

St. Mira's College for Girls,
(Autonomous-Affiliated to Savitribai Phule Pune University)
Class: SYBCOM
Subject: Corporate Law
Subject Code: C31605
SEM III
(2017-18)

Unit 1: Joint Stock Company

Skill Development – Analytical ability – understanding the provisions of the New Companies Act, 2013, with the help of Case Studies

09/10 MCA

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(Autonomous-Affiliated to Savitribai Phule Pune University)
Subject: Corporate Law
Title of the Paper: Applied Corporate Law
(S.Y.B.Com B - Sem III)
(Flexi Test I) 2017-2018

Date: 25/07/2017

Set 1

Total Marks: 10

Name: Manasvi Setty

Roll No.: 3323

Comment on the following case:

Five persons are the members of private Ltd. company. All of them go in a boat on a pleasure trip into the sea. The boat capsizes and the five members die, being drowned. Does the company also die with them? Comment on the provisions of the Companies Act.

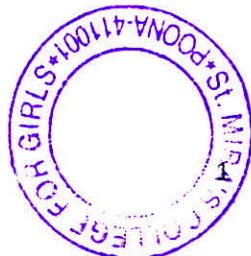
Held - The company will not come to an end as the company is a separate legal entity and has perpetual succession.

Definition of Joint Stock Company :- Sec 2 (20) of the new Companies Act, 2013 defines a company as 'a company incorporated under this act or any previous company law.'

Meaning of Corporate veil: This is a legal concept that separates the personality of the company from the personality of its shareholders and protects them from being personally liable for the company's debts and obligations. This protection is not impenetrable. Where a court decides that the company's business was not conducted in accordance to the provisions of the companies act, it may hold the shareholder's personally liable for the company's debt under the legal concept of lifting of corporate veil.

Lifting / Piercing of corporate veil: Human ingenuity started using the use of corporate veil. For this it may become necessary for the court to lift the corporate veil and look at the people behind the company who are the real beneficiaries of the corporate action.

Importance of corporate veil: This avoids the persons connected with the company to take undue advantage of the company as an artificial person.




Principal Incharge
St. Mira's College for Girls

Facts and analysis of the case

Two members of a private limited company go on a pleasure trip into the sea. Unfortunately their boat capsizes and all of them drown and die. Even after their death the company does not come to an end because there is a corporate veil between the members and the company. Both of them are separate from each other and the company being a separate legal entity has a perpetual succession.

Secondly, after the death of the members, their shares are transferred to their legal heirs and thus the business continues.

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Name and Signature of the Faculty:

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