

PANKAJ
Page No.:
Date: / /

(c) Formation of Companies with Charitable objects etc [NPO].

Sec 8

- Net Income (Profit) can not be used for dividend.
- It can be used to pay debentures etc.

- motive → to promote the charitable objects of commerce, arts, sciences etc.
- NPO require licence from central government in order to incorporate
e.g. → Being Human foundation [By Salman Khan].

- It prohibits [Section 11] the payment of any dividend to its members.
- Central Govt.

• The profits will be used for the promotion of objectives

↓
Issue the License

↓
Revocation of License.

- To incorporate need approval Central Govt.
- 2 Documents
 AOA MOA

- Opportunity to be heard.

- Particulars of 1st subscribers
- " of 1st Directors
- Consent of all directors
- Register address of correspondence
- Statutory declaration by CA, CS, CMA

• Public Interest → On this Central govt should

- Amalgamate the another company
- Woundup [the can give privileges, assets etc to other NPO].

Secretary, manager director &

• Acc to CG →

declaration by 1st subscriber

these can register without the addition of words limited or private limited to its name.

• 1st director that not found had been done for the last 5 years in management

(d) Dormant Company →

- A company is incorporated for a future project or to hold an asset or intellectual property [intangible] and has no significant accounting transactions.
- Company can ask to registrar to ~~the~~ prescribe for obtaining the status of Inactive Dormant Company.

* Significant accounting transaction ~~means~~ other than

[You are only allowed to do this]

(i) Payment of fees by company to registrar.

(ii) Payment made ~~to~~ by it (company) to fulfill requirement of this Act

(iii) Allotment of Shares to fulfil the requirement of this act

(iv) Payment for maintenance of its office & records.

इन 4 के अलावा कुछ भी करते हैं तो आपको dormant का status नहीं मिलेगा।

(e) Meaning of Nidhi Companies →

e.g → Mahan Nidhi Ltd.

- "By the members, for the members"
[Kitty Party]

(f) Public Financial Institution [PFI] →

- LIC → Life Insurance Corporation of India
- UIT → The Unit Trust of India
- IDFC → The Infrastructure Development Finance Company Ltd.

Illegal

• Liability → Unlimited

• They can not see 3rd party but can be used by 3rd party

- Notified by central Government in consultation with RBI.
- * Conditions for an Institution to be notified as PFI :-
 - established / Constituted under Central or State Act [Companies Act].
 - not less than 51% of paid up Share capital

Illegal Association [Sec 464] :-

- An association which has more than 50 members and is carrying on the business with objective of acquisition of gain, then it has to get itself registered as a company. Otherwise, it will be regarded as an illegal association.
- This section does not apply to organisations formed for a charitable purpose.
- It does not apply to a Hindu Undivided family.
But where, two or more such families come together for doing business then the limit of 50 will attract. [minor member shall not be counted]
- Subsequent [art 17] reduction in the number of members will not make the association legal.
- Once a illegal always illegal.

• Liability → Unlimited
• They can not sue 3rd party but can be sued by 3rd party.

Conclusion/Analysis → Thus, XYZ private limited company raise funds through acceptance of deposit from public.

Classification of Capital :- →

- Capital means share capital.

Share → it is the smallest unit of capital

① Nominal / Authorised / Registered Capital :- →

- [MOA] at maximum amount that a company can issue

② Issued Capital :- →

- A part of authorised capital which is ~~offered~~ issued by company for making ~~subscription~~ (subscription)

③ Subscribed Capital :- →

- Part of issued capital that has been subscribed for by the public

④ Called up Capital :- →

- Part of subscribed capital, which has been called by the BODs for payment by the shareholders

⑤ Paid up Capital

- Called up - Assess = Paid up
- The amount of money a company has received from shareholders in exchange of shares.

Shares → Movable Property [Goods]
→ Transferable

I Nature →

(a) Share is an interest in Co. →

(b) Shares are movable property →

- movable property transferable.

(c) Shares shall be numbered? →

- distinguished by its distinctive number.

II.

Kinds

Equity Shares

- DVR [Shares with differential Voting Rights]
- Ordinary shares

Preference Shares

- Dividend
- Conversion
- Participation
- Redemption

Kinds of Share Capital

↓ Equity Shares

- All Shares capital which is not preference share capital

↓ Preference Shares

- has Priority from Equity Shareholders
 - (i) payment of dividend
 - (ii) repayment of capital [during windup]

↓
Shares with differential Voting Right

- 10 Shares - 1 vote

↓
Ordinary Shares

- 1 share - 1 vote

→ Dividend

- Cumulative → $\$400$
- Non-Cumulative →

→ Conversion

- Convertible → converted to Equity Shares
- Non-Convertible → not converted

→ Participation

- Participative → (i) Extra dividend
(ii) Extra Assets
- Non-Participative

→ Redemption

- Redeemable → repayment compulsory

Every Company has 2 main Documents
[Public Document]

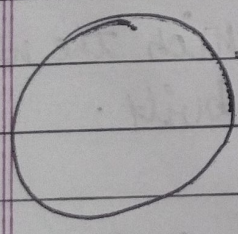
Sec 399

MOA

AOA

Naam aur kaam

Rules & regulation



Power

Ultra vires Act

↓ ↓
Beyond Power

[void-ab-initio]

Doctrine
of Constructive
Notice

Doctrine
of Indoes
Management

[Turquand's
Rule]

&
Exceptions.

Memorandum of Association :->

• meaning :->

- ① Charter of the company.
- ② Defines power & limitation on the power of a company.
- ③ Contains fundamental conditions upon which company is incorporated.

* It is very foundation on which the whole edifice of the company is built.

* Public document.

* Every person entering into contract with company is presumed [assumed / deemed] to have the knowledge of the condition contained.

* A company cannot depart from the provisions contained in MOA
If it does so, it would be Ultra Vires the company and void [null].

• Purpose :->

(i) 3rd Parties :->

- to provide information to the 3rd parties as to whether the contracts they are intending to enter into with the company are within the objects clause of the company or not.

(9) Shareholders :-

- To provide information to the intending ~~the~~ shareholder regarding the purpose for which his money is going to be used by the company & the amount of risk he is making in the investment

• Content :- NR LOC पत्र के आगे

① Name clause

- Public limited company → limited
- Private limited company → private limited
- One person company → private limited [OPC]

② Situation clause

→ Registered office clause → state

③ Object clause

- Purpose for which company is incorporated

④ Liability clause

- limited upto shares
- limited upto guaranteed amount
- Unlimited

⑤ Capital clause

- Authorised capital

⑥ Association of subscription clause

- Subscribers to MOA → name, no. of shares, address.