

chapter 05



The Companies Act, 2013

The Companies Act, 2013 contains 470 sections & 7 Schedules.

The Act has been divided into 29 chapters.

The Companies Act, 2013 was enacted to consolidate & amend the law relating to companies.

The Act was preceded by Companies Act, 1956.

Applicability of Companies Act, 2013:-

- # Companies incorporated under this Act or under any previous company law
- # Insurance companies (except where the provisions of Act are inconsistent with provision of Insurance Act, 1938 or IRDA Act, 1999)
- # Banking companies (except where provisions of Act are inconsistent with provisions of the Banking Regulation Act, 1949)
- # Companies engaged in the generation or supply of electricity (except where provisions of above, Act are inconsistent with provisions of the Electricity Act, 2003)
- # Any other company governed by special Act for time being in force
- # Such body corporate which are incorporated by any Act for time being in force, and as the central govt. may be notified specify in this behalf

Company

Company means a corporation is an artificial being, invisible, intangible, existing only by contemplation of law. It possess only those properties which the charter of its creation confers upon it, either expressly

or as accidental to its very existence,
A company is an incorporated association, which is an artificial person created by law, having a separate entity, with a perpetual succession & a common seal.

Features Of A Company.

1. Separate legal entity → In the eye of law, the company and the members of the company are distinctive from each other. When the company is registered under the law, it come have almost the same rights & power as a human being. A company can own property, have bank a/c, raise loans, incur liabilities & enter into contracts.

2. Perpetual succession → A company is an artificial person created by law. Its existence is not affected by death or insolvency of member. Company will continue to exist until & unless it is forced by the law to wind up. Membership of a company changing from time to time but the existence of company doesn't affect.

3. Limited liability → The liability of member depends upon the kind of company of which he is member.
limited liability company → liability of members of company is limited to extent of nominal value of shares.
limited by guarantee company → liability of members are liable only to the extent of the amount guaranteed by them & that too only when the company goes into liquidation.

unlimited company → liability of its members is unlimited as well

4. Artificial legal person → A company is called an artificial legal person by law. It is called legal person because it can enter into contract, own property, own name, sue & be sued by others.

A company is an artificial person as it is created by a process other than natural birth, it can act only through some human agency viz., directors

5. Common Seal → Common seal is official signature of a company, which is affixed by officers & employees of company on every document. Common seal is a seal used by a corporation as the symbol of its incorporation. In the Companies Act, 2015 has made the common seal optional by omitting the words 'and a common seal'.

In case a company doesn't have a common seal, the authorization shall be made by 2 directors or by a director & company secretary, whenever the Company has appointed a company secretary.

Corporate Veil Theory

It refers a legal concept where the company is identified separately from its members.

It is a shield that protected the shareholders from the acts of the company.

If company incurs any debts any laws, the corporate veil concept implies that members shouldn't be liable for these errors. They enjoy corporate insulation.

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The Salomon vs. Salomon & Co. Ltd. laid down the foundation of concept of corporate veil/independent corporate personality.

Lifting of Corporate Veil :-

1. To determine the character of company i.e. to find out whether co-enemy or friend:-

Case law:- To Dainton company Ltd. vs Continental tyres & rubber company

test of control is adopted so that public interest is not likely to be jeopordy.

if affairs of company are under control people of enemy then it is treated as enemy & contract turns out to be void.

2. To protect Revenue/Tax:-

if corporate identity is used to evade or circumvent tax court disregards the separate legal entity

Case law:- Dinshaw Maneckjee Petis

3. To void legal obligations.

* When sole purpose of forming a company is used to reduce amount which is duty of company to pay then corporate veil may be lifted.

* Case law:- The workman employed in associated Rubber Insurance Ltd, Bhavnagar v/s the associated Rubber Industries Ltd. Bhavnagar & another.

4. Formation of subsidiaries to act as an agent :-
A company may sometimes be regarded as an agent or trustee of member or of another co. and may be

deemed to lost individually in favour of principal.
Here principal shall be liable for action of company.
Case law - Merchandise Transport Ltd. v/s British
Transport Commission (1982)

5. Company formed for fraud/improper conduct or to
defeat law \rightarrow where device of incorporation is adopted
for some illegal/improper purpose.

Mode Of Registration Of Company

Promoters:-

- * Person who form the company are known as promoters
- * They receive the idea of forming the company.
- * They take all necessary step for registration.
- * However, person acting only in professional capacity
e.g. banker, accountant aren't regarded as promoters.

Formation of company:-

- # Public company \rightarrow Min. - 7 or more person, Max. - No limit
- # Private Company \rightarrow Min. - 2 or more person, Max. - 200 person
- # One Person Company (OPC) \rightarrow Min. - 1 person, Max. - 1 person

Incorporation of company:-

1. Filing of the documents & information with registrar:-
For the registration of company following documents &
information are required to be filled with registrar.
 - MOA & AOA duly signed by all subscriber of memorandum
 - Declaration by person engaged in formation of company
(CA/CS/Advocate/Chartered Accountant & a person named in articles)

- Declaration
from person
 \rightarrow he is not for
promotion,
 \rightarrow he has not
breach of
fiduciary
 \rightarrow All the doc

- Correspondence
- Particular
nationality
- Particular
number,
Place of
first d
or bodi

2. Issue of
documents
filled

3. Allotment
mentioned
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- Declaration from each of subscribers to memorandum and from person named as first directors, if any.
- he is not proved guilty of offence in connection with promotion, formation or management of co.
- he has not found guilty of fraud/misfeasance or of any breach of duty to any company under this Act or any previous company law.
- All the documents filled with Registrar that is correct.

- Correspondence address till its registered office is established.
- Particulars [name, surname, family name, address, nationality] of every subscriber with proof of identity.
- Particulars [name, surname, family name, Direct Identification number, address, nationality] of first director with proof of identity.
- First director disclose the company in other form or bodies corporate along with the consent.

2. Issue of Certificate of Incorporation:- On the basis of documents & information, all the document & information is filled in register & issue a certificate of incorporation.

3. Allotment of Corporate Identity Number (CIN):- On ^{the} date mentioned in certificate of incorporation, Registrar shall allot to a (CIN), which shall be distinct identity for company & which be included in certificate.

4. Maintenance of copies of all documents & information:- Company shall maintain & preserve its registered office copies of all documents & information as originally filed, till its dissolution under this Act.

5. furnishing of false/incorrect information/suppression of material fact at time of incorporation:-
If any person furnishes any false/incorrect particulars of any information/suppresses any material information, he shall be liable for action for fraud.
6. company already incorporated by furnishing any false/incorrect information/representation / by suppressing any material fact:- At time of incorporation, the company has been got incorporated by furnishing any false. The promoters, the persons named as the first directors of company & persons making declaration: They shall each be liable for action for fraud.
7. Order of the Tribunal:- where a company has been got incorporated by furnishing false/incorrect information / by suppressing any material fact or information in documents or by any fraudulent action, the Tribunal may, on an application made to it, on being satisfied that situation:-
- ★ Pass such orders, it may think fit, for regulation of mgt. of company including changes
 - ★ liability of members shall be unlimited
 - ★ Direct removal of name of company from register of companies
 - ★ Pass an order for winding up of company
 - ★ Pass such other orders as it may deem fit

Provided that company shall be given reasonable opportunity of being heard & Tribunal shall take into consideration & transaction of company.

Simplified Proforma for Incorporating company
Electronically (SPICE)

Ministry of corporate affairs has taken various initiatives for ease of business. MCA has simplified the process of filing of forms for incorporation of company through SPICE.

Effect of Registration

One company is incorporated all features of company gets activated - perpetual succession, disposal of property, right to enter into contract.

Effect of Memorandum & Articles

Where the ~~company~~ MOA & AOA when registered, shall bind the company & the members thereof to same extent as if they had been signed by company & each member.

Classification Of Capital

Capital → An amount of money that you use to start a business or to put in a bank etc. so that you earn more money (int.) on it

- a) Nominal / Authorised / Registered capital → Authorised capital means such capital as it is authorised by the memorandum of company to be the maximum amount of shares capital by company. it is usually fixed at amt., it is estimated the company will need, including the working capital & reserve capital

- b) Issued Capital \rightarrow Issued Capital means such capital as company issue from time-to-time subscription. It is part of authorised capital which is offered by company.
- c) Subscribed Capital \rightarrow Subscribed Capital means such part of capital which is for time being subscribed by the members of company.
- d) called up capital \rightarrow called up capital means such part of capital which has been called for payment.
It is total amt. called up on shares issued.
- e) Paid up Capital \rightarrow It is the total amt. paid or credited as paid up on shares issued.
Paid up cap = called up capital - calls in arrears.

Shares.

Share means a part in the share capital of a company & includes stock. A share thus represents such proportion of int. of the shareholders as amount.

- ★ If a Shareholders holds 100% shares in the company. Shareholder only gets the rights attached to those shares as per companies Act or MOA or AOA.

Rights are:-

- # Right to Dividend
- # Right to Voting in decisions of company
- # Right to call for meetings
- # Right to Bonus shares / Right Issue Shares
- # Right to inspect books of accounts

Right to alter MOA & AOA

Right to net assets of company in case of winding up

Shares are a movable property → Shares or debentures or other interests of any member in a company shall be movable property transferable in manner provided by articles of company.

Shares shall be numbered → Every share in a company having a share capital, shall be distinctive number.

This shall not apply to a share held by a person whose name is entered as holder of beneficial interest in share in records of depository.

kinds of share capital

Equity Share Capital →

with voting rights

with differential rights as to dividend, voting or otherwise in accordance with prescribed rules.

Preference share capital →

This ~~is~~ refer to

Preference share are owned by people who have the right to receive part of the company's profits before the holders of equity shares are paid.

- They don't enjoy any kind of voting rights.
 - They would carry a preferential rights
- a) Payment of dividend → fixed amt. or an amount calculated at fixed rate, which may either be free of or subject to income-tax

- b) Repayment → In case of winding up, the amt. of share capital paid-up or deemed to have been paid-up, there is a preferential right to payment of any fixed dividend.

Capital shall be deemed to be preference capital if it is either or both of following rights:-

- a) Respect of dividends → In addition the preferential rights to amt. specified as above, it has a right to participate, with capital not entitled to preferential right.
- b) Respect of capital → In addition to preferential right to repayment on winding up, the amt. specified, it has a right to participate, whether fully or to limited extent, capital not entitled to preferential right in any surplus.

Memorandum Of Association

It defines its constitution & scope of the powers of company.

It is very foundation on which whole affairs of company.

Object of Registering a MOA

- # It contains the object for which company is formed & defines the possible scope of its operational beyond actions can't
- # It enable shareholders, creditors & all those who deal with company to power & what activities it can engage.
- # Shareholders must know the purposes for which his money can be used by company

Memorandum of company drawn up in form given
Tables A, B, C, D & E in schedule I of Co. Act, 1956 per Sec. 4.

- Table A → MOA of company Ltd. by shares.
 Table B → MOA of company Ltd. by guarantee & not having share capital.
 Table C → MOA of company Ltd. by guarantee & having a share capital.
 Table D → MOA of unlimited company.
 Table E → MOA of unlimited company & having share capital.

Content Of Memorandum

Name clause → the name of company with last word 'Ltd' in case of public Ltd. Co., the last word 'Pvt. Ltd' in case of private Ltd. Co.

For Co. under Sec. 8 of Act, the name shall include words foundation, forum, Association, federation, Council, Electoral trust & like etc.

In case of 'one person company' the word 'one person company' included.

Registered office clause → the state in which the registered office of company is to be situated.

Object clause → the objects for which the company is proposed to be incorporated & any matter considered necessary.

If any company has changed its activities which are not reflected in name.

It shall change its name in line with its activities within a period of six months.

Liability clause → liability of members of company, whether limited or unlimited.

In case of Co. Ltd. by shares, liability of member is limited to amount unpaid.

in case of co. ltd. by guarantee, amount up to which each member undertakes to contribute

Capital clauses → the amount of authorized capital divided into share of fixed amounts.

Association clause → the desires of subscribers to be formed into company. Every subscriber to memorandum shall take at least one share & shall write against his name.

Articles Of Association

The articles of association of company are its rules & regulations, which are framed to manage its internal affairs.

- ★ Articles are the internal regulations of company.
- ★ It also lays down the powers of directors & officers of company & thus forming the basis of contract b/w company & the members.

Contents of AOA

1. Contains Regulations → Article of company shall contain the regulations for mgt. of company.
2. Inclusion of matters → It contains such matter, as prescribed under rules.
3. Contain provisions for entrenchment → It may contain provisions for entrenchment (to protect something), may only if conditions are more restrictive than those applicable in case of special resolution in case of public company.

4. Manner of inclusion of entrenchment provision →
 In case of private co. - unanimous approval
 Public co. - Special Resolution
5. Notice to the registrar of entrenchment provision → the company shall give notice to the Registrar of provisions in such form & manner as may be prescribed.
6. Forms of articles → Table F, G, H, I & J in Schedule I of Act may be applicable to such company.
7. Model Articles → Company may adopt all or any of the regulations contain in model articles applicable to such co.
8. Company registered after the commencement of this Act, company has to comply with all model article provision which are applicable for regulating the Company.

Difference b/w MOA & AOA

Basis	MOA	AOA
Objectives	MOA defines & delimits the objectives of company.	AOA lays down the rules & regulations for the internal mgt. of the co. Articles determines how the objective of co. are to be achieved.
Relationship	Memorandum defines the relationship of co. with the outside world.	Articles define the relationship b/w the co. & its members.
Alteration	Memorandum of association can be altered only under certain circumstances & in manner provided for in Act. In most cases, permission of the Regional director, or Tribunal is required.	The articles can be altered simply by passing a special resolution of the shareholders.

ultra vires Acts done by co. beyond the scope of memorandum are ultra vires & void. These can't be ratified even by unanimous consent of all the shareholders.

The acts ultra vires the articles can be ratified by special resolution of the shareholders, provided they are not beyond the provisions of memorandum

Doctrine Of Ultra Vires

The meaning of term ultra vires is simply "beyond (their) powers."

The legal phrase "ultra vires" is applicable only to acts done in excess of legal powers of the doers. This phrase supposes that the powers in their nature are limited.

It is a fundamental rule of company law that objects of company as stated in its memorandum can be departed from only to extent permitted by Act.

The company can't sue on an ultra vires transaction. Further, it can't be sued too. If a company supplies goods or offers service or lends money on an ultra vires contract, then it can't obtain payment or recover the loan.

However, if lender loans money to a company which hasn't been extended yet, then he can stop the company from parting with via an injunction. The lender has this right because the company doesn't become the owner of the money as it is ultra vires to the company & the lender remains the owner.

Further, if company borrows money in an ultra vires transaction to repay a legal loan, then the lender is entitled to recover his loan from company.

Summing up the Doctrine of ultra vires

- # When an act is performed, which though legal in itself, isn't authorized by the object clause of the memorandum, it is said to be ultra vires of company, hence null & void.
- # An act which is ultra vires, the co. can't be ratified even by the unanimous consent of all the shareholders.
- # An act which is ultra vires the directors, but intra vires the co. can be ratified by members of the co. through a resolution passed at a general meeting.
- # If an act is ultra vires the Articles, it can be ratified by altering the Articles by a Special Resolution at a general meeting.

Doctrine Of Indoor Management

1. Doctrine of Constructive Notice → Doctrine of constructive notice refers to the idea that everyone involved with a business has knowledge of the company MOA & AOA.
The MOA & AOA of company when registered with Registrar of Companies, become public documents & they are available for inspection to any person, on payment of nominal fees.

By constructive notice is meant:
Whether a person reads the documents or not, he is presumed to have knowledge of the contents of the documents.

Every person dealing with the company not only has the constructive notice of the memorandum & articles, but also of all the other related documents, such as special Resolution, which are required to be registered with the registrar.

2. Doctrine of Indoor Mgt:

It is the exception of doctrine of constructive notice. It protects the outsiders against the company, who acted in good faith.

According to doctrine, a person who deals with the company is not bound to enquire into the regularity of the internal procedures of the company.

Contracting party may assume that every act is done in accordance with the procedures laid down in the Articles of company & hence not affecting adversely the rights of the outside parties in any manner due to irregularity of internal procedures.

It is popularly known as **Turquand Rule**.

Exceptions to the doctrine of Indoor Mgt.

A) Actual or constructive knowledge of irregularity → The rule doesn't protect any person when the person dealing with the company has notice, whether actual or constructive, of the irregularity.

B) Suspicion of irregularity → Where the person dealing

with the company is put upon an inquiry. The protection of " " is also not available where the circumstances surrounding the contract are suspicious & therefore invite inquiry.

The plaintiff could not have supposed, in absence of a power of attorney that accountant had authority to effect transfer of company's property.

- C) Forgery → The doctrine of indoor mgt. applies only to irregularities which might otherwise affect a transaction but it can't apply to forgery which must be regarded as nullity.

Classes Of Companies Under The Act

Companies may be classified into various classes on the following basis:-

1. On the basis of liability:-

A) Company limited by shares → Section 2(22) of Co. Act, 2013

★ When the liability of the members of a company is limited by its MOA to the amount unpaid on shares held by them, it is known as Co. Ltd by shares.

★ It is a registered co. where public or private company.

★ It arises when a valid call is made by the company.

B) Company limited by Guarantee → Sec. 2(21) of Co. Act, 2013

★ It is a registered co. whether public or private company.

★ liability of members is limited to amount that he

has guaranteed to pay to the company.

- ★ Liability arises only in event of winding up of company.
 - ★ Its MOA should state the amount guarantee given by members.
- Example: clubs, trade associations etc.

C) Unlimited company → Sec. 2(92) of Co. Act, 2013

- ★ Its memorandum doesn't in any way limits the liability of its members.
- ★ Every member is liable to contribute to company's assets until all its debts are paid in full.
- ★ Not common in India.
- ★ Members are not however, liable directly to the company's creditors.
- ★ Liquidator asks the members to contribute in event of company's winding up.
- ★ The liability is extended to personal property of the members.

2. On the basis of members :-

a) One Person Company → Sec. 2(62) of Co. Act, 2013

Co. Act, 2013 introduced a new class of companies which can be incorporated by a single person.

OPC is a company which has only one person as member. It has been encouraged entrepreneurship & corporatization of business.

OPC differs from Sole proprietorship. It is separate legal entity & limited liability.

Acc. Sec. 3(1)(c) of Co. Act, 13, OPC is a private ltd. co.

OPC - Significant points

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- ★ Only one person as member.
- ★ Minimum paid up capital - no limit prescribed.
- ★ Mandatory Nominee clause in MoA.
- ★ Company can't be incorporated or converted into a company under Section 8.
- ★ OPC can't carry out Non-Banking Financial Investment.
- ★ OPC can't invest in securities of anybody corporate.
- ★ OPC can be Incorporated as Private co. only.
- ★ OPC can be converted into Public & Pvt. co.
- ★ OPC may at any time change the name & such person may be given the right of withdraw his consent.
- ★ change in name of person shall't be deemed to be an alternation of memorandum.
- ★ Only a natural person who is an Indian citizen.
- ★ No person shall be eligible to incorporate more than one OPC.
- ★ No minor shall become member/nominee of OPC.

b) Private company → Sec. 2(68) of Co. Act, 2013

"Pvt. company" means a co. having a minimum paid-up share capital as may be prescribed, by which articles -

- ★ Restricts the right to transfer its shares.
- ★ The limits of its members of two hundred.
- ★ Prohibits any invitation to public to subscribe for any securities of the co.

It is provided that where two or more persons hold the one or more shares in company jointly, treated as single member. It is provided person who are in employment of company & old employees of company & continued to be members

Private Co. - significant points

- ★ No minimum paid-up capital requirement.
- ★ Min. no. of member - 2 & Maximum - 200 (except OPC)
- ★ Small company is private co.
- ★ OPC can be formed only as private co.

Small company - \rightarrow Sec. 2(85) of Co. Act, 2013

Small co. means a company

- Other than public company
- whose paid share capital doesn't exceed up to ₹4 crore.
- whose turnover as per P&L for previous financial year doesn't exceed ₹40 crore.

Exceptions:- This clause shall not apply

- Holding co. or subsidiary co.
- Company registered under sec-8
- a public co. or body corporate governed by Act

c) Public company \rightarrow Sec. 2(71) of Co. Act, 2013

- ★ Is not a part. company
- ★ has a minimum paid-up share capital, may be prescribed

Public company - significant points

- ★ shares freely transferable
- ★ No minimum paid up capital requirement.
- ★ Min. number of member - 7 & Max. number of member - No limit.
- ★ Subsidiary of public co. is deemed to be a public co.

3. on the basis of control:-

a) Holding and Subsidiary Companies

Holding co. is a company in relation to one or more other companies, means a co. of which such co. are subsidiary companies. [Sec. 2(46)]

Subsidiary co. means a company in which the holding co.

- i) controls the composition of the Board of Directors.
- ii) Controls more than one-half of the total voting power or together with one or more of its subsidiary Companies.

For purposes of this section -

- ★ a company shall be deemed to be a subsidiary co. of the holding co. even if control is exercised.
- ★ Composition of company's BOD shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or majority of directors.
- ★ 'company' includes anybody corporate.
- ★ 'layer' means its subsidiary or subsidiaries.

★ Note. Sec. 2(71) of the Co. Act, 2013

A private company, which is subsidiary of a public company shall be deemed to be public co. for purpose of Act, where such subsidiary co. continues to be a priv. co. in its articles.

b) Associate Company → [Sec. 2(6)]

It means a company in which that other company has a significant influence, but which isn't a subsidiary co. of the co. having such influence & includes a joint venture co.

For purpose of this clause -

"Significant influence" means control of at least twenty percent of voting power. 20% - 50%

"Joint venture" means a joint arrangement whereby parties that have joint control of arrangement have rights of net assets of arrangement.

"Total Share Capital" means the aggregate -

- ★ Paid-up equity share capital
- ★ convertible Preference Share Capital

④ On the basis of access to capital :-

a) Listed company → Sec. 2(52) of Co. Act, 2013

It is a co. which has any of its securities listed on any recognised stock exchange.

Sec. 2(81) of Co. Act, 2013 has been assigned the same meaning as defined in clause (h) of sec. 2 of the Securities Contract (Regulation) Act, 1956.

b) Unlisted company → It means company other than listed company

⑤ Other Companies :-

a) Govt. company → Sec. 2(45) of Co. Act, 2013

It means any co. in which not less than 51% of paid-up share capital is held by -
the central govt., or

by any state govt. or govt., or

partly by central govt. & partly by one or more state govt.,

& includes a co. which is subsidiary co. of such a govt. company

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The "paid up share capital" shall be constructed as "total voting power", where shares with differential voting rights have been issued.

b) Foreign company → Sec. 2(42) of the Co. Act, 2013
It means any company or body corporate incorporated outside India which -

- ★ has a place of business in India whether by itself or through an agent, physically or through electronic modes.
- ★ conducts any business activity in India in any other manner.

c) Formation of Co. with charitable objects Sec. 8 →

- ★ for the purpose of promote objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment.
- ★ uses its profits for promotion of objectives for which formed.
- ★ Doesn't declare dividend to members.

Power of central govt. to issue the license -
★ central govt. allow the co. to register a co. with limited liability without the adding word 'Ltd.' or 'Pvt. Ltd.' to its name.

- ★ The registrar shall on application register such person or association of person as a company.
- ★ After Registration, the co. enjoy all the rights & obligations of a limited co.

Revocation of license

on revocation, central govt. may direct it to convert its status & change its name / windup / amalgamate

with another co. having similar objed.
The central govt. must give it a written notice of its intention to revoke the licence & opportunity to be heard in matter.

Penalty / Punishment in Contravention.

If a co. makes any default in complying with any of the requirements laid down in section, without prejudice to any other action under the provisions of section, shall not be less than ten lakh rupees but which may extend to 1 crore ₹ & directors & every officers of the co. who is default shall be punishable shall not be less than ₹ 25 thousand but which may extend to ₹ 25 lakh.

Section 8 company - significant points

- Requirement of minimum share Capital doesn't apply.
- Operates under a special licence from central govt.
- Need not use the word Ltd./ Pvt. Ltd in its name & adopt a more suitable name such as club, chamber of commerce etc.
- Licence revoked if conditions contravened.
- can call its general meeting by giving a clear 14 days notice instead of 21 days.
- A partnership firm can be member of sec. 8 co.

d) Dormant Company → sec. 455 of Co. Act, 2013
Where co. is formed & registered under this Act for future project or hold an assets & has no significant accounting transaction. It make an application to Registrar in such manner as may be prescribed for obtaining the status of dormant co.

"Inactive company" means a co. which hasn't been carrying on any business during the last two financial years.

"Significant accounting transaction" means any transaction

- ★ Payment of fees by company to Registrar
- ★ Payments made by it to fulfill the requirements of Act
- ★ Allotment of shares to fulfill the requirements of Act
- ★ Payment for maintenance of its office & records.

e) Meaning of Nidhi Companies → Sec. 406(1) of Co. Act, 2013

"Nidhi" or "Mutual Benefit Society" means a co. which the central govt may, by notification in the official Gazette, declare to be Nidhi or Mutual Benefit Society.

f) Public Financial Institutions (PFI) → Sec. 2(72)

- ★ Life Insurance Corporation of India, established LIC Act, 1956
- ★ Infrastructure Development Finance Co. Ltd.
- ★ Specified company referred to Unit Trust of India, Act, 2002
- ★ Institutions notified by central govt. of Sec. 4A(2) of Co. Act, 1958
- ★ Such other institution as may be notified by the central govt. in consultation with the RBI.

Conditions for an institution to be notified as PFI

- ★ Established or constituted by or under any central or State Act
- ★ At least 51% of paid-up share capital is held/controlled by the central govt. or by any state govt. or partly by the central govt. & partly by one or more State govt.