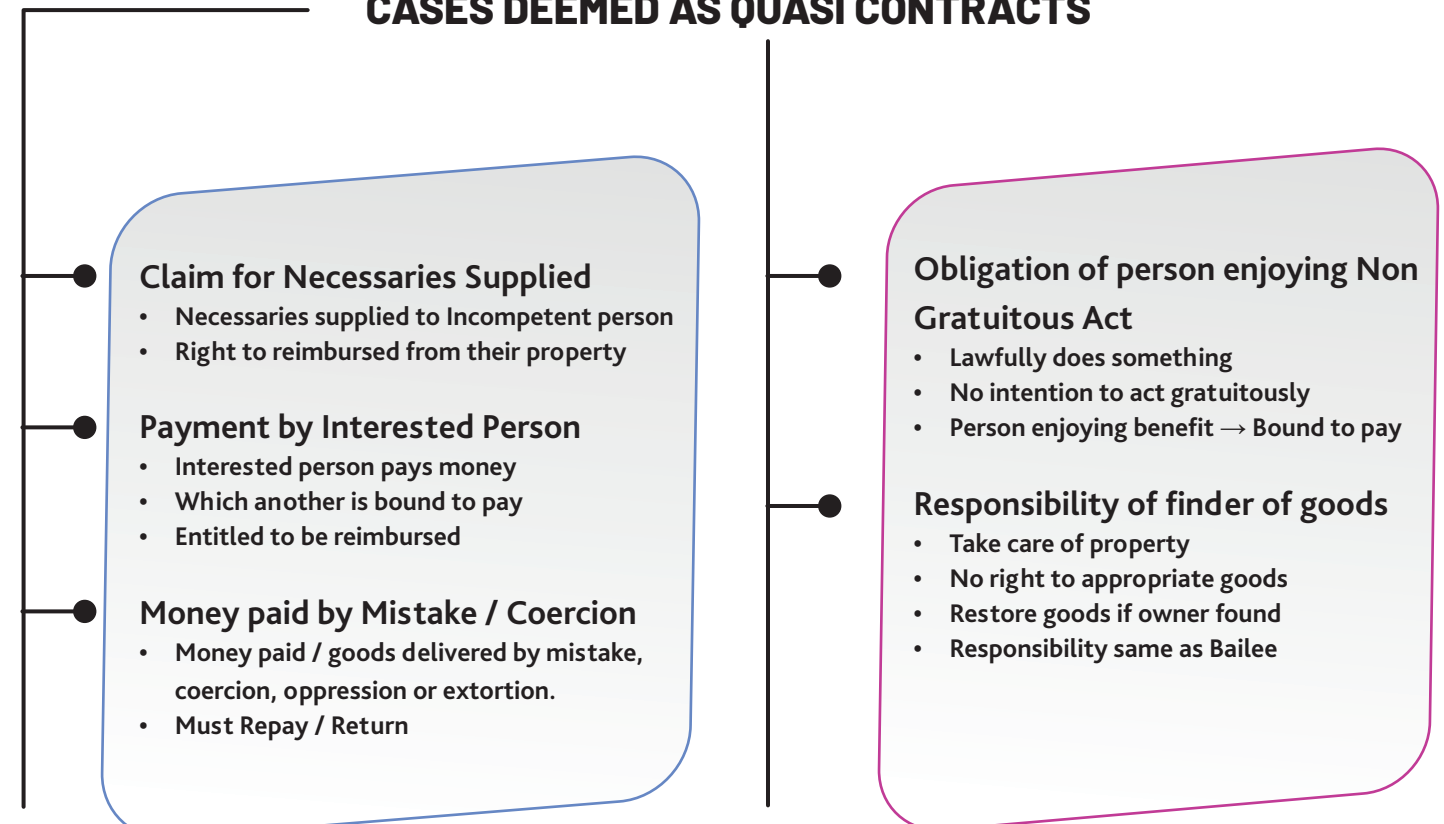
QUASI CONTRACTS



FEATURES



CASES DEEMED AS QUASI CONTRACTS



FORMATION OF THE CONTRACT OF SALE

Scope of the act

- Only movable Property
- General provision of Contract Act also applicable
- Expression of Indian Contract Act
- Custom & Usage

- **Buyer & Seller Goods**
 - All movable property other than money & actionable claim
- **Delivery**
 - Voluntary transfer of Possession from one person to another
- **Document of title**
 - Proof of the possession or control of Goods OR
 - Is for authorising or purporting to authorise either by endorsement or delivery
- **Document showing title**
 - Share certificate is document showing title
- **Property (Special vs General)**
 - Ownership or General property
- **Insolvent**—Ceases to pay his debts in ordinary course
- **Price**—Money Consideration for Sale of Goods
- **Quality**—State or Condition

CONTRACT OF SALE HOW MADE (Section 5)

Section 5(1)

- Offer to buy or sale Goods at Price + Acceptance of offer
- Immediate delivery of Goods Or Immediate Payment Or Both
- Delivery or Payment or both in Installment
- Delivery or Payment or both shall be postponed

Section 5(2)

- Contract may be made
- In writing
 - By word of mouth
 - Partly in writing & partly by word of mouth
 - Implied from conduct of parties

GOODS

Existing

Goods are in existence at the time of Contract of Sale

Future

Goods to be manufacture produced Or acquired after Contract of Sale

Contingent

acquisition depends upon contingency

Specific Identified and agreed upon at the time of Contract of Sale.

Ascertained Identified after Contract of Sale.

Unascertained Not specifically identified or agreed upon at the time of Contract of Sale.

DELIVERY

Actual

Goods are physically delivered to buyer

Constructive

Effected without change in custody or physical possession

Symbolic

Delivery of things in token of transfer of something

Contract of Sale

Sale
↓
Agreement to sale

Sale vs Agreement to Sale

1. Transfer of property
2. Nature of contract
3. Remedies for breach
4. Liabilities of parties
5. Burden of risk
6. Nature of right
7. Right of resale
8. In case of insolvency of seller
9. In case of insolvency of buyer

Token Agreement to sale become sale

When time elapses or Condition is fulfilled

Sale VS Hire Purchase

1. Time of passing of property
2. Position of party
3. Termination of contract
4. Burden of risk of insolvency of buyer
5. Transfer of title
6. Resale

Sale VS Bailment

1. Transfer of property
2. Return of Goods
3. Consideration

Sales and contract for Work and Labour

subject matter of contract of sale

Section 6

Existing Or Future Goods

Section 7

Goods Perishing before making contract

Section 7

Goods Perishing before sale but after agreement to sale

PERISHING OF FUTURE GOODS

Section 9 & 10

Ascertainment of Price

by Contract OR Fixed in a manner agreed OR By the course of dealing between Parties

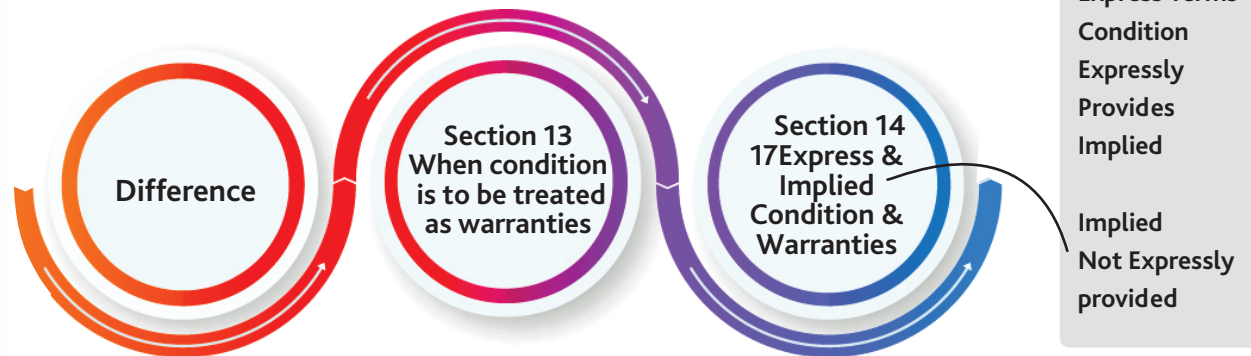
Agreement to sale at Valuation by Third Party

1. Third Party does not OR cannot make such valuation. Contract will be avoided
2. Third Party is prevented by buyer OR seller. Party in fault will file suit.

CONDITIONS AND WARRANTIES



CONDITIONS AND WARRANTIES



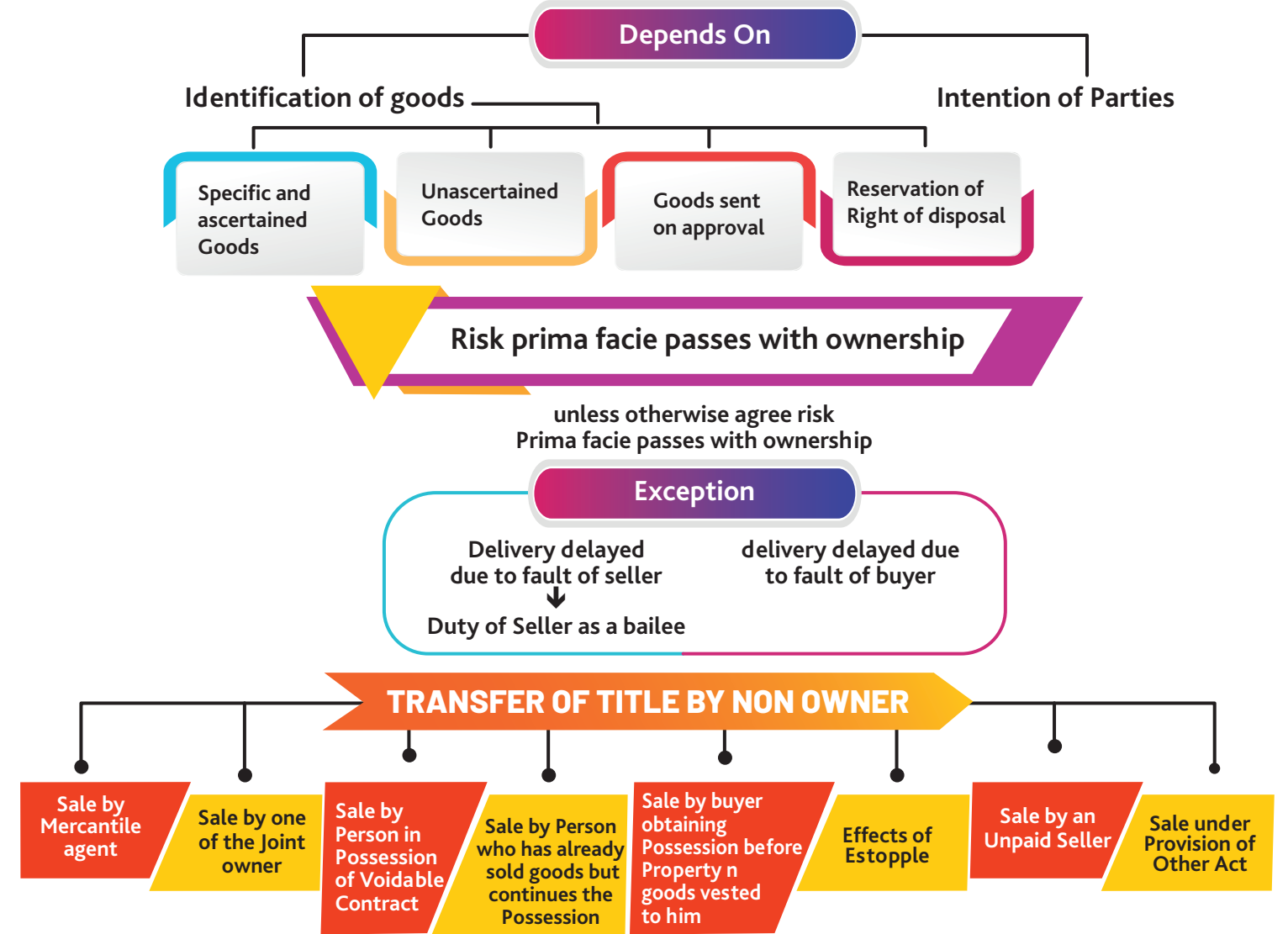
- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Meaning • Right in case of Breach • Conversion of Stipulation | <p>Voluntary</p> <ol style="list-style-type: none"> 1. Waive Performance of Contract 2. Elect to Treat Condition as Warranty Compulsory <ol style="list-style-type: none"> 1. Non severability of Contract 2. Fulfillment of Condition executed by law Stipulation | <p>Implied Condition</p> <ol style="list-style-type: none"> 1. Condition as to title 2. Sale by sample 3. Condition as to quality or fitness 4. Condition as to whole some noss 5. Condition as to Description 6. Sale by Sample as well as description 7. Condition as to merchantability 8. Implied Warranty <p>(1) Warranty as to undisturbed possession
(2) Warranty as to non existence of circumference
(3) Discloser of dangerous nature of goods</p> <p>Warranty as to quality OR fitness by usage of trade</p> |
|---|---|--|

CAVEAT Emptor

- Exceptions —**
- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Fitness as to quality OR use 2. Goods Purchased under patent or brand name 3. Goods sold by description 4. Goods of merchandise quality | <ol style="list-style-type: none"> 5. Sale by sample 6. Goods by sample as well as description 7. Trade usage 8. Sellers actively cancels the defects |
|---|---|

TRANSFER OF OWNERSHIP AND DELIVERY OF GOODS

TRANSFER OF PROPERTY

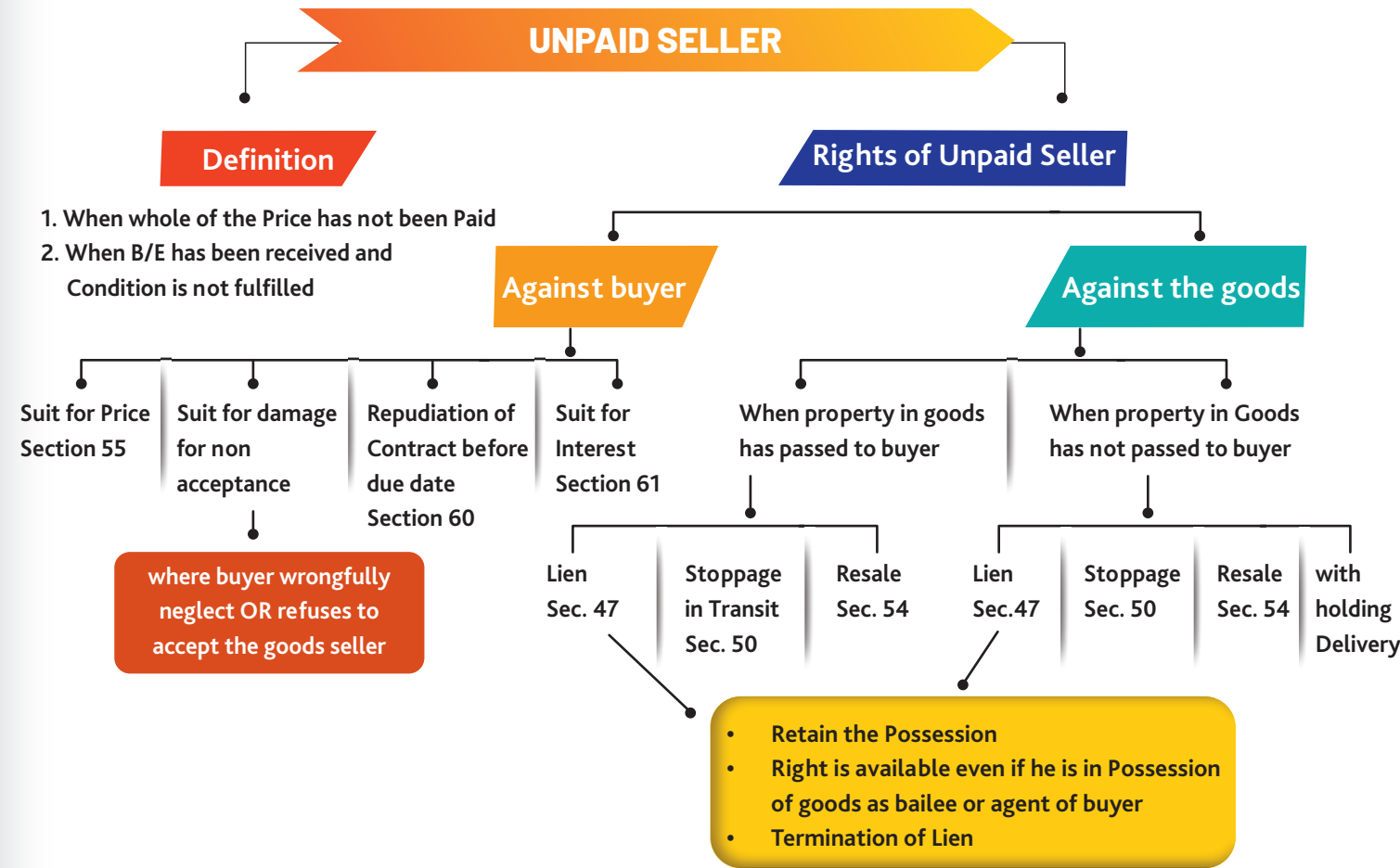


(SEC-34-41) RULES REGARDING DELIVERY OF GOODS

- | | | |
|--|---|--|
| <ol style="list-style-type: none"> 1. Part delivery 2. Buyer to apply for delivery 3. Place of delivery 4. Time of delivery 5. Installment delivery | <ol style="list-style-type: none"> 6. Delivery of wrong quantity 7. Expenses of delivery 8. Goods in possession of third party 9. Delivery to carrier 10. Determination during transit | <ol style="list-style-type: none"> 11. Buyer right to examine the goods 12. Installment delivery 13. Delivery in wrong quantity |
|--|---|--|

DELIVERY

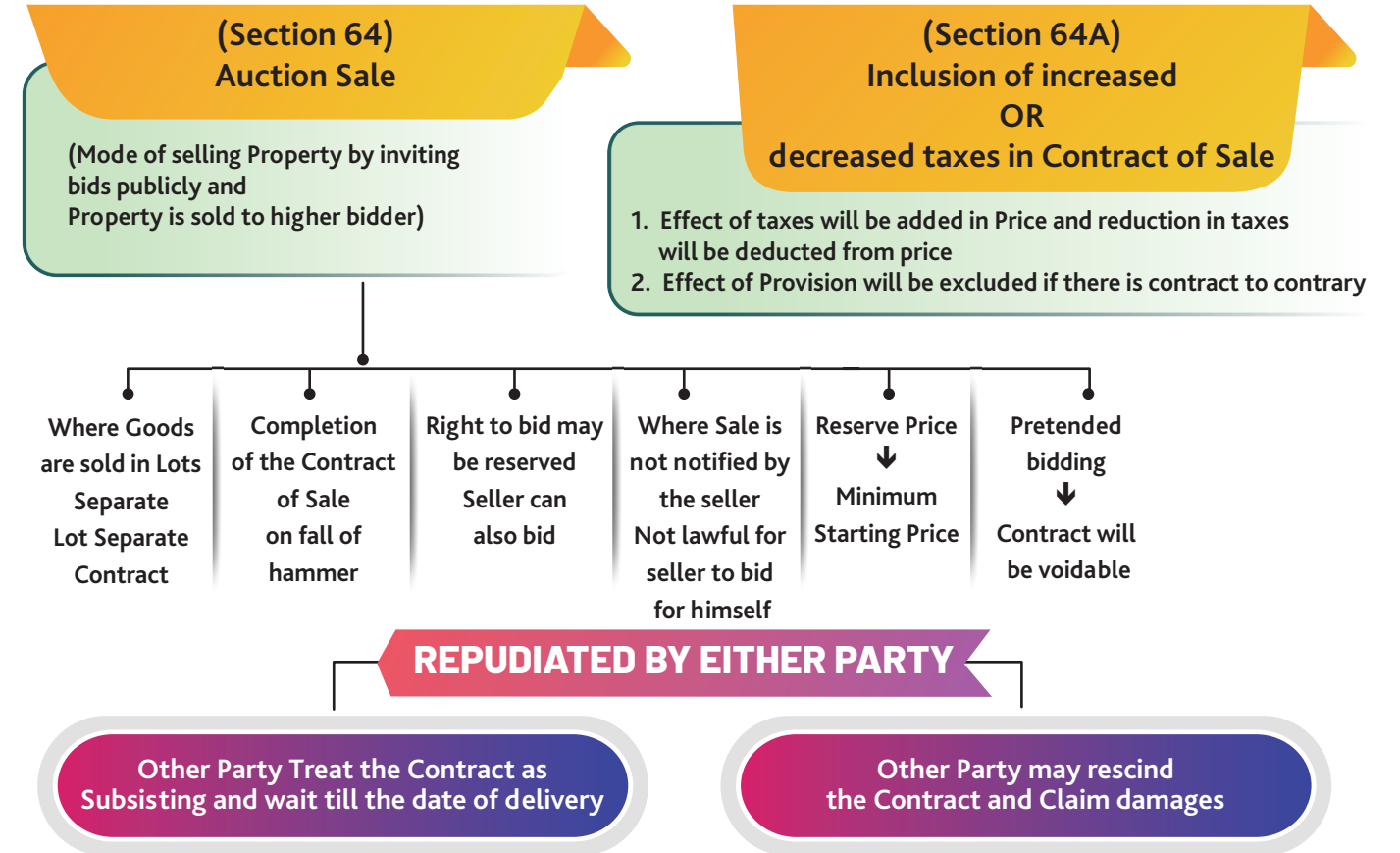




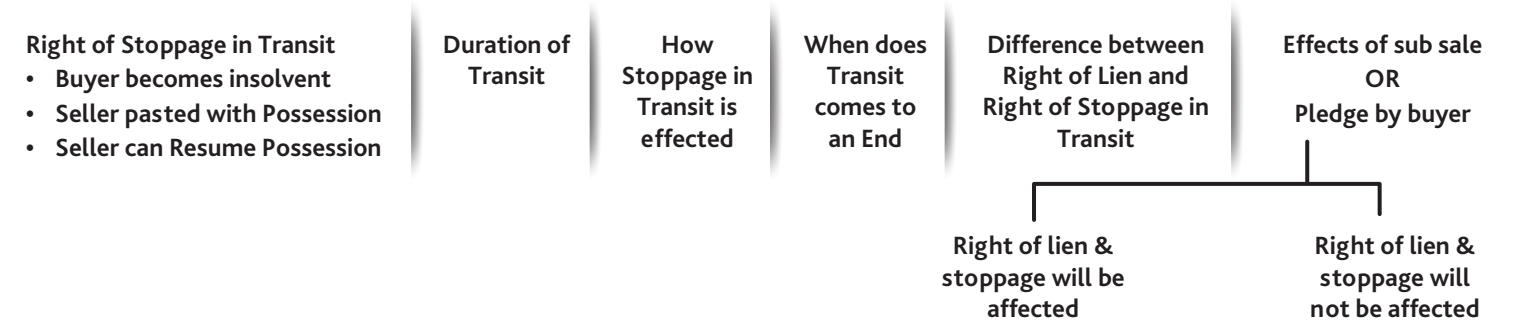
REMEDIES OF BUYER AGAINST SELLER

Damage for non delivery Section 57	Suit for Specific Performance Section 58	Suit for breach of warranty Section 59	Suit for anticipatory breach Section 60	Suit for Interest
Seller wrongfully refuses to deliver the goods	<ol style="list-style-type: none"> Contract for sale of specific/ ascertained Goods Provision of specific Relief act Damage is not adequate remedy If goods are of special nature OR unique 	buyer can not reject the goods due to Breach of Warranty		recover interest when Interest is recoverable as per any Law

OTHER PROVISIONS



STOPPAGE IN TRANSIT



RIGHT OF RESALE BY SELLER

No Need to inform buyer when goods are of Perishable nature

Need to inform buyer other goods

(if notice is not given to buyer)
Resale Price > Contract Price difference cannot be retained
Resale Price < Contract Price difference cannot be Recovered

(if notice is given to buyer)
Resale Price > Contract Price difference will be retained
Resale Price < Contract Price difference will be Recovered

Partnership Firm Relation between Partners
Firm Name Partners who have entered into Partnership are collectively called Firm
 Name under which their business is carried on

Association of 2 OR More Persons

- Firm and minor cannot be Partner
- Limit 50

Agreement

- Must be the result of an agreement
- May be oral or written
- May be express or implied

Business

includes Trade occupation and Profession motive (acquisition of Gain)

Sharing of Profit

- Sharing of profit is essential
- Sharing of loss is not essential

Carried on by all OR Any of them acting for all

- Each partner is principal as well agent
- He can bind other Partner by his act (agent)
- He is bound by the acts of other partner (Principal)

TEST OF PARTNERSHIP

Agreement

Relation of Partnership arises from contract not from status

Sharing of Profit

Sharing of Profit is Prima facie evidence not conclusive evidence

Mutual Agency

- Existence mutual agency is cardinal principal's law
- Each Partner carrying on business is Principal as well as agent

TYPE OF PARTNERS

Active or Ostensible Partner

Who become Partner by agreement & Who actively participate in the conduct of business

Sleeping Partner or Dormant Partner

Who is Partner by agreement & who does not actively take part in the conduct of business

Nominal Partner

- Lends his name
- Without having any real interest
- Not entitled to share any profit
- Does not take part in conduct of business
- Liable to third party

Partner in Profit Only

- Entitled to Share Profit only
- Not liable for losses
- Liable to third party for All acts of profit only

Incoming Partner— admitted with the consent of All Partners not liable for acts done before admission.

Outgoing Partner— • who leaves the firm • Liable for All acts till Public notice is given

Partner by holding out only — Partner by estoppel

When a Person represent himself

OR

Knowingly permits himself

to be represented himself as Partner in a firm

he is Liable like a Partner in a firm

VARIOUS KINDS OF PARTNERSHIP

WITH REGARD TO DURATION

Partnership at Will

- Not fixed period agreed upon & No provision as to determination of Partnership
- Partner is for fixed term Continued after Expiry of term
- Can be dissolved any time by giving notice in Writing

Partnership for Fixed Period

Contract for duration of Partnership

WITH REGARD TO EXTENT OF BUSINESS

General Partnership

Partnership constituted with respect to business in General

Particular Partnership

- Particular adventure or undertaking
- Liability extends to Particular venture or undertaking

PARTNERSHIP DEED

A document in writing containing various terms and conditions as to the relationship of Partner to each other is called Partnership deed.

CLAUSES

SPECIFIC POINTS

- Admission & retirement of Partner
- Settlement of A/c on Dissolution
- Expulsion of Partners

GENERAL POINTS

- Name of Partners & Firm
- Place of Business & Date
- Nature of Business & Duration
- Capital
- IOD, IOC & Interest on Loan
- Salary & Commission
- P S R

Partnership VS HUF

- Legal status
- Agency
- Distribution of profit
- Extent of liability
- Property
- Transfer of Shares
- Management
- Registration
- Winding up
- No. of membership
- Duration of Existence

Partnership VS Club

- Definition
- relationship
- Intrest in Property
- Dissolution

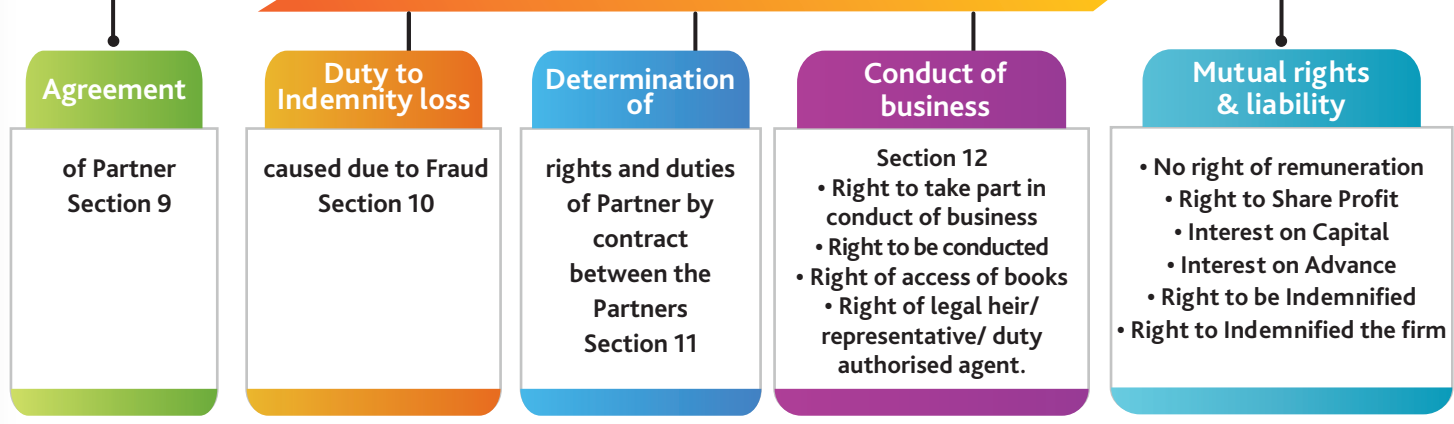
Partnership VS HUF

- Mode of creation
- Death of member
- Management
- Authority to bind
- Liability
- Calling for accounts on clauses
- Governing Law
- Minors capacity
- Continuity
- Number of members
- Share in business

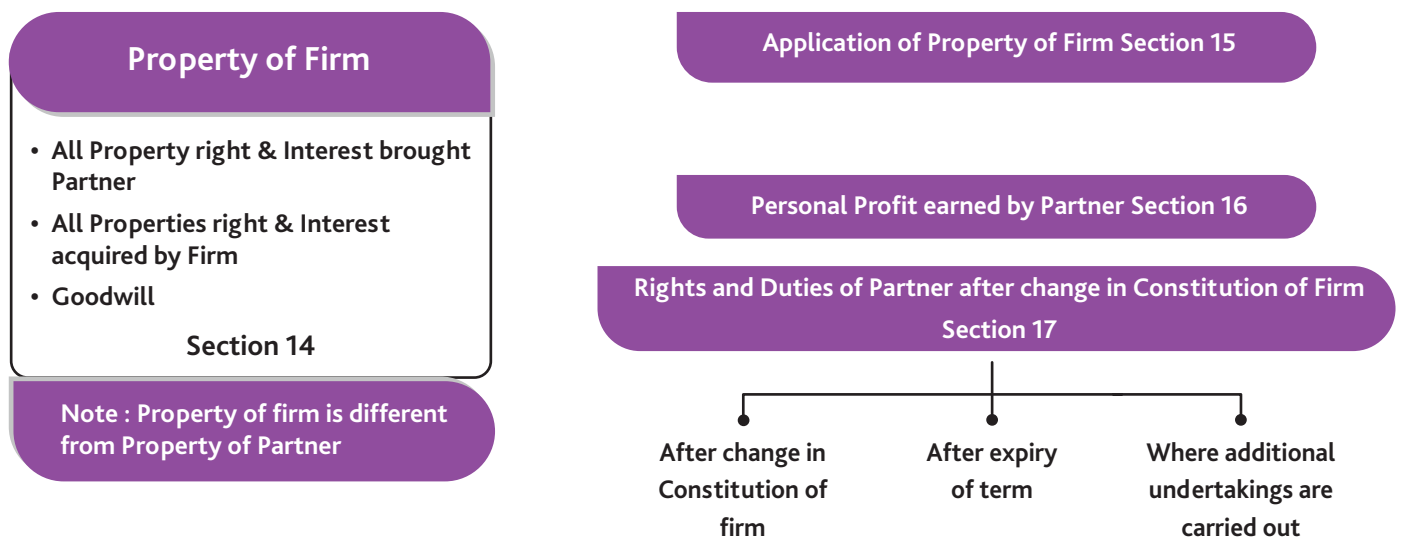
Partnership VS Co ownership

Partnership VS Association

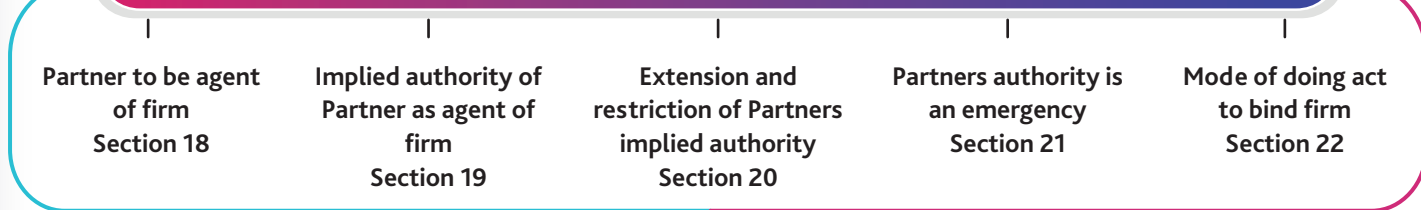
RELATION OF PARTNER TO ONE ANOTHER



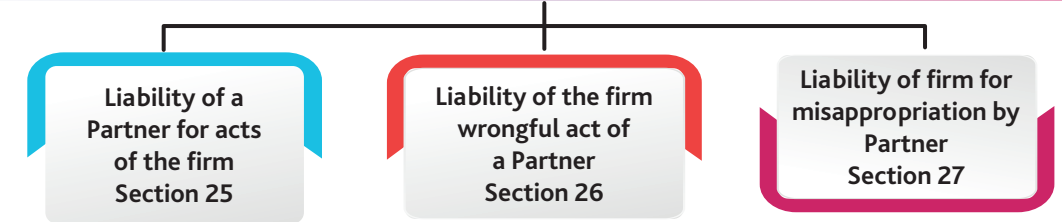
PARTNERSHIP PROPERTY



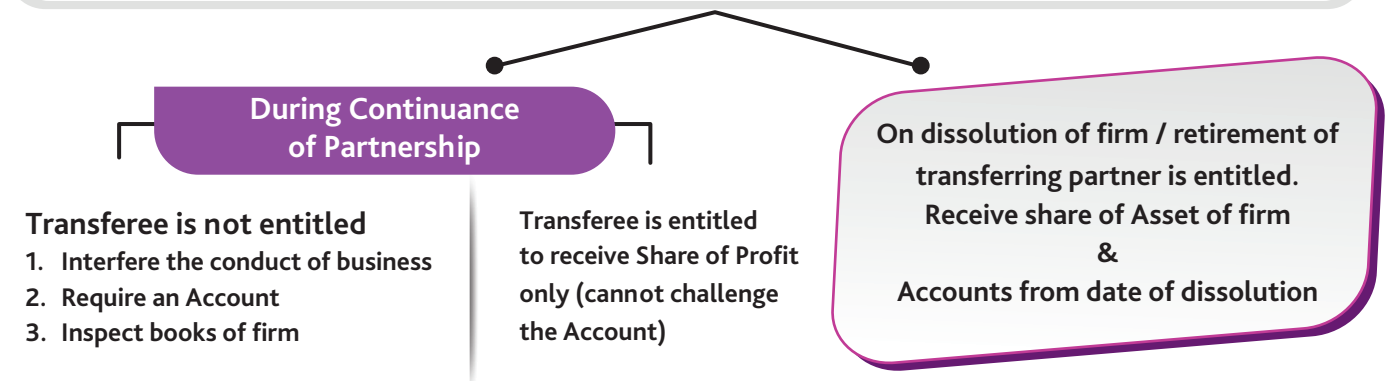
RELATION OF PARTNER TO THIRD PARTY



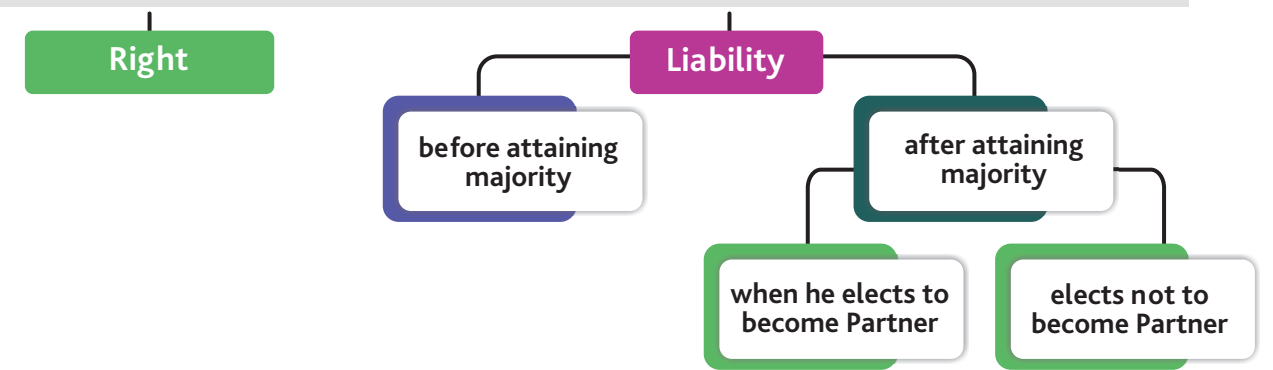
LIABILITY TO THIRD PARTY



RIGHT OF A TRANSFEREE OF A PARTNER'S INTEREST (Section 29)



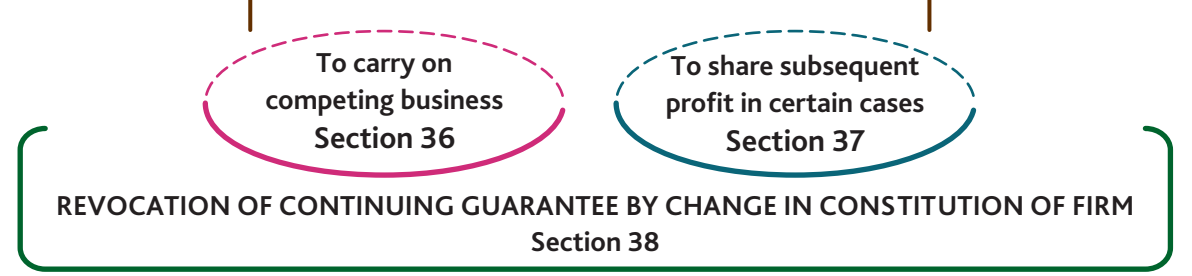
MINOR ADMITTED TO THE BENEFIT OF PARTNERSHIP (Section 30)



LEGAL CONSEQUENCES OF PARTNER COMING IN & GOING OUT



RIGHTS OF OUTGOING PARTNERS



DISSOLUTION OF FIRM

Application for Registration of Firm Section 58

- Statement in prescribed form and accompanied by prescribed fees stating certain details.
- Statement shall be signed by All the partners or by their agent specifically authorised in this behalf also same should be verified
- Certain words expression or implying the sanction OR approval or patronage Govt. are, not allowed.

Registration Section 59

Registrar shall record the entry of the statement in Register

Late Registration on Payment of Penalty Section 59A – 1

Late Registration on Payment of Penalty

DISSOLUTION OF FIRM

Without the Court Order (Section 40 to 43)

1. Mutual Agreement (Section 40)
2. Compulsory Dissolution (Section 41)
3. On happening of certain event by notice (Section 42)
4. By Notice (Partnership at Will) (Section 43)

By Order of Court (Section 44)

1. Insanity
2. Misconduct
3. Permanent Capacity
4. Persistent breach of Agreement
5. Transfer of Interest
6. Continuous Loss
7. Just and Equitable Ground

CONSEQUENCE OF NON-REGISTRATION (Section 69)

Disabilities

Exceptions

CONSEQUENCE OF NON-REGISTRATION (Section 69)

Continuation of Business

Wending up

Order of Court

Scope

Final Closure of books

RIGHT AND LIABILITIES OF PARTNERS AFTER DISSOLUTION

Section 45

Liabilities for Acts of Partner done after dissolution

Section 46

Right of Partner to have business wound up

Section 47

Continuing authority of Partner for the purpose of winding up

Section 48

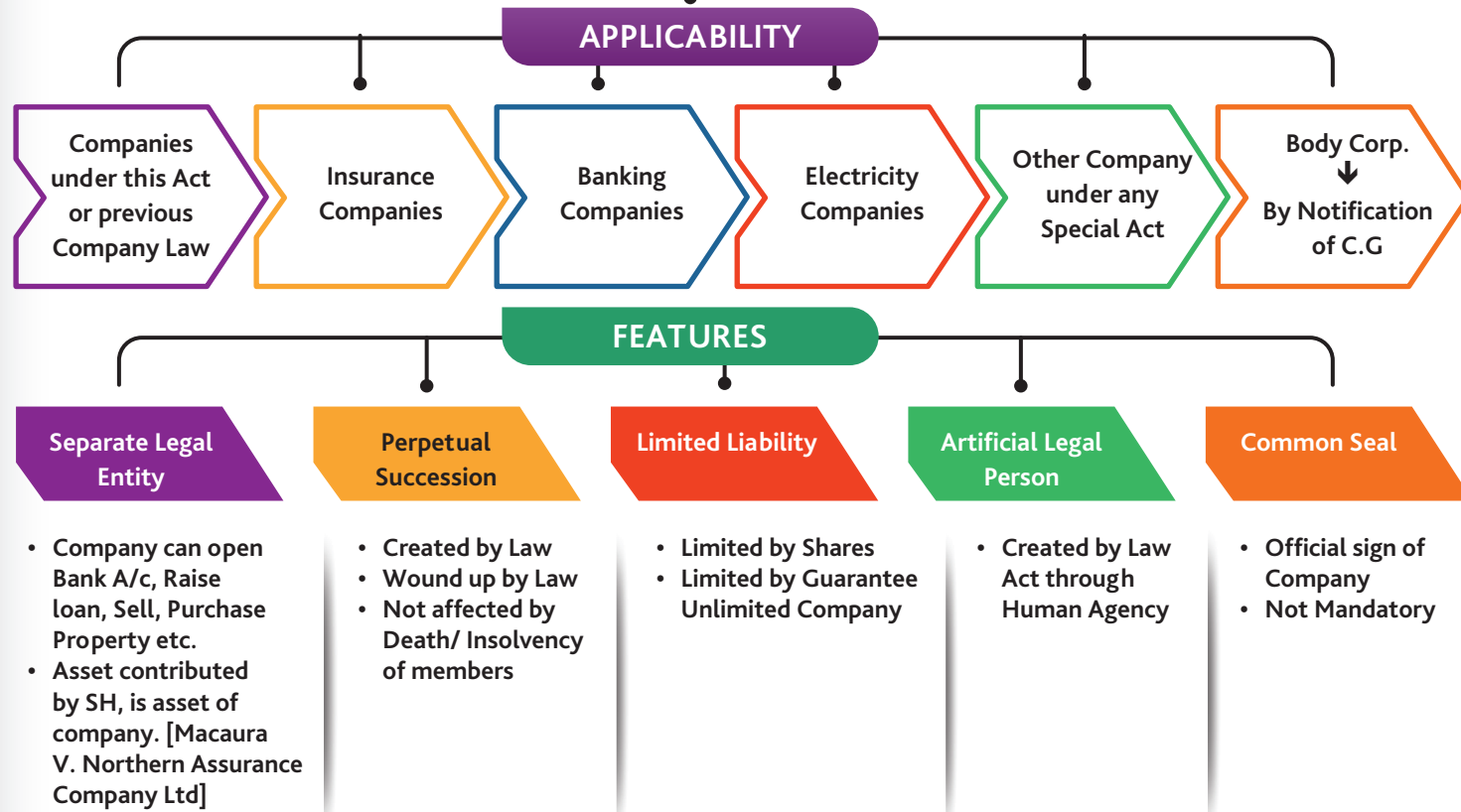
Mode of settlement of Partnership Account

Section 49

Payment of firm debt and of separate debts

THE COMPANIES ACT, 2013

Sec(20) : Company Incorporated under this act or under any previous company law.



CORPORATE VEIL THEORY

- Members Shielded from liability connected to Company's Action
- Company identified separately from its members [Salomon V. Salomon & Co. Ltd.]

LIFTING OF CORPORATE VEIL

- Courts ignore company & concerns directly with its members
- Disregarding corporate entity & paying regard to realities behind the legal facade.

CASES WHERE COMPANY LAW DISREGARD CONCEPT OF "SEPERATE LEGAL ENTITY"

- Determine Character of Company Daimler Co. Ltd V. Continental Tyre & Rubber Co
- To Protect Revenue / Tax Dinshaw Maneckjee Petit
- To Avoid Legal Obligation Workmen of Associates Rubber Industry V. Associates Rubber Ind. Ltd.
- Formation of Subsidiary to act as agents Merchandise Transport Ltd. V. British Transport Commission
- Company formed for Fraud/ Improper Conduct Gilford Motor Company Ltd. V. Horne

CLASSES OF COMPANIES

On the basis of Liability

- Limited by Shares**
 - Liability limited to nominal value of shares held
- Limited by Guarantee**
 - Liable to extent of amount guaranteed in MOA.
 - At the time of Liquidation
- Unlimited Company**
 - Liability unlimited
 - Contribute in event of winding up

ON THE BASIS OF MEMBERS

ONE PERSON COMPANY Sec 2(62)

- Company which has only one case of death of member will become member.
- Member / Nominee shall be :-
 - Natural Person
 - Indian Citizen
 - Resident in Indian (Min 120 Days stayed in previous F.Y.)
- Cannot be converted into Sec. 8 Co.

PRIVATE COMPANY Sec 2(68)

- Share Capital : No limit
- Restricts by its Articles :-
 - Transfer of Shares is restricted
 - Public offer is prohibited
 - Max. member : 200 (except OPC) Present & past employees excluded from Counting of 200 Joint Shareholder to be counted as one
- Min. Director : 2; Min. Member : 2

PUBLIC COMPANY Sec 2(62)

- Co. which is not a private company
- Articles do not have restricting clauses
- Members Min: 7 Max: No limit
- Subsidiary of Public Co. → Deemed to be Public Co.

SMALL COMPANY Sec 2(85)

company other than public co.

- PSC**
 - 4cr or such a Higher amt. As may be prescribed
- Turnover**
 - 40cr. Or such a Higher amt. As may be prescribed

ON THE BASIS OF ACCESS TO CAPITAL

LISTED COMPANY

- SEC 2 (52)
- Company which has any of its securities listed on any recognised Stock Exchange
- If SEBI prescribes : - Co. not to be considered as Listed Company

UNLISTED COMPANY

- Company other than listed company

ON THE BASIS OF CONTROL

HOLDING COMPANY

- Sec 2 (46)
- A company of whose other companies are subsidiary or Associate companies

ASSOCIATE COMPANY

- Sec 2 (6)
- A company in which other company has "Significant Influence" (Atleast 20% of total voting power / control)
- Includes Joint venture but not a Subsidiary Co.

SUBSIDIARY COMPANY

- Sec 2 (87)
- A company in which Holding Co. :-
 1. Controls composition of B.O.D.
 - OR
 2. Controls more than half of total voting Power
 on its own or together with its subsidiary
- Deemed to be Subsidiary Co. :- If control is of another Subsidiary Co. of the Holding Co.

OTHER COMPANIES

Government Company

- Sec 2 (45)
- Company in which atleast 51% of paid up Share Capital held by :-
 1. CG
 2. SG
 3. CG + SG

Foreign Company

- Sec 2 (42)
- Company incorporated outside India
- Has place of business in India
- Through itself or agent, physically or electronically.

Nidhi Company

- Sec 406 (1)
- Company incorporated to Cultivate habit of savings amongst its members

Dormant Company

- Company formed for future project or to hold IPR / Asset
- No Significant Accounting Trans.
- Inactive Company :-
 1. Not carrying business
 2. Not Significant Accounting Tr.
 3. Not field financial statement/ Annual Return

During last 2 F.Y.

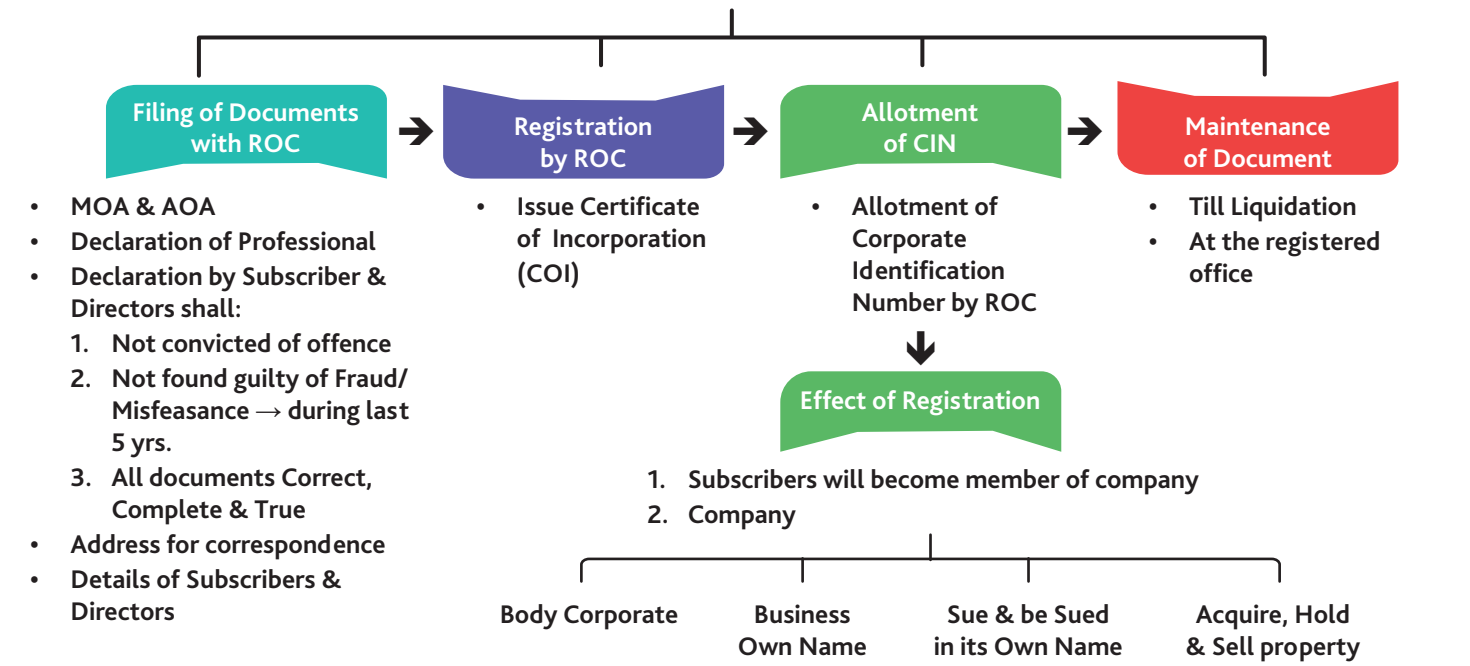
Section 8 Company

- To promote Art, Science, Commerce, Sports, Religion, Environment etc.
- Profit utilized for promotion of objects
- Dividend distribution prohibited
- Need not use word 'Limited' or 'Private Limited'

Public Financial Institution

- LIC
- UTI
- IDFC Ltd.
- Notified by CG in consultation with RBI
- Established under Central State Act
- Atleast 51% paid up capital held by CG / SG / CG +SG

INCORPORATION OF COMPANIES



PENALTY FOR FALSE DISCLOSURE

Company Not been Incorporated

- Person furnishing false information
- Liable for Fraud u/s 447

Company has been Incorporated

- Promoter / First Directors / Person making Declaration
- Liable for Fraud u/s 447

TRIBUNAL IF SATISFIED

- Pass order for change in MOA / AOA
- Member's Liability unlimited
- Removal of Name from Register of Companies
- Order for winding up
- Other orders

CLASSIFICATION OF CAPITAL



KINDS OF CAPITAL

Equity Share Capital

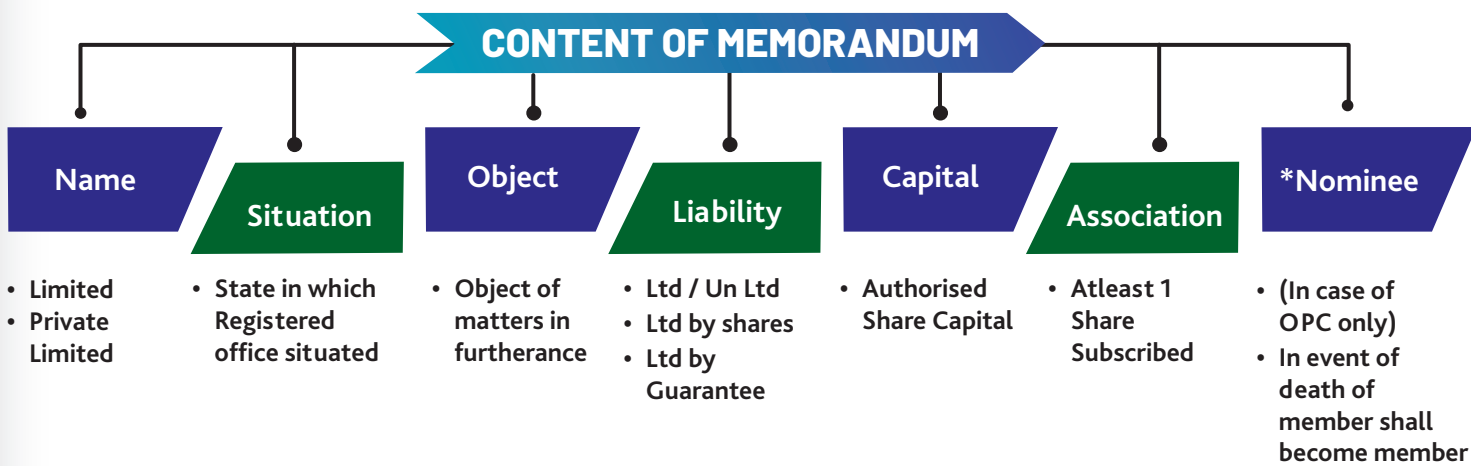
Share Capital which is not Preference Share Capital

Preference Share Capital

- Part of Issued Share Capital which carries preferential right to :-
 1. Payment of Dividend
 2. Repayment at winding up

THE COMPANIES ACT, 2013

- Chartered document, defines scope of powers of Company
- Contains object for which company is formed, Beyond which actions cannot go.
- Sec 399 :Memorandum is public document, person contracting with company presumed to have knowledge of it
- Any contract beyond the power of memorandum ULTRA VIRES & VOID
- Form of MOA : Table A, B, C, D, E
- Memorandum: Printed, Paragraphed, Numbered, Signed in presence of 1 witness, Description of Subscribers.
- MOA must comply with provisions of Companies Act, 2013.



MEMORANDUM OF ASSOCIATION

- Rules & Regulations framed to manage Internal affairs.
- Forms of Articles : Table F,G, H, I & J
- Model Articles : May adopt all or any regulations
- Entrenchment Provision :
 1. Amendment, if more restrictive provisions are inserted
 2. At the time of Incorporation or by Amendment (Special Resolution)

BASIS	MOA	V/S	AOA
Objectives	Defines & delimits the objectives of Company		Rules & Regulation for management of Company
Relationship	Company and outside world		Company and its members
Alteration	Only under certain circumstances with permission of RD/ NCLT		By passing Special Resolution
Ultra Vires	Acts done beyond MOA – void and ultravires, cannot be ratified		Acts beyond AOA, Ratified by Special Resolution of Shareholder

DOCTRINE OF ULTRA VIRES

- Act done in excess of legal powers
- Acts done beyond the power of Director and Company →void & not binding on Company
- Company can neither sue nor can it sue on it
- MOA public document (open for inspection)
- Person dealing with Company cannot enforce against Company, if ultra vires.
- Acts ultra vires the Director →SH can ratify
- Acts ultra vires the Articles → Articles altered
- Acts ultra vires the Company →VOID, SH cannot ratify
- [Ashbury Railway Carriage & Iron Company Ltd V. Riche]

Protects Company

DOCTRINE OF CONSTRUCTIVE NOTICE

- "Right of Inspection to all."
- Any person can inspect by electronic means, make record or get copies.
- Duty of person dealing with company:
 1. To inspect documents
 2. Ensure, Contract is in conformity with provisions.
- Person reads the document or not → Presumed to have knowledge of contents.
- If Contracts, beyond power of Company → Cannot acquire any rights against Company

Protects outsiders

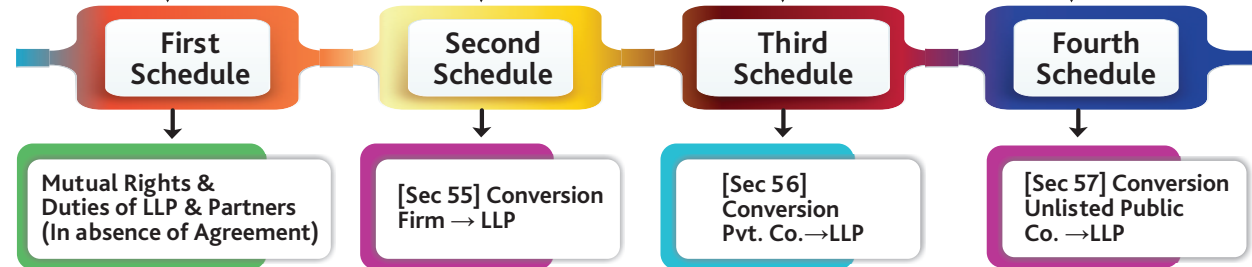
DOCTRINE OF INDOOR MANAGEMENT

- Exception to doctrine of Constructive Notice
- Outsiders not deemed to have notice of internal affairs of Company.
- Popularly known as Turquand Rule [Royal British Bank V. Turquand]
- Indoor management is internal problem of Company, Outsiders not deemed to have knowledge of internal Affairs of Company.

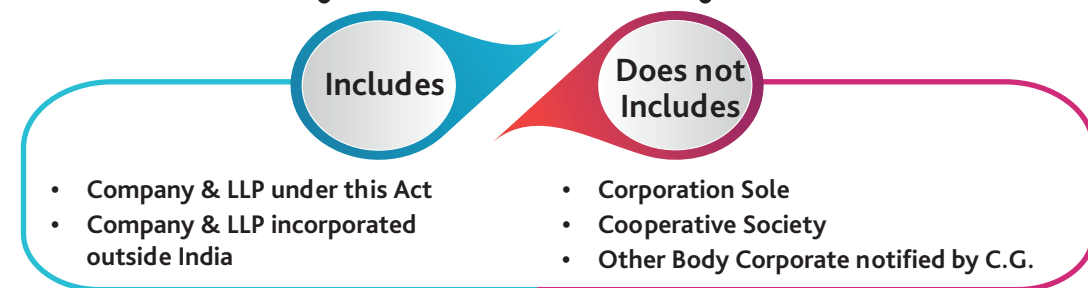
EXCEPTIONS TO DOCTRINE OF INDOOR MANAGEMENT

1 Actual Constructive Knowledge of Irregularity	2 Suspicion of Irregularity	3 Forgery
<ul style="list-style-type: none"> • [Howard V. Patent Ivory Manufacturing Co.] • Omitting to do something that is necessary. • Cannot be protected under Doctrine of Indoor Management 	<ul style="list-style-type: none"> • [Anand Biharilal V. Dinshaw & Co.] • Person dealing with Company suspicious about circumstances • Still doesn't enquire, then cannot rely on Doctrine of Indoor Management 	<ul style="list-style-type: none"> • [Ruben V. Great Fingall Consolidated] • Doctrine of Indoor Management not applicable on Forgery. • Forgery is considered Null & Void

Administration : Ministry of Corporate Affairs and Registrar of Companies (ROC)



BODY CORPORATE Sec 2 (d)



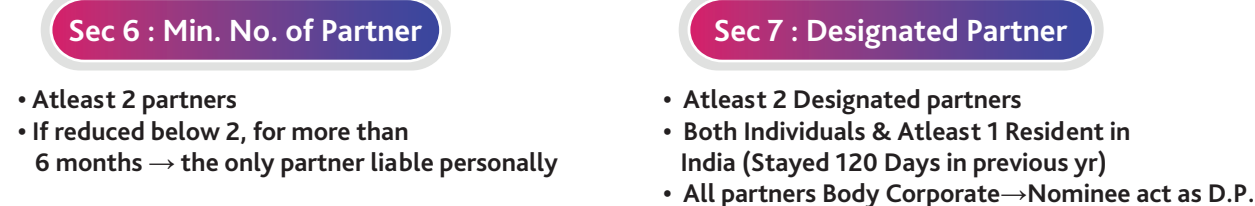
SMALL LLP Sec 2 (ta)



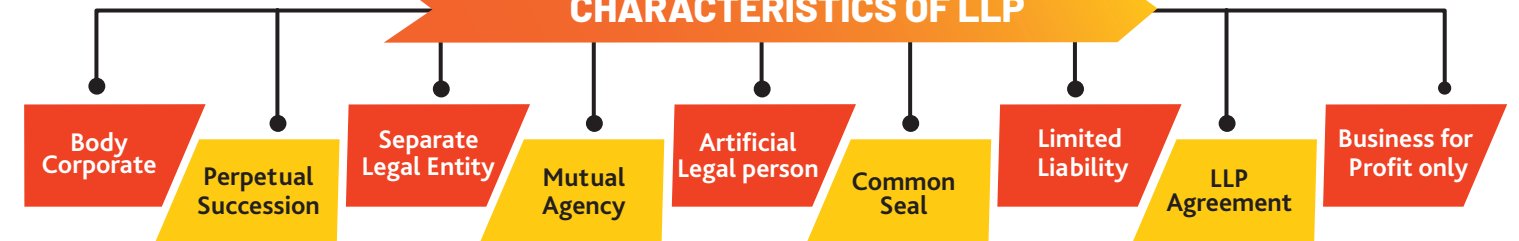
LLP Sec 5



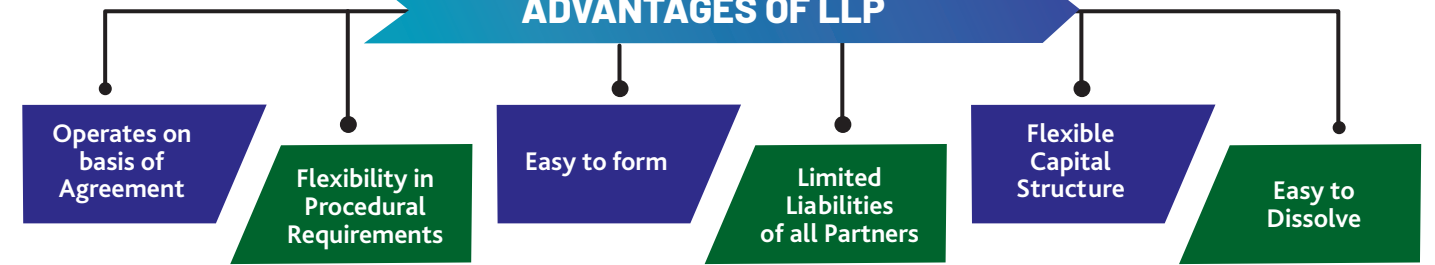
PARTNER



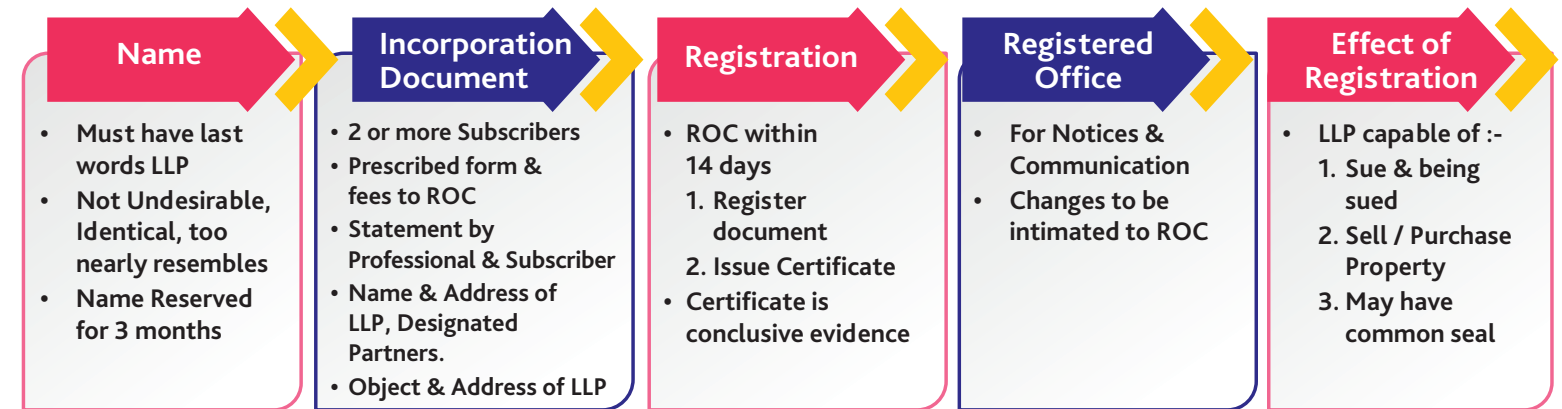
CHARACTERISTICS OF LLP



ADVANTAGES OF LLP

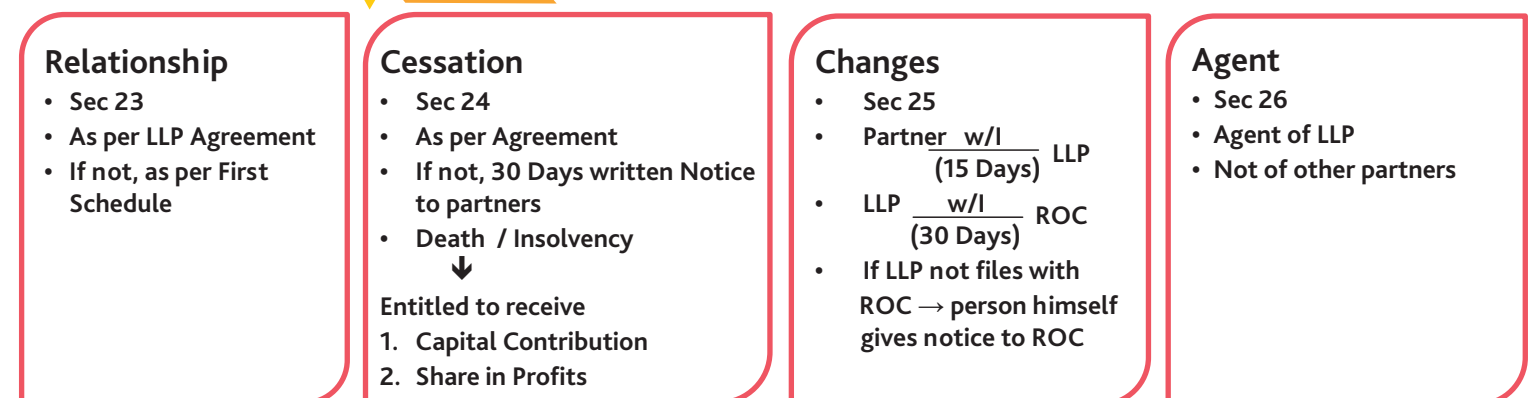


INCORPORATION OF LLP

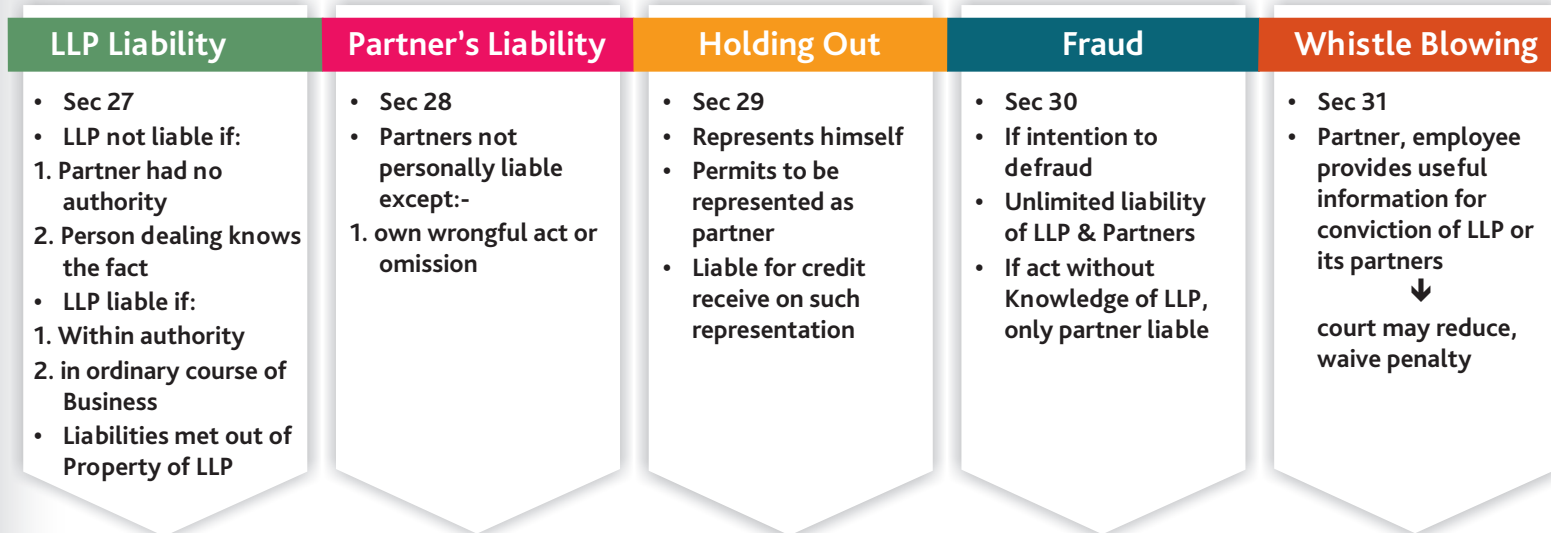


* CG → Order for change of Name → to be change within 3 months, If not changed → CG → Allot new name

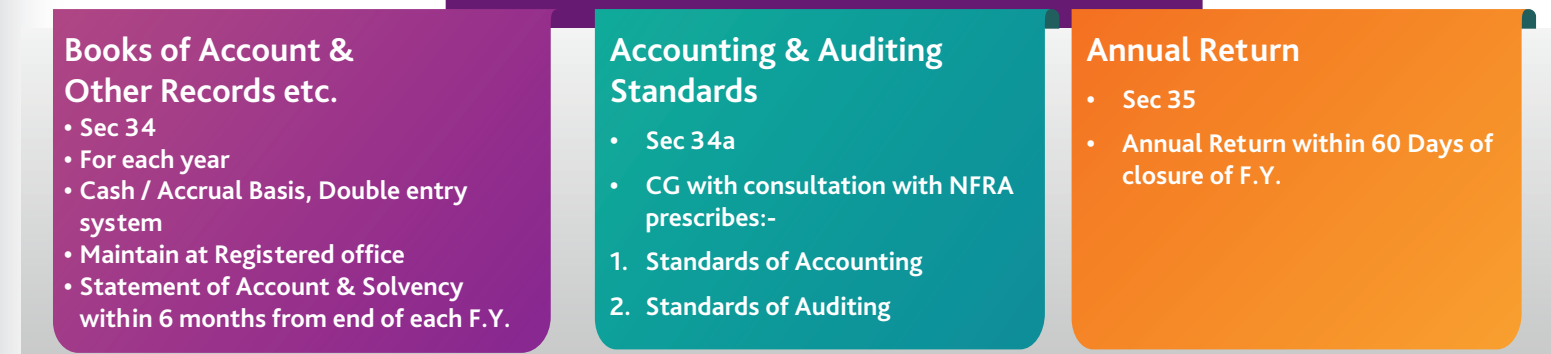
PARTNERS & THEIR RELATIONS



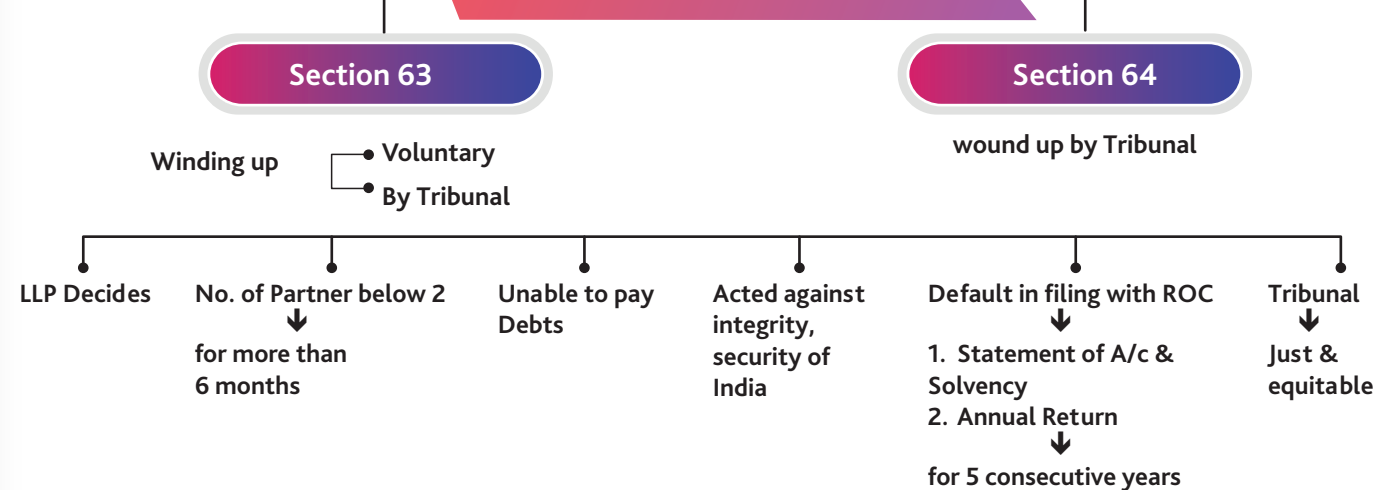
LIABILITY OF LLP & PARTNER



FINANCIAL DISCLOSURES



WINDING UP & DISSOLUTION



SPECIAL COURT

Establishment

- Sec 67A
- For speedy Trial of offences
- Until special court designated, Courts u/s 435 of Companies Act, 2013 → deemed to be special court.

Procedure & Powers

- Sec 67B
- Offences u/s 67A triable only by special courts
- Special court may try another offence
- May proceed with summary trial

Appeal & Revision

- Sec 67C
- High Court may exercise powers conferred by CrPC.