

जय श्री राम

THE COMPANIES ACT, 2013

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→ Applicability of the Companies Act, 2013.

- Company incorporated Under this Act OR any Previous Act of Company Law.
- Insurance Companies [except Provisions of the CA, 2013 are inconsistent with the Provisions of IRDA ACT 1999 OR Insurance ACT 1938]
- Banking Companies [except where Provisions of the CA, 2013 are inconsistent with the Provisions of Banking Regulation Act, 1949]
- Companies engaged in the generation & supply of electricity [except where provisions of the CA, 2013 are inconsistent with the Provisions of Electricity Act, 2003]
- Any other Company governed by any Special Act, for the Time being force.
- Such Body Corporate which is incorporated by any Act for Time being force, & Central Government do notification specify on this behalf.

7 COMPANY

Company means Company incorporated Under CA, 2013 or any previous Acts of Company Law.

OR

As per Professor Haney " A Company is an incorporated association, which is artificial person, sperate legal entity with Perpetual Succession & Common Seal.

* FEATURES OF COMPANY

(1) Seperate legal entity:

- 7 when the company is Registered, it is clothed with a legal personality
- 7 It have almost Same Rights & power as a human being.
- 7 A Company Can incur liabilities, Raise Loans, open Bank Account, own property and enter into the Contracts
- 7 Even members can do Contracts with the Company, or incur liabilities. But for the debts of the company only Creditors Can sue it not members
- 7 A Company is capable to owning, enjoying and disposing the property by its own name.
- 7 The assets and Capital Contributed by the members the Company become the owner of this assets and capital. the Shareholders / members are not owner of Company's property.

(2) Perpetual Succession:

- Members of the Company may die or Change but Company Continues
- Existence of the Company not affected by death or insolvency of its members.
- Since Company is an legal personality, a law alone Can bring the end to its life

(3) Limited Liability:

- Liability of the members depend upon the kind of Company his a member.

(1) In Company Limited by Shares :

- 7 In the Company Limited by Shares, Liability of the members is Limited and extent upto the Unpaid amount on the Shares held by them.
- 7 Company Can Called only that amount from its members which is unpaid on Shares.
- 7 Company Can Called money at any Time.

(2) In Company Limited by Guarantee :

- 7 members are liable only that amount which is guaranteed by them.
- 7 Company Can Call money from its member only at the Time of liquidation

(3) In Unlimited Company, Liability of the members is Unlimited.

(4) Common Seal

- 7 Common Seal is the official Signature of the Compy.
- 7 Common Seal is the Symbol of incorporation
- 7 In UK Common is optional from 2006
- 7 In India, Common Seal is mandatory, but after the amendment in 2015, Common Seal becomes optional.
- 7 In Case a Company does not have Common Seal the authorization shall be made by :-
 - (1) Two directors OR
 - (2) A director & Company Secretary.

(5) Artificial legal Person

- A Company is an artificial Person it is Created by Law not natural Birth.

- 7 A Company have almost same Rights and Power like a human being
- (1) Company can do Contracts, incur liabilities, Raise Loans, open Bank Account & own property by its own name.
- It can do everything like a natural person can do but it cannot take oath, cannot do marry, can't sent in Jail do not do CA Course etc.
- 7 Company do all its acts through an human i.e. directors.

CORPORATE VEIL THEORY

Corporate Veil means members of the Company is different entity and Company is different. Both members & Company are different personality.

~ Lifting of Corporate Veil :-

It means when court disregards the corporate veil entity and Company & members are considered same entity.

(1) To determine the Character of a Company i.e. found out alien enemy or Friend :-

- As we know, Company is an artificial person it is created by Law not natural birth because of that Company doesnot have its own mind and it cannot differentiate between the enemy or friend
- Afterwards, It is to be found that the affairs of the Company operate ^{By} the people of enemy Country. For this purpose Court may disregards the corporate veil.

(2) To protect Revenue / Tax :-

- where Corporate entity is used to evade tax, the Court can disregard the Corporate entity

- In [Dinshaw Maneckjee patil]

In this Case, A person earn huge Income from dividends & Interest from other Companies. and to evade the Tax he open the Small Companies from that ~~less~~ Amount and purchase of that Companies shares & Take back his amount in the form of loan. So for this purpose Court disregards the Corporate entity

(3) To Avoid legal obligations :-

When it is to be found that the sole purpose of formation of a Company is use it as a device to Reduce the amount of Bonus workmen etc.

(4) Formation of Subsidiaries to act as an agent

7 A Company & may sometimes act as an agent or Trustee of the another Company and lost its Individuality in favour of its principal.

7 Here the principal will be held liable for the acts of that Company.

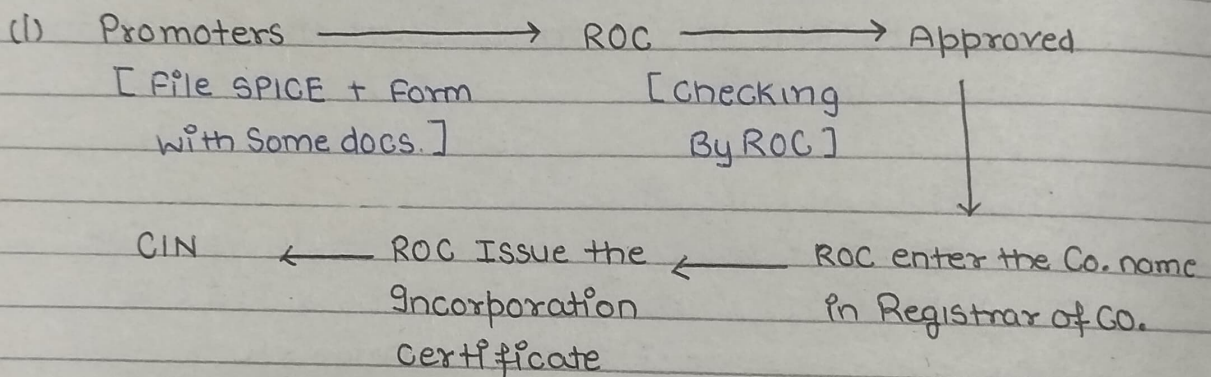
7 Merchandise Transport limited VS British Trans. Commission

- A Company want to obtain license for its vehicles but could not applied its own name. So it form a Subsidiary Company, and applied it for license from that Co. & Transfer all the vehicles to Subsidiary Co. Held the principle & Subsidiary Co. are same, so license was Rejected.

(5) Company Formed For Fraud / Improper Conduct or to defeat Law :-

- where the Company is incorporated to defeat law, Fraud, improper Conduct OR Some illegal purpose OR to fraud with Creditors to avoid legal obligations, the Court may dis-Regard the corporate entity.

INCORPORATION OF COMPANY :



→ PROMOTERS :

- who has been named in prospectus or identified by the Company in the Annual Return
- who has Control the affairs of the Company directly OR indirectly wheather as a Shareholder, directors etc.
- the person whose advice, directions or instructions the BOD of Acompany Act.

— List of Additional documents —

(ii) Filing the documents and information with the Registrar:
For the Registration of the company following documents and informations are Required to be filed to Registrar of the area Company is situated or proposed to be situated.

- The Memorandum & Articles of the Company signed by all the subscribers of the Memorandum.

- A declaration by person who is engaged in the formation of the Company [An Advocate, CA, CS OR Cost Accountant] and by a person name in the Articles [directors, managers]

→ That all the Requirements of CA, ACT 2013 & other Rules made Under the Respect of Registrations is Complied.

- A declaration from each subscriber of memorandum and persons name as first directors, that -

(1) He is not Convicted any offence in Relation to Formation, Promotion or management of Company

(2) He has not been found Guilty of any fraud OR misrepresentation / misfeasance or Breach of duty Under CA Act 2013 OR any previous Act of Company Law from Previous five years.

(3) All the documents & information Register for the Registration to the Registrar is True, correct and Complete As per my Knowledge.

(2) Address of Correspondence till Registered office is established.

(3) The particulars (1)

[Including (1) Name (2) Surname (3) Family names
(4) Residential address (5) nationality]
(6) Proof of Identity

- Above details of every subscriber of the memorandum & in case subscriber is Body Corporate, Rules as may prescribed

The Particulars (2)

[Including (1) Name (2) Surname (3) Family names
(4) Residential address (5) nationality
(6) Identity (7) DIN [Director identification numb.]

- Above details of persons mentioned in the Articles as Subscriber of Memorandum.

The Particular (3)

- Persons have interest in that Company they are directors or members.

(ii) The Registrar on the basis of documents and information Register such Company in ROC and Issue 'CERTIFICATE OF INCORPORATION'

(iii) After Registration, Registrar Issue CIN [Corporate Identity number] to the Company.

- CIN is Identity of the Company
- CIN is different of every Company.

(iv) The Company shall maintain all the documents & information copies which is register to ROC till its dissolution.

(v) If any person furnishes [supply] the false or incorrect information or suppression of material fact at the time of incorporation, he was also aware about that, he is liable for action for fraud under section 447.

(vi) where it is to be found that company is incorporated by furnishing [supply] any false or incorrect info. or by suppressing any material fact. The promoters, first directors & persons names making declaration shall be liable for action for fraud under section 447.

(vii) Order of the Tribunal (Important)

- where a company has been incorporated by furnishing false or incorrect information or represent. or by suppressing any material fact or information the Tribunal may pass the following order.

(1) Change in the Memorandum & Article of the Company

(2) Change the liability of the members from limited to unlimited

(3) Removal the name of the Company from the Registrar of Companies

(4) An order to winding up the Company

(5) pass such orders as deemed fit :-

- Provided that before making order.

(i) Company shall given reasonable opportunity to be heard in this ^{matter}

(ii) Tribunal take consideration the transactions entered into by co, obligations, contracted or payment of any liability.

Memorandum of Association

MOA is the charter of the Company. It is the Foundation on which the whole Company is build. It defines Constitution and scope, objectives and Powers of the Company, for which it is incorporated under this ACT.

7 Objectives of MOA :-

- (1) Identifies the possible Scope of its operations beyond which its action cannot go.
- (2) It is a public document [every person entering into a Contract with the Company is presumed to have the Knowledge of the MOA]
- (3) It enables Shareholders, creditors and other persons to know about powers and what activities it can engage in
- (4) the shareholders must know the purpose for which his money used by the Company.

→ Company cannot enter in the Contracts which are out of the powers of Company, and if enters, it would be Ultra Virus of Co. & Void

TABLE (A) is for MOA of a Company limited by Shares

TABLE (B) is for MOA of a Company limited by guarantee

TABLE (C) is for MOA of a Company limited by Share & guarantee

TABLE (D) is for MOA of Company an Unlimited liability

TABLE (E) is for MOA of an Unlimited Co. & Co. having share Cap.

Content of Memorandum

(a) Name Clause

- 7 Private Company name end with word 'PRIVATE LIMITED'
- 7 Public Company name end with word 'Limited'
- 7 Govt. Company names must end with 'Limited'
- 7 OPC name must end with word 'OPC'
- 7 Section-8, Company name must end with Trust, Foundation, Club etc.

(b) Registered Office Clause

- State name in which Company's office situated

(c) Object Clause

- It Contains the Objectives of the Company for which it is incorporated

(4) Liability clause

Liability of the members is depend in which type of Company he is member.

- Refer (Page no. 2) Same to same of notes write here.

(5) Capital Clause

- 7 the amount of authorized capital divided into shares of fixed amount
- 7 the numbers of shares that a subscriber of memorandum is agreed to take, indicated
- * opposite their names.
- 7 A Company not having share capital need not to have Capital Clause.

(6) Association Clause

- Details about Subscriber of the memorandum.
- Every Subscriber shall take at least one Share and shall write against his name, the number of Shares taken by him.

(7) Nominee Clause

- In Case OPC, nominee Clause is mandatory in the death or insolvency of the member, nominee become the member.

→ Memorandum must be printed, divided into paragraphs and numbered consecutively and signed by

- at least 7 persons in case of Public Co.
- at least 2 persons in case of private Co.
- at least 1 person in case of OPC

→ In the Presence of at least one witness.

- who also attest the signature

~ However minor cannot sign on memorandum as he is not competent to the contract. But parents of minor can on his behalf. But minors is not personally liable.

ARTICLE OF ASSOCIATION

- 7 AOA is the internal Rules and Regulations of the Company
- 7 AOA ~~pa~~ play a subsidiary part of MOA
- 7 AOA is the 'Private document' and It is strictly Follow by managers and management of Company.
- 7 Duties and obligations of members of Company define by AOA.
- 7 AOA is the bye laws of the Company
- 7 AOA is different from Company to Company and each Company follows its own AOA

CONTENT OF ARTICLE OF ASSOCIATION

- (1) Contain Regulations :-
AOA of a Company Contain Rules and Regulations for the management of the Company.
- (2) Forms of articles :-
the articles of Company shall be specified in Table F, G, H, I & J in Schedule (I).
- (3) Model of articles :-
A Company may adopt all or any of Regulations Contained in Model articles applicable to Such Company.
- (4) Inclusion of Matters :-
the articles shall also Contain such matters as are prescribed in rules.
Company may also add additional matters in its articles.

Understanding.

Example :- NO. of employees = 1000

Company do Vote for divide of dividend.

Votes in favour = 600

Votes in against = 400

so, $\frac{600}{1000} \times 100 = 60\%$, means 'ORDINARY Resolution Pass'



(But Agr Ordinary R. 211thi more 50% ki Condition lag deti hai Special Resolution E)

Ex:- IF 75% > So Dividen divide

60% < 75% So Dividend (X)

~ Entrenchment : जब जै Special Res. ki Condition था जैनी 75% से भी ज्यादा strict कर दे
for En:- 80% OR 100%.

5.) Contain for provision entrenchment:

- Articles May Contain Provision for entrenchment
- defined the Changes in AOA is more Restrictive but Can be altered by passing Special Resolution applicable in this Case.

6.) Manner of Inclusion of the entrenchment provision

- provision for entrenchment shall be made either on formation of the Company OR by an ammendment in the Articles.

- IF ammendment So,

It is added in Articles by Consent of all the members in Case of Private Company

- Special Resolution in Case of public Company

- (7*) Notice to the Registrar for entrenchment provision when the Articles of the Company contain provision for entrenchment, whether made during formation of Co. OR By amendment.
- the Company must Give notice to Registrar about this provision in prescribed form.

(8*) Company Registered after the Commencement of this Act.

Memorandum V/S Articles.

BASIS	Memorandum of Association	Articles of Association
Objectives	It defines the powers, scope, objectives of the Co.	It define the Rules & Regulations, internal Management of the Company
Relationship	It defines the Relationship of a Company with outsiders	It defines the Relationship of Company with its members.
Alteration	It is Altered Under Certain Circumstances by following manner Prescribed in ACT & Tribunal & Regional directors Permission Required	It is Altered Simply By Passing Special Resolution.
Ultra-virus.	Acts Beyond the Scope of MOA is Void, it Cannot be Rectify	Act which are Beyond the AOA Can be Rectify by Passing Special Resolution.

DOCTRINE OF CONSTRUCTIVE NOTICE

- whether a person reads the documents or not, he is presumed that he has knowledge of the content of the document.
- He is not only presumed that he has read the document but also understood that documents.
- Every person dealing with the Company, has a duty to read & understand the Memorandum & articles of association of Company, but also all the other public documents.
- Any person can inspect the public documents of the Company by paying nominal fees.

DOCTRINE OF ULTRA VIRES. (अधिकी OKat के बाहर नहीं जाना)

- 7 ULTRA VIRUS means 'Beyond the Powers'
- 7 It is the fundamental law of the Company that Company can do all the Acts or contracts which are mentioned in the object clause of the Company memorandum.
- 7 Company cannot do those acts or contracts which are not mentioned in MoA of Company unless law permits.
- ~ Consequences of Ultra-Virus
 - 7 All Contracts or Acts which are ultra virus are 'Void'

Approval - Contract से पहले approve
Rectify - Contract होने के बाद approve

7 In Ultra virus,

Neither the Company nor the other party take legal action against each other. [Because as we know MOA & AOA is a public docs, & And persons dealing with the Company low assume that he have knowledge about all the public docs. Whether he have or not.]

7 Acts which are ultra virus the Memorandum but intra-virus the directors of the Company, cannot be Rectify

7 Acts which are Ultra virus the Articles of Company but intra-virus the Memorandum, can be Rectify by passing special Resolution.

7 Acts which are Ultra virus the powers of the directors but intra-virus the Memorandum can be Rectify by passing General Resolution.

7 Important points about Case Study :-

(1) अगर MOA में other things या General Contracts लिखा है इसका मतलब यह नहीं कि Dunya के सारे Contract कर सकते इसका मतलब है Co. से Related वाले Only.

(2) अगर किसी कि Goods या Paise लेके जाँ कि Ultra virus था किसी और कि Payment करदी जाँ कि Intra थी तो फिर वी भी Ultra से Intra बन जाएगा.

Ex:- A.Ltd. Already Taken loan from C ₹ 5cr. & A.Ltd कि Limited भी 5cr. थी MOA में. then A.Ltd ने 2 से 5cr. लिये जाँ कि Ultra हो गये लेकिन उस से Intra कि pay था वी C के 5cr. दे दिये then जाँ 2 का 5cr.

Intra था वी कहे अब Intra बन जाएगा legally.

Remedy In ultra virus :- अगर जो Goods या Paise Spend नहीं किये तो वापस ले सकते लेकिन Service cannot because services Return नही होती.

DOCTRINE OF Indoor Management

- (1) Doctrine of Indoor management is the exception of doctrine of Constructive notice/delivery.
- (2) It is also known as Turquand Law, which is proved in the British Royal Bank vs Turquand
- (3) doctrine of Indoor management protect the Outsiders.
- (4) It is not the duty of the outsiders of Company to check the Internal document of the Company, whether the Internal procedure Complied or not.
- (5) Outsiders have a duty to check the public documents of the Company but not private documents.
- (6) doctrine of Indoor management give powers to outsiders to assume that Company follow all the internal procedure which are Required.

Exception of Indoor management

- (1) Actual or Constructive knowledge of irregularity
This doctrine not protect any person who dealing with the Company have notice, whether actual or ~~Constructive~~ Constructive irregularity

Example :- A B C, ABC & CO. के director हैं. Inke MoA में लिखा था कि जो 10cr का loan ले सकते But By passing S-Resolution. So A ने Loan ले लिया., ABC & CO. & Special R. भी Pass नहीं किया तो यहाँ पर A पे Indoor manag. नहीं लागेगा क्योंकि director था उसने जान बुझकर unknown वन कि Acting कि

(2) Forgery.

- Doctrine of Indoor Management is applicable only on irregularities
- It does not apply on forgery and which is nullity

Example :- Fake Signatures etc.

(3) Suspicion of irregularity

- This doctrine do not reward the person who act negligently
- If it seemed that transaction is Unusual according to the ordinary Course of Business. So person Can do necessary enquiry before entering into the Contract

~ Case Law : Anand Bihari Lal vs dailmer Co.

Plaintiff purchase immovable property from the Accountant of Co. which not have power of Attorney & plaintiff doesn't do the following enquiry. It was held that contract is void and plaintiff cannot take the benefit of Doctrine of Indoor management.

1. Constructive notice :- जो Banda Co. से deal करा है उसे और Public docs कि knowledge दीजी Chiyे, छव है चाहे न ही Law Assume कर लेग कि usko है knowledge
2. Ultra Virus : अपनी power से बाहर जाके काम नही करे, limits में रखा है बाहर गये तो Aggrement Void
3. Indoor mang. : Person जो Co. से deal कर रहा है उसे कस Public doc कि knowledge दीजी Chayे न कि Private docs कि वो Assume कर सकता है कि Private सब chodya है

- SPICE [Simplified Proforma for incorporating Company] Electronically
- MCA has taken various steps for ease of Business.
- SPICE is a process of filling form for Registration of a Company electronically.

~ Effect of Registration :-

From the date of incorporation (mentioned in the Certificate of Incorporation) Company Come into an existence. Having Seperate entity, perpetual succession with power of Acquire, hold & dispose property, both movable and immovable, tangible & intangible, Can enter into the Contracts, Sue to other party by its name etc.

~ Effect of Memorandum & Articles.

where the memorandum and Articles when Registered, Shall Bind the Company and members

CLASSIFICATION OF CAPITAL

- meaning of Capital :-

- the word Capital have variety of meanings
- But for Company Limited by Shares. Capital means 'share Capital'
- share Capital of a Company divided into small equal parts of fixed amount called 'Shares'

7 Types of Capital

(1) Authorised Share Capital

- 7 It is the Capital Authorised by Memorandum of the Co. to be the maximum amount of the ~~Genl~~ share Capital of the Company.
- 7 Company's pay Stamp duty on it
- 7 Also known as Nominal OR Registered Capital.

Authorised Share Capital = Reserve Capital + Working Capital + Amount Company need.

(2) Issued Capital

- 7 It is a Capital which is Issued by Company Time to Time For Subscription.
- 7 It includes allotment of Shares Consideration other than Cash, & it is the part of Authorised Capital.
- 7 Schedule (III) of Companies Act, 2013. Makes it mandatory for a Company to dis-close Issued Capital in Balance Sheet of Co.

(3) Subscribed Capital

It is part of Issued Capital which is subscribed by the members of the Company

(4) Called-up-Capital:

It is amount which is called from members of the Company for payment.

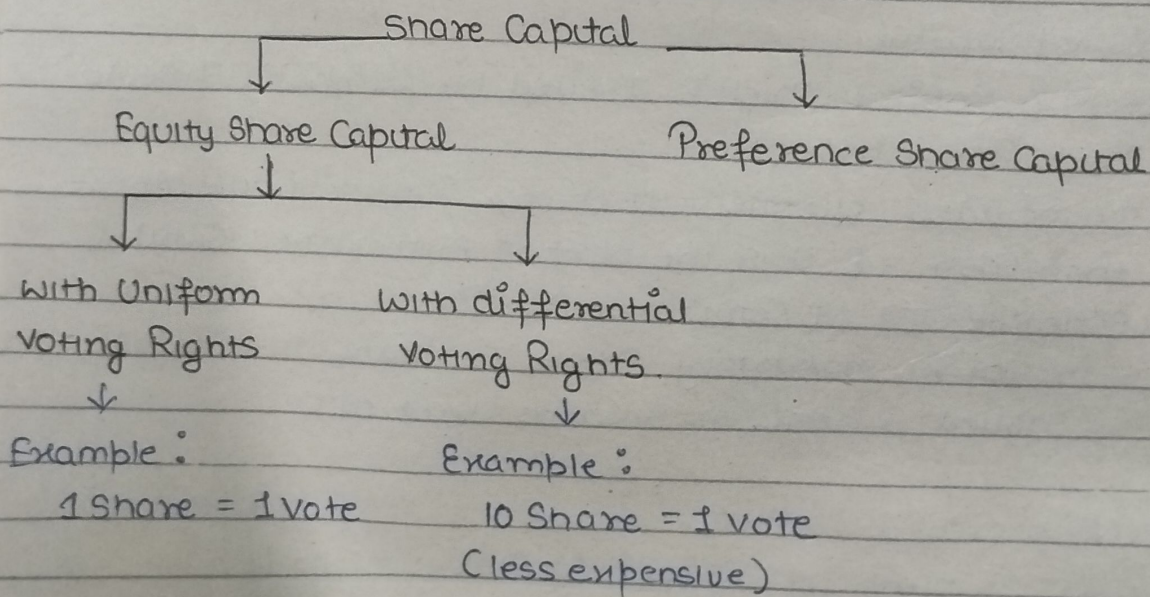
(5) Paid-up-Capital

It is the amount which is paid by the members of Company on shares held by them.

Paid-up Share Capital = Called-up Capital - Calls-in arrears.

7 SHARES

- Share which means share capital of a Company and include stock
- Shares or debentures or other are immovable property
- Each share of a Company have a distinct number



- (i) Equity Share Capital
 - (i) with Voting Rights
 - (ii) with differential Rights as to dividend, voting or other as per Rules prescribed.

- (ii) Preference Share Capital other than equity Share Capital
 - Generally No Voting Rights.

- Equity Share Capital

Any Company limited by Shares, ~~mean~~ means all the share Capital which is not preference

- Preference Share Capital

(a) Payment of Dividend

either as fixed amount OR an amount calculated at fixed Rate, which may either be free of subject to Income Tax.

(b) Repayment

In Case of winding up OR Repayment of Capital of Amount of Share Capital paid-up or deemed have been paid-up whether or not, there is a preferential Right to payment of Any fixed premium or premium on fixed Scale, specified in MOA OR AOA.

CLASSIFICATION OF COMPANY'S UNDER COMPANIES ACT, 2013

(1.) Companies On the Basis of liability :-

(a) company Limited by Shares :

- Company Limited by share is a Company in which liability of the members is limited and extent upto the Unpaid amount on the shares held by members
- It implies that for meeting the debt of the Company shareholders are only liable for amount unpaid on shares held by them, Personal property of Shareholders is not liable
- Shareholders are Co-owners of the Company but not Company assets.
- ownership of assets is Remain with the Company, because it is a nature as legal person
- Company Can Called money from Shareholders at any Time
- Rights and duties of Shareholders measure by his Shareholdings.

(b) Company Limited by guarantee

- It is a Company in which liability of the members is limited and extent upto the amount guarantee by them OR mentioned in the memorandum
- Members Cannot be Called upon to contribute beyond the sum mentioned in MoA.
- Company Call money only in case of wound-up.
- this Company does not Raise initial funds from its members.
- Such Company Raise funds from other sources such as fees, charges, donations etc.

© Unlimited Company.

- It is a Company in which liability of the members is unlimited and extent upto the personal property of the members.
- It means for the meeting the debt of the Co. if business property is not sufficient so shareholder personal property liable for meeting debt.
- Liability of member ceases when he ceases as a member.
- 1 shareholder can contribute the entire debt of Co. But he can legally claim from another.

- Common features between Limited by Share & Guarantee

~ Similarities :

- Both are separate legal entity
- Liability of members is limited in the both

~ Dis-similarities :

- In case of Company limited by Guarantee, member can be called by to pay amount that they have guaranteed in MoA. However, in case of Company limited by Share, members can be called to pay unpaid amount on shares held by them.
- In case of Company limited by Guarantee, money can be called from members only in case of winding-up of Company on fulfilment of certain conditions. However, in case of Company limited by shares, money can be called from members at any time during the Company's life-time or in the event of winding-up.

(2.) Companies On the Basis of number of members

(A) Private Company

Private Company means a Company having a minimum paid-up share capital prescribed and Articles Contain 3 Conditions :-

- (1) Restriction in Transfer of Shares
- (2) Prohibition any invitation to public for subscribe the Securities of the Company.
- (3) Other than OPC [one person Company] maximum number of members is '200' but following Conditions apply.

(A) Current employees are not Count as member

(B) Ex- employees [who were purchase the Company Securities when they were members] not Count as members.

(C) When, Two or more persons Jointly purchase the Securities of Company Should be Considered as Single member.

- Significant points

- No minimum paid up Capital Required
- Minimum Member - 2 [except in Case of OPC, which has 1]
- Maximum members - 200 [including current employees, Ex-employees, Joint ventures]
- Transfer of Shares are Restricted
- Prohibition any invitation to public for Sub. Securities
- Small Company is a private Company
- OPC is a private Company.

- Small Company

Small Company is a Company other than public Company

- Paid-up Share Capital does not exceed ₹4 crore OR such higher amount as may be prescribed should not be more than ₹10 crore.
- Turnover of which as per the P&L Account for the immediately preceding financial year does not exceed ₹40 crore OR such higher amount as may be prescribed in Rules should not be more than ₹100 cr.

~ Exception this Clause is not Applicable for

(A) Holding and Subsidiary Company

(B) A Company Registered Under Section-8 OR Section-8 Company

(3) A Company OR Body Corporate Governed by any Special Act.

(B) Public Company

- Public Company is a Company which is not a Private Company & has minimum paid-up Share Capital as may prescribed.

- Significant Points

- No Restriction in Transfer of Shares
- No minimum - Paid up Capital Required
- Minimum members - 7
- Maximum members - No limit
- Articles does not contains 3 Conditions.
- Subsidiary Company of a public Company Considered as a public Company.

(c) OPC [One person Company]

- opc is a Company in which only one person as member
- opc has been introduced to encourage entrepreneurship in Business
- OPC is differ from Sole proprietary
 - (1) OPC is a sprate legal entity with limited liability
 - (2) Sole proprietary is not a sprate legal entity & liability is Unlimited

- Significant points:

- 7 Only one person as a member
- 7 Minimum paid up share Capital not Required
- 7 OPC also a private Company.
- 7 OPC can be Convert into public or private Company
- 7 Minor cannot become member or nominee in OPC But He can be admitted for Beneficial interest
- 7 OPC cannot be Convert or incorporated into Sec-8 CO.
- 7 One person cannot become the member & nominee in more than one OPC
- 7 But One person can become member & nominee in two different OPCs at the same Time.
- 7 2 Conditions are Required to become member or nominee in OPC
 - (1) Natural Person
 - (2) Indian Citizen.
- 7 Residentialship is no more mandatory.
- 7 In OPC, Nominee Clause is mandatory in which other person [nominee] name is written, in case death or insolvency of the member, other person become the member of the Company.

- other person shall give his prior written consent.
- other person have a Right to withdraw his Consent
- member of the OPC May Change the name of other Person (nominee) at any Time by giving notice to company & Company Give notice to ROC.
- Any change in the other person name not Considered alteration (change) in the Memorandum.

- OPC Cannot Carry non-Banking financial Investment activities including investment in security of any Body Corporate [Important]

[Means OPC, किसी भी Co. में holding या Subsidiary नहीं बना सकती
 (1) Because invest नहीं कर सकती, Because

(2) Subsidiary इसलिए क्योंकि invest नहीं कर सकती लेकिन 2 member हो जायेगा फिर OPC किस बात की

(3) Companies on the Basis of Control

(a) Holding and Subsidiary Company

- Holding Company :

A Company is a holding Company in relation to one or more other Companies, means a Company in which such Companies are Subsidiary Companies.

- Subsidiary Company.

A Company is Subsidiary Company in Relation to other companies, means a Company in which holding Company

- (1) Control the composition of Board of directors
- (2) holding Company hold more than half Voting Right Rights either at its own or together with one or more Subsidiary Company.

The word Control the Composition of Board of director means:-
 - holding Company have a power to appoint or Remove the majority of directors of Subsidiary Company.

- word Company includes Body Corporate

~ Status of private company which is subsidiary to public Co.
 - Private Company which is subsidiary of public Company, should be treated as public Co.

(b) Associate Company:

Associate Company in relation to another Company, means a Company in which other Company has a 'Significant influence', but which is not a Subsidiary Company and includes Joint Venture Company.

- Significant influence means:

Control at least 20% total voting power or the total Share Capital.

<p>Examples: (A) ALtd $\xrightarrow{51\%}$ BLtd A is holding of B. B is subsidiary of A</p> <p>equity Share (B) ALtd $\xrightarrow{54\%}$ BLtd $\xrightarrow{20\%}$ CLtd 41% 50, ALtd is holding of B Ltd & CLtd because $20\% + 41\% = 51\%$</p> <p>(C) ALtd $\xrightarrow{31\%}$ BLtd 10 directors, B's not subsidiary</p> <p>(d) ALtd $\xrightarrow{60\%}$ BLtd $\xrightarrow{51\%}$ CLtd A is holding Com. of B & C.</p> <p>(e) ALtd $\xrightarrow{20\%}$ BLtd $\xrightarrow{22\%}$ CLtd 40% A is holding of only CLtd but not B Ltd.</p>	<p>CA) ALtd $\xrightarrow{30\%}$ BLtd BLtd is Ass. Co. of ALtd</p> <p>(B) ALtd $\xrightarrow{20\%}$ BLtd BLtd is Ass. Co. of A Ltd</p> <p>(C) ALtd $\xrightarrow{14\%}$ BLtd. NO, Associate Co.</p> <p>(d) ALtd $\xrightarrow{50\%}$ BLtd BLtd is Sub(x) Ass(w) of A.</p>
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Companies on the basis of Capital :-

- (a) Listed Company
It is a Company whose Securities are listed on any Recognised Stock exchange.
- (b) Unlisted Company
means Company other than listed Company.

Other Companies :

- (a) Government Company :
- Government Company means any Company in which atleast OR not less than 51% of the paid-up Share Capital is held by
- (1) Central Government
 - (2) By any State Government
 - (3) Partly By Central Government and partly by one or more State Government.
- Such includes Company which is subsidiary Company of Government Company.

(b) Foreign Company

- It means a Company OR Body Corporate which is incorporated outside India &
- (1) which has place of Business in India whether itself or through any agent physically OR electronically
 - (2) Conduct Business Activities in India.

(c) Dormant Company

- where a Company is formed and Registered under this Act for future projects or hold an asset or Intellectual property and has no significant Accounting Transactions Such Company OR An inactive company may make an application to the Registrar in prescribed manner to obtain the Status of Dormant Company.

- Inactive Company

Inactive Company means a Company which is not carrying any Business or operation or had not made any significant Accounting transactions during last 2 financial years, or not filled financial Statements and annual Returns during last 2 financial years

"Significant accounting Transactions" means any Transactions other than.

- (1) Payment of Fees by a Company to Registrar
- (2) Payment made to fulfill Requirement of this Act or any other Law.
- (3) Allotment of Shares to fulfill Requirement of this Act
- (4) payment made for maintenance of office and Records

(d) Meaning of Nidhi Companies:

- A Company which is notified by Central Govt. as Nidhi Company is called Nidhi Co.
- also known as 'Mutual Benefit Society'
- It is created mainly for cultivating the habit of thrift and savings amongst its members.

(e) Public Financial Institutions (PFI)

- (i) Life Insurance Corporation of India (LIC), established under LIC Act, 1956
- (ii) Infrastructure development Finance Co. Limited
- (iii) specified Company Referred to 'Unit Trust in India'
- (iv) Institutions notified by Central Government
- (v) other Institutions notified by Central Government in Consultation with Reserve Bank of India.

↳ Conditions for notified the PFI

- (A) Institution has been established Under any Central or State Government Act or Under CA, 2013 or any previous Act of Company Law.
- (B) Atleast 51% of the paid-up Share Capital held or Controlled by Central Government or State Government or party by central Govt or party by one or more State Government.

(F) Section-8 Company.

- Section-8 Company is a Company which is formed for

- (1) Promote the Charitable objects such as
- (a) Science
 - (b) Commerce
 - (c) arts
 - (d) Sports
 - (e) education
 - (f) Research
 - (g) Religion
 - (h) Social welfare
 - (i) Charity
 - (j) environment etc.

(2) Such Company apply its profit to Promote its objectives.

(3) Prohibition to pay any kind of dividend to its members.

(4)

Example:- PW foundation etc.

- Power of Central Government to issue the license

(1) Central Government Register such person or association of person as a Company with limited liability without any addition of word "limited" or "private limited" to its name,

(2) The Registrar on application, Register such person or association of person under Section-8.

(3) On Registration Company shall enjoy same privileges & obligations as a limited Company.

- Revocation of License -
~~the Company~~

- Central Government may Revoke the license of Sec-8 Company

IF it is found that Section-8 Company Contraveous the Requirement of the Act

- 7.07 Revocation Central Government Put word 'Limited' or 'Private Limited' in Company name.
- 7 Before Revocation Central Government must give notice to Company of its intention to Revoke the license and opportunity to being heard in this matter

- order of the Central Government

- Central Government that Company with another

- Central Government Amalgamate that Company with another Company Register Under Sec-8 and having similar objectives.

- Wind-up the Company

- Convert its status and change its name.

- Penalty / Punishment in Contravention:

IF Company make any default in Requirements of Section-8, Company is Punishable with ~~₹~~ Fine.

- at least '10 Lakh' but which may exceed to '1 crore'

- directors and every officer of the Company who is in default shall be punishable with fine

- at least '₹ 25000' but which may exceed to '25 Lakh'

- Provided that when it is proved that affairs of the Co. were Conducted fraudulently, every officer shall be liable Under Sec-447.

- Significant points

- No minimum share capital Required
- Formed for Charitable objects Such as Science, Commerce, art, Religion, Sports etc
- Apply its profit to promote its objectives
- Does not declare any kind of Dividend.
- Issue / Receive Special license from Central Govt.
- Does not use words "limited" OR "private limited" in its name.
- Use words foundation, Chambers, Club etc.
- License Revoke, if Contraveous the Requirement of Act
- On Revocation, Central Government may
 - wind-up the Company
 - Convert its status & Change its name
 - Amalgamate with another Company.
- Can Called General Meeting by Giving a notice "14 days" instead of "21 days"
- Requirement of minimum number of directors etc does not apply
- Need not to Constitute
 - (1) Nomination & Remuneration committee
 - (2) Shareholder's Relationship Committee
- A partnership firm Can be A member of Sec-8 Co.