

4 Pillars of democracy :-
Legislature, executive,
Judiciary & Press

24/9/23

Companies Act - 2013

- Contains 470 sections & 7 schedules & 29 chapters
- Previous act → 1956 (Repealed) / Abrogated.
 - ↳ why changed
 - Due to changes in national / inter economy.
 - To facilitate growth & expansion of economy.
 - Improve corporate governance, simplify regulations, empower minority investors.
 - For the first time introduced → Whistle blowers
↳ class action suit

* Features of a Company.

① Separate legal entity:

- Company is a separate legal entity.
 - ↳ Can own property, have bank account, raise loan, incur liability & do contracts.
 - Can own/enjoy/dispose property
- Only creditors can sue the company in case of insolvency, Not members

Case :- Macaura Vs Northern Assurance Co. Limited (1925)

Fact :- Macaura (M) ⇒ had nearly 100% shares of a timber company (he was also major creditor of it).
M insured companies timber in its own name

Schedules :- 7

Repeal :- Canada

Whistle blower :- SBI worker in scam

Class action suit :- Every shareholder can sue on company.

Own name :- He took insurance using his name.

★ → Even though a company is a legal person its not a citizen

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timber was lost in fire. M claimed compensation from Northon Assurance Co. limited. Company rejected claim. M filed case against insurance company.

Held :- The insurance company was liable to him not company. Timber belonged to the company. Therefore shareholders have no right to any item or property of a company.

→ Insurable

A member does not ~~even~~ have an insurable interest in property of company.

② Perpetual Succession :-

- Members may die or change but company still goes on until its wound up by law.

★ - law only can create and end the company

- Company still goes on even if members become insolvent.

In case of insolvency, Insolvency & Bankruptcy Act 2016 along with company Law is applicable

③ Artificial legal person

- Artificial person coz created by process other than natural birth.

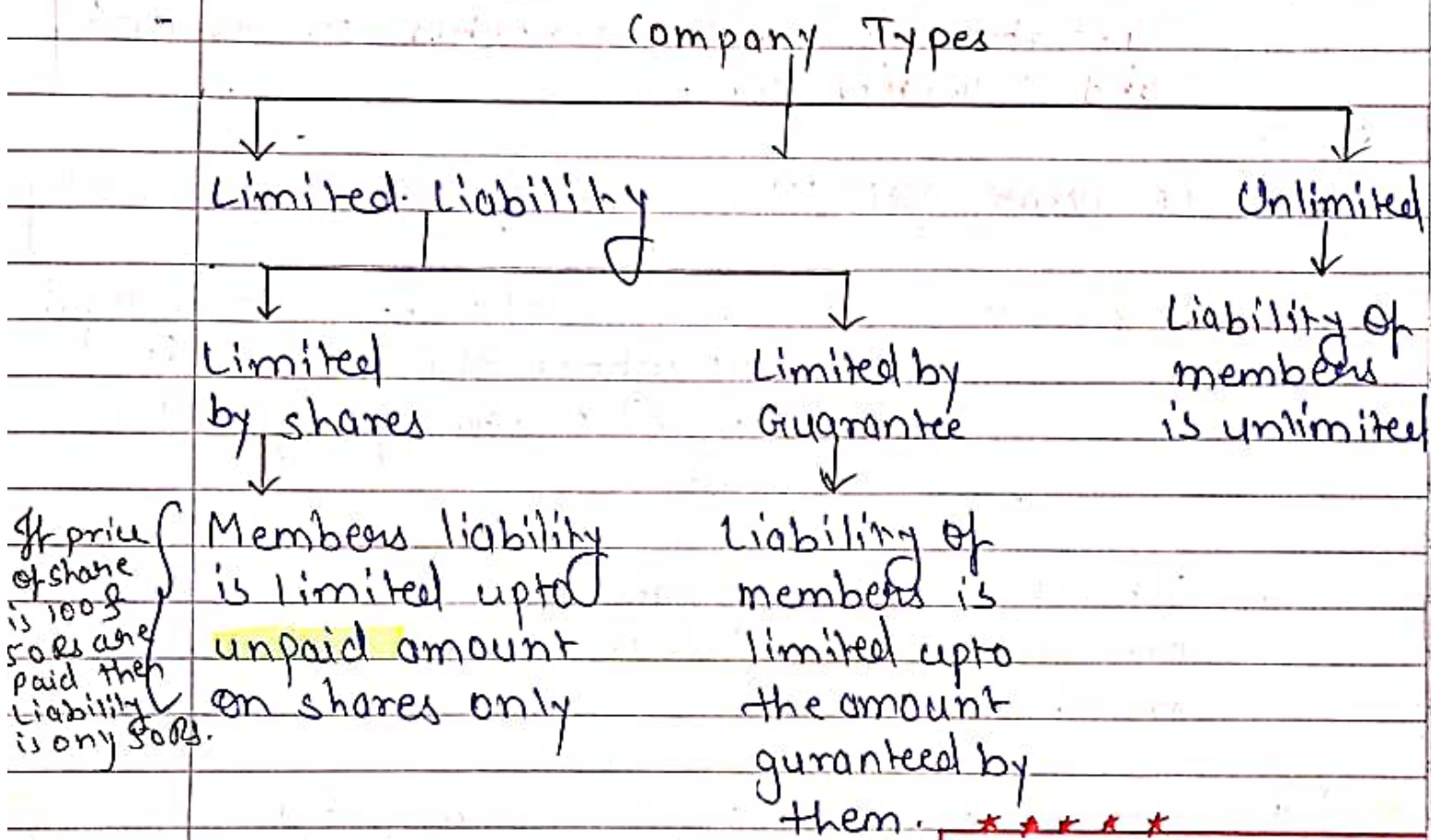
Perpetual :- Never ending
Wound up :- Shutting of company by law.

- What company can't do

- ① Sent to jail.
- ② Can't Marry.
- ③ Can't take oath
- ④ Can't practice profession

- As it's a artificial person, it can only act through directors. They can't control the affairs of company.
- directors can either on their own or through the common seal can authenticate it's formal acts.

④ Limited Liability :-



⑤ Common Seal :-

- Common seal is the official signature of company.
 - ~~After~~ Amendment in companies act 2013 has made common seal optional.
- Amendment done in 2015

In all three companies liability of company is unlimited.

Features only

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- If common seal is not there then :-
Signature of {
 - Either two directors of company
 - (or)
 - One director & one company Sec.

Definition of company by Prof. Haney :-
A company is an incorporated organisation, which is a artificial person created by law, having separate legal entity, perpetual succession and a common seal.

* Corporate Veil Theory (Separate legal entity).

Definition :- Corporate veil refers to a legal concept where the company is identified separately from the members.

- It refers to ~~company~~ members of company are shielded from liability, errors or mishaps in the company.

VVIMP **

Case Study :- Saloman Vs Saloman & Co. Ltd.

Saloman → Used to sell shoes

⇒ Created a company named Saloman & Co. Ltd. where he had ~~the~~ maximum shares rest were to the family members.

- He was also a ~~sepa~~ secured debenture holder of that company.

Veil :- ~~of~~
Secured debenture
- Debentures against mortgage.

- _/_/_
- When company went through insolvency; company first paid to secured debenture holders.
 - Unsecured creditors sued in court that;

Saloman and Saloman & Co. Ltd. are nothing but same. Cloak of the company was a sham.

Held by Lord Mac Naughten

* Held, "The company is different from its subscribers to the memorandum (members); though the business, managers, subscribers be the same even after incorporation. Nor are the members liable in any shape or form."

- Thus this case clearly established that a shareholder can't be held liable for the acts of the company even though it holds virtually the entire share capital.

* Lifting of the Corporate Veil.

- Only court can lift the corporate veil.
- Lifting of corporate veil means to abolish the separate legal entity of the company and understand its true nature.

→ WWI
Eng vs Germany
Daimler

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- Corporate Veil is lifted in following cases-

- ① To determine the character of the company i.e. to find out whether co-enemy or friend.
 - If the public interest is not in jeopardy the court may not be willing to crack the corporate shell.
 - Corporate veil is lifted if affairs of the company are controlled by enemy country.

Case study :- Daimler Co. Ltd vs Continental rubber & Tyre Co. (1945)

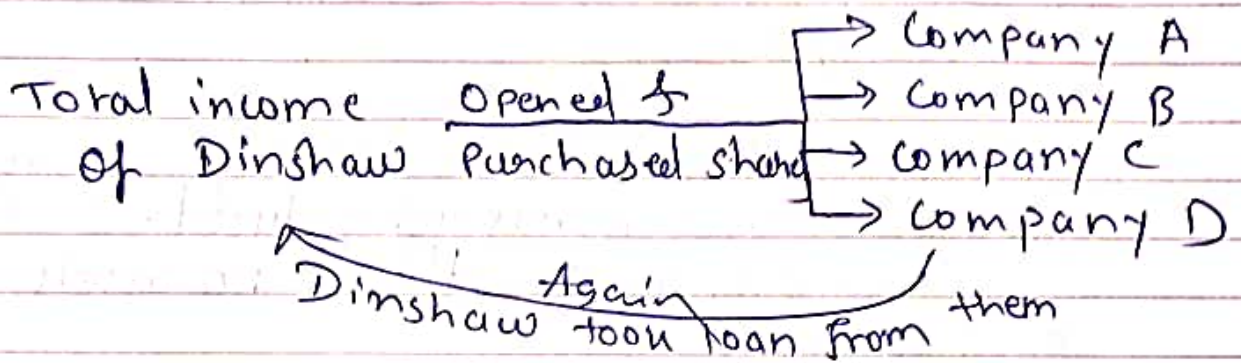
- In this these 2 companies were from England and had a contract.
- After some days Daimler Co. Ltd breached the contract coz members of the other country were from Germany (Enemy country).
- Continental Rubber & Tyre Co. Ltd sued in court that company is different from members hence company must not be held liable even though members are from enemy country.

Held:- 'Even though company is from England ^{but} the members who control the company are from enemy country; therefore as in this case public interest is in danger, separate legal status of company is repealed.

② To protect Revenue / Tax :-

- Where corporate entity is used to evade / circumvent taxes, the court can disregard the corporate entity.

Case study :- Dinshaw Manekjee Petit.



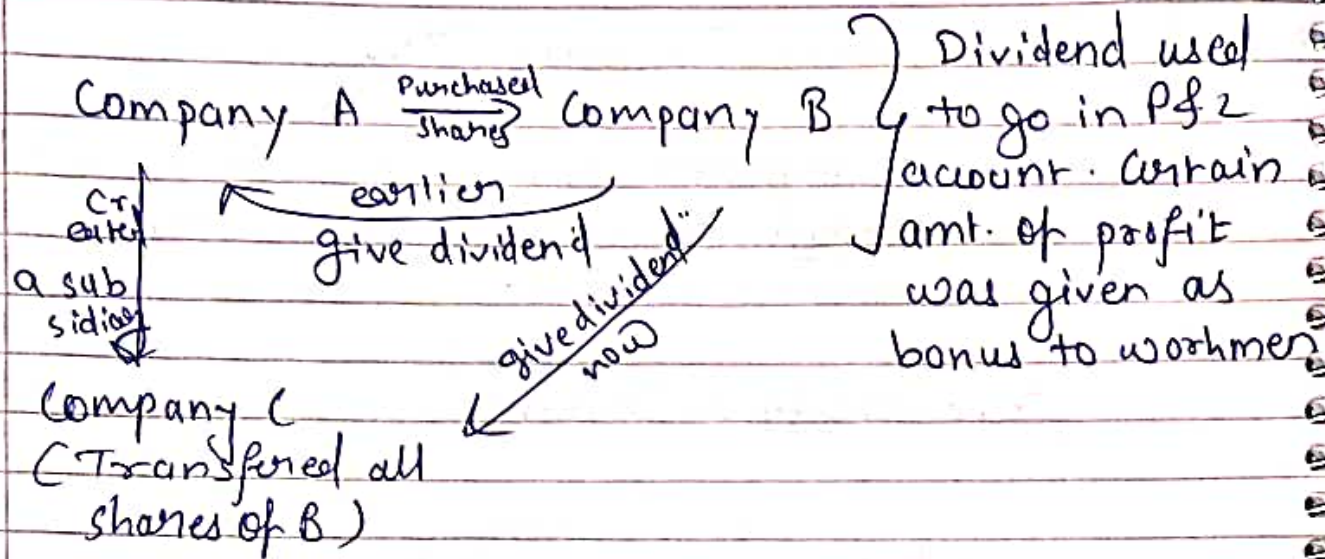
Held; 'The private companies were shams / corporate veil is lifted to decide real owners of income.'

③ To avoid legal obligation :-

- If the corporate entity is used to avoid legal obligation then court can disregard the corporate entity.

Case study :- Workmen of associated rubber Industry Ltd. Vs Associated rubber Industry Ltd.

- Company A purchased shares worth 450000 of company B.



- Therefore Profit in the books of company A got reduced hence bonus got reduced.
- The new company found had no assets, business or income.

Here a company created a subsidiary company & transferred its investment holdings in a bid to reduce bonus liability to workers. Thus Supreme court brushed aside the existence of subsidiary company.

④ Formation of subsidiaries to act as an agent:-

- A company sometimes be regarded as an agent of its members or other company. Here principles will be held liable for acts of the company.

Case Study :- Merchandise Transport Ltd Vs British Transport Commission (1982)

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Merchandise Transport Ltd $\xrightarrow{\text{Asked for license}}$ Got Rejected

↓ Formed a Subsidiary (Transferred vehicles to it)
Company 'x' $\xrightarrow{\text{Applied for license}}$

Held, The parent and the subsidiary were one commercial unit and licence got rejected

⑤ Company formed for fraud / improper conduct or to defeat law:-

- Where company is incorporated for some illegal or improper purposes.
Eg. To evade or circumvent law, to defraud creditors or to avoid legal obligations.

Case Study :- Gilford Motor Co. VS Horne.

Horne was employee of Gilford Motor

→ Signed a contract which stated that he will not try to deviate the customers when he leaves the company

- Horne left company \rightarrow started \rightarrow Horne & Co.

↓
Tried to steal customers from Gilford Motor.

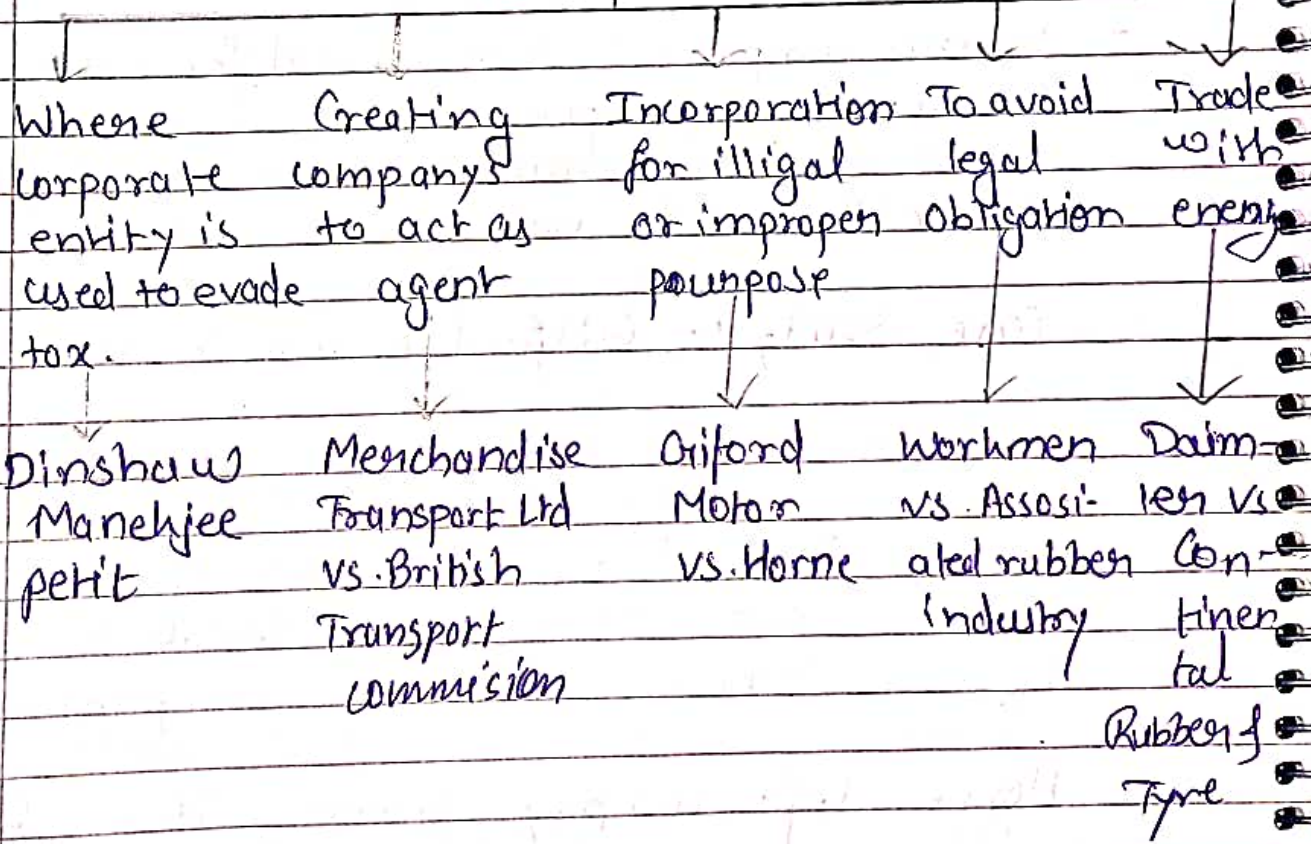
Gilford Motor sued that Horny breached contract.

Horne stated that he signed the contract not Home & Co.

Even though customers very stolen by Home & Co. It was Hornie who controlled it.

* Lifting of corporate veil at a glance.

Lifting of corporate veil



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* Registration of company :-

• Promoters :-

- Companies act 2013, defines promoter and Section 2 (69) as

① Who has been named in a prospectus or identified by the company in annual return.
(Or)

② Who has control over the affairs of the company directly or indirectly i whether as a shareholder, director or otherwise.
(Or)

③ In accordance with whose advice, directions or instructions the board of directors of a company act.

• Formation of company.

Section 3 of companies act 2013 deals with the basic requirements of formation of company.

Public Company → 7

Private Company → 2

One person company → 1

changes in MoA or AOA must be intimated to the registrar.

Incorporation of company

Section 7 → Provides the procedure to be followed

Filing of the documents and information with the registrar.

- a) MoA & AOA duly signed by all subscribers.
- b) Declaration by the professional engaged in the formation of company (CA, CS, CMA, Adv) and director/manager or secretary that requirement for registration mentioned in the Act are complied.

e) Declaration by the subscribers & persons named as first directors that;

- a) They haven't committed any crime / fraud / misfeasance in last 5 yrs.
- b) All documents filed are complete & corrected at best of his knowledge.

d) Correspondence address till registered office is established.

e) Specified particulars of every subscriber to its memorandum & first director mentioned in AOA

f) Interest of the first directors in other companies or firms along with their consent to act as director.

subscribers & directors must not be convicted but they can be the suspects in crime. If crime convicts they can be fined

- 2) Issue of certificate of incorporation:- The registrar issue it as it's a prescribed form to effect that company is incorporated.
- 3) Allotment of CIN:- On the certificate ROC gives Company identity number which is unique.
- 4) Maintenance of documents:- Company should maintain all documents till it's dissolution.
- 5) Furnishing of false information during incorporation.

~~At the time~~ At the time of incorporation:- The person who is doing it is liable for fraud under section 447.

Post incorporation:- Person who has done the fraud is held liable along with the promoters & first directors of the company under section 447.

(Imp) 6) Order of Tribunal:-

- Tribunal is a special kind of court dedicated for a particular law.
- If the company is incorporated by doing fraud tribunal can take action if appealed.

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Following actions can be taken by tribunal in interest of public, company, its members or creditors:

a) Regulate management of company, change in MoA & AoA.

(or)

b) Make members liability unlimited.

(or)

c) Removing name of company from register.

(or)

d) Wound up

(or)

e) Pass such other orders as it may deem fit.

• Provided that before making such orders;

a) Company shall be given a opportunity of being heard.

b) Tribunal should consider the transactions, obligations, contracts or liabilities of company.

~~VVIMP~~ *

Memorandum of Association ~~ALP~~

- ① Name clause :- Name of company
- ② Registered office clause :- Only name of state
- ③ Object clause :- Main objective
- ④ Liability of clause :- limited by shares / guarantee / unli-
- ⑤ Capital of clause :- Only applicable to lim. by shares
- ⑥ Association clause :- Every subscriber must take at least 1 share.
- ⑦ Nominee clause (Applicable to OPC) :- In death of subscribers who will become member.

- MoA is a charter of the company (FAQ)

1) Contains the objectives of company.

2) Identify the possible scope of its operations & powers.

3) MoA is a public document as per section 399.

4) Deemed assumption :- Everyone dealing with co. have knowledge abt its MoA.

Not only the members but also people dealing with co. it's anticipated that they have all knowledge of MoA & AoA

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As per Section 4 the company shall be drawn up in Tables A, B, C, D, E in Schedule 1 of act.

Table A → Company limited by share

Table B → Company ltd by ~~share~~^{guarantee} but don't have share capital.

Table C → Co. Ltd by guarantee and having share capital.

Table D → Co Ltd by unlimited.

Table E → Co having unlimited company with share capital.

* Some IMP's

1) MoA must be printed, divided in paragraphs.

2) It should be signed by at least,
7 in case of public
2 in case of private
1 in case of OPC.

In presence of at least 1 witness.
Particulars of signatories must be mentioned.

3) Minor can't sign MoA. Guardian can but in this case it's deemed to have signed on his personal capacity.

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* Hierarchy of Documents (Section 6)

Companies act 2013

MoA

AoA

Delegation of authority

Company's internal policies.

* ~~Types of companies~~

* Types of companies

In all these companies types, liability of company is always unlimited.

1) On the basis of liability:-

a) Company limited by shares

Section 2(22) defines that when liability of the members is limited in MOA; then members are liable only to the amount (if any) unpaid on the shares held by them.

- Private property of member can't be encompassed to meet the debts.
- Shareholder is co-owner of company not owner of company's asset.

b) Company limited by guarantee :-

Section 2(21) defines company limited by guarantee as; When liability of members is limited only upto a ~~stipulated~~ certain amount mentioned in MOA, its called as company limited by guarantee.

	limited by shares	limited by guarantee
Common features	legal personality limited liability	legal person limited liability
distinct	Members can be called any time to repay their liability	Can be called only at the time of wind up to repay

c) Unlimited company :-

- ~~Unlimited~~ Section 2(92) defines unlimited company as a company non having any limit on the liability of its members.
- The liability of each member extends to whole amount of companies debt but he will be entitled to ask for contribution from others.
- Creditors can institute proceedings for winding up.

~~OPC must state its OPC status in the name of company along with the extension private limited. 2013.~~

OPC must state its OPC status in the name of company along with the extension private limited. 2013.

* On the basis of members.

① One person company :-

- New class of companies introduced.
- Section 2(62) defines OPC as a company in which only one person is a member.
- OPC differs from sole proprietorship as OPC is a separate legal entity & it has limited liability unlike the sole proprietorship.
- According to section 3(1)(c) of companies act 2013, OPC is a private limited company with minimum paid up share capital as may be prescribed.
- ~~MOA~~ MOA of OPC should include name of the nominee.
- No one can become Member in more than 1 OPC.
Nominee
- Consent from nominee should be filed to registrar with right to withdraw his consent.
- Member of OPC can change nominee by giving notice to registrar.

It will not deemed to be alteration in MoA.

- Only a natural person who is Indian citizen & resident (lived in India > 182 days)
 - L> Can form OPC.
 - L> Can become nominee.

- Nominee must be $+18$.

* OPC can

- Convert into public or private Co (after 2 yrs of incorporation)



Except :- Paid up share capital ~~at least~~ > 50 lakhs
Annual turnover ≥ 2 cr.

* OPC can't

- Convert as section 8.
- Carry out non-banking financial investment including investment in securities.

* Punishment for contravention

- Fine ≤ 10 thousand
- Further 1000 for each day after contravention.

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② Private company:-

- Section 2(68) states that a private company means a company having minimum paid up share capital & limits the number of members to 200.
- Private company restricts the right to transfer shares.

Provided that:-

- If a two or more persons hold one or more shares jointly, they will be single member.

Provided further:-

- ^{IF} Persons who are/were used to be employees are members of company; then membership continues even if they leave company.

- Private company restricts public offer of security.

③ Small company:-

Limits before amendment were
Paid up share capital < 10 cr. (upper limit)
Revenue < 100 cr (upper limit)

- It is a private company as per Section 2(85).
- Small company should not be - Section 8 co.
- holding or subsidiary

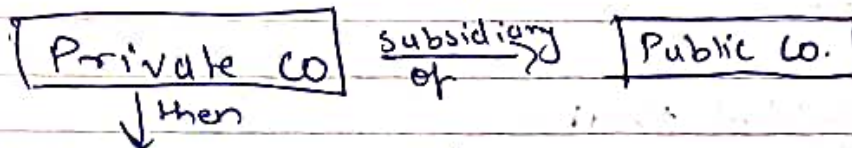
Paid up capital < 50 lakh
or
Revenue < 2 crore

→ Brought amendment on 15th September 2022.

* Public Company :-

Section 2(71) :- Means a company
① Which is not private company.
② has minimum paid-up share capital as may be prescribed:

Provided that, if;



This company will be deemed to be public company but it will be private in its articles.

According to section 3(1)(a); a company created by more than 7 members is public company.

2) On the basis of control :-

* Holding & subsidiary company :-

For the purpose of this clause; "Company" includes any body corporate.

Section 2 (11) define any body corporate as it includes Private, Public, LLP, & foreign companies

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Section 2(87) defines subsidiary company in which holding company -

- ① Controls ~~1/2~~ composition of board of directors
- ② controls $> \frac{1}{2}$ of total voting powers.

* For the purpose of this clause.

- ① Company will deemed to be subsidiary even if controlled referred in sub clause ① & ② is of another subsidiary company of holding co.
- ② If holding company can appoint or remove all (or) majority of directors then it's said that control.
- ③ "layer" \rightarrow Means subsidiary.

2) Associate company :-

Section 2(6) defines associate company as :-

A company in which the other company has significant influence but it's not a subsidiary company. & includes joint venture.

- For the purpose of this clause :-

- ① Significant influence :-
 - Control on $\geq 20\%$ of voting power
 - Participation in decisions by agreement.

② Joint venture :-
- Rights to the net assets of arrangement.

③ Total share capital is aggregate of :-
- Paid up equity share capital.
- Convertible preference share capital.

MCA
notification
- on on
25 July
2014
vide
general
Circular
no. 24/
2014.

* New definition inserted in Act.

- Shares held by another company in other company in a fiduciary capacity shall not be counted to determining associate company

3) On the basis of capital.

* Listed company :-

- Section 2(52) defines :- Listed company means a company which has any of its securities listed on stock exchange.

* Unlisted company :-

- Company other than listed company.

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4) Other Companies :-

* Government company :-

- Section 2(45) defines government company as a company in which more than 51% of Paid up share capital is held by government.

** If differential voting rights have issued;

$$\hookrightarrow \frac{\text{Paid up share capital}}{\text{Total voting power}}$$

* Foreign company :-

Section 2(42) means "a company incorporated outside of india which;

- has place of business in India.

- Conducts any business activities in India.

* Dormant company :-

Significant transactions considered are of last 2 financial years

Section 455 defines dormant company as;

- "Inactive company which is incorporated to hold assets, future venture & does not have any significant transactions".

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* Significant accounting transactions do not include;

- ① Payment of fees to registrar.
- ② Made to fulfill requirements of law.
- ③ Alloting shares to fulfill requirements of law.
- ④ Payment for maintenance.

* Nidhi Company :- (Mutual Benefit Society)

- Section 406 (1) defines company which the central gov. may by notification in the official gazette declare it.

* Public Financial Institutions :-

- Section 2 (72); following institutions are PFI.

- ① LIC established under LIC act 1956;
- ② Specified company in UTI act 2002.
- ③ IDFC
- ④ Such other institution as may be notified by central gov. in consultation with RBI.

* Conditions to become PFI.

- ① Has to be established by state or central act.
- ② or, must be government company.

* Formation of charitable trust.

Section 8 of deals with formation of company that are formed to:-

- ① Promote charitable objects.
- ② Can apply profits.
- ③ Prohibit the dividend.

* Powers of cor to issue the licence.

- Can incorporate with limited liability without addition of words Ltd or Pvt. Ltd.
- Special application to registrar.
- Can enjoy same privileges & obligations of limited company.

(contravention can be w.r.t objects or prejudicial in public interest. Company's existence go on even after revocation)

* Revocation of licence.

- Center can revoke licence in case of contravention. On revocation the registrar can put Ltd or Pvt Ltd on its name.
- Opportunity of being heard must be given.

* On revocation; CG can

- ① convert its status & change name (or);
- ② wind up (or);
- ③ Amalgamate with another trust with similar obj

Other concessions such as tax benefit, concession in light, telephone bills etc are given to the charitable trusts.

* Special rights: given to section 8 companies.

- ① Can call general meeting by giving '14 day' notice instead '21'.
- ② Requirement of minimum no. directors, independent directors doesn't apply.
- ③ No need to form Nomination & remuneration committee & shareholders relationship committee.
- ④ A partnership firm can be member in trust.

* Doctrine of ultra vires:-

- Any act done or a contract made that travels beyond the powers of directors & company is wholly void & not binding the company.

- As it's a deemed assumption that, people dealing with company have read the MoA; If in spite of this you enter into transaction, which ultra vires the company you can't enforce it against company.

If act is ultra vires the power of directors:-
- Shareholders can ratify it.

If act is ultra vires the MoA & AoA.
- Change in these must be done.

Retro-spective
effect of change in MoA & AoA can be given.

VEMP

* Case Study :- Ashbury Railway carriage (vs) Riche (1875)

* Main objectives of company :-

- ① To Make / lend / hire , railway carriage & wagons
- ② Carry business of mechanical engineers & general contractors
- ③ To Sell / purchase / lease / work mines
- ④ Purchase / sale , coal , timber etc.

* Facts :-

- directors → Made contract with Riche (For ~~construct~~ financing the construction of railway line)
- Members → Ratified this by special resolution.
- Company → Aborted this coz of ultra vires.
- Riche → Askeed for Damages. Further expressed that contract was well becoz of the word general contractors.

* Held :- (By lord (Crains))

- ① contract was null & void.
- ② The term general contractors is associated with mechanical engineers. i.e. should be related to main business.

The term ~~genera~~ ultravires can't become innovires because of estopple, lapse of time, delay, or ratification.

* Disadvantages

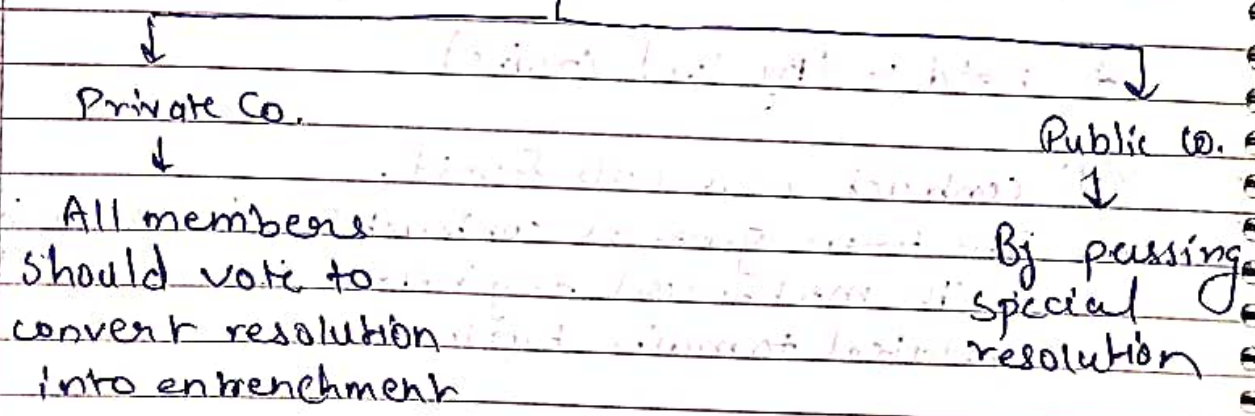
- ① Prevents company from changing it's activities.
- ② Object clause can be changed easily so purpose of ultravires is defeated.

* Articles of Association

+ Types of resolutions

- ① Ordinary resolution :- ^{To pass} ~~the~~ the votes in favour of resolution ^{should be} ~~are~~ more than opponents.
- ② Special resolution :- To pass the special resolution ; votes in favour of resolution must be 3 times the votes in oppose.
- ③ Entrenchment :- To pass entrenchment, ~~all~~ ~~of~~ all members should vote in favour of it.

How to convert resolution to entrenchment



* The articles of association are rules & regulations which manage it's internal affairs.

- The articles play a part subsidiary to it MoA.

- It regulates domestic management of company & create certain rights & obligation.

- Auditor should study articles.

* Section 5 describes content in ~~MoA~~ AOA.

- ① Contain regulation
- ② Inclusion of matters.
- ③ Provisions for ~~entrenchment~~ entrenchment.
- ④ Manner of inclusion of the entrenchment provision
- ⑤ Notice to registrar of entrenchment provision.
- ⑥ Model articles
- ⑦ Company registered after commencement of this act.
- ⑧ Forms of article :- AOA should be drafted as per formats in schedule 1, tables F, G, H, I & J.

* Difference between MoA & AoA

MoA

AoA

① Objective MoA define & limits objects of company - AoA defines rules & regulations for internal management

② Relation ship between co. & world - - btw. co. & members

③ Alteration Only under certain circumstances - - Anytime by passing special resolution.

④ Ultra vires Cant be ratified by consent of members - - Can be ratified by special resolution.

* Doctrine of constructive notice.

Section 399 provides right to any person to view & inspect all the documents filed by the company to ROC.

Public docs

- ① MoA
- ② AoA
- ③ Certificate of incorporation
- ④ Specified resolutions only

Non-Public

- ① Internal policies
- ② Resolutions
- ③ Any other doc not covered under section 399

* As per section 399

- ① Whether a person reads or not, it is presumed that he has read & understood all documents.

* Doctrine of Indoor management

- Exception to doctrine of constructive notice
- For instance, If an act is authorised by AoA or MoA, the outsider is entitled to assume that all detailed formalities have been observed.

Doctrine of Indoor management is called as Turquand Rule

Landmark case
V.V.M.P.

→ ~~Abstract~~
BBA

— / /

* Case Study :- The Royal British Bank

vs
Turquand (Liquidator)

* Facts :-

- The company Loughan Railway company borrowed £2000 from Royal Bank & issued bond against it.
- Bank accepted the bond as it had common seal along with signs of 2 directors & secretary.
- Bank read MoA & AoA of that co.
- Later the company became insolvent.
- Liquidator (Turquand) denied money to bank because the resolution passed by co. did not have amount hence it was void.

The bank was only responsible to read the public docs. Bank can't be held liable for any private docs etc.

* Held :-

- Bond was ~~not~~ valid, so the Royal Bank can enforce the terms.
- Bcoz bank was deemed to be aware that directors can borrow only upto amount mentioned in resolution.
- There is no requirement to look in companies internal affairs.

* Exceptions to the doctrine of indoor management

① Actual or constructive ~~not~~ knowledge of irregularity.

- Doctrine of IM. does not provide any protection if person dealing with co has actual / constructive knowledge of irregularity.

(2) Case study :-

Howard vs. Patent Ivory Manufacturing co.

Facts :-

- ① Howard purchased debentures of co. & passed resolution in the company. Howard is director.
- ② He did not know that general meeting is also needed.
- ③ Company did not gave debentures.
- ④ Howard sued co. as he argued that he did not knew whether the meeting is conducted or not

Held :-

Court replied that ; as Howard is director he must know whether the general meeting is conducted or not.

The person dealing with co. must do enquiry when the business transactions are unusual / not regular.

② Suspicion of irregularity :-

- The doctrine of IM don't give protection to negligency.

* Case study :-

Anand bhani Lal vs Dinsshaw & Co.

Facts :-

- ① Accountant in Dinsshaw & Co. sold asset of co.
- ② Though he didn't have power.

held :-

- ① sale deed was null & void.

③ Forgery :-

- Forgery must be regarded as nullity.

* Case study :-

Ruben vs. Great Fingall consolidated.

Facts :-

- ① Transfer of share certificate of from A to B co. need signs of 2 directors, 1 cs.
- ② Cs forged signs of directors & issued transfer of share

held :-

- ① Turquand's rule doesn't cover ~~for~~ forgery.

* Classification of capital

Types of capital

① Nominal / Authorised / registered capital :-

- Section 2(8) defines registered capital as; Sum stated in the MoA of company being the maximum amount which it's authorised to raise.

② Issued capital :-

- Section 2(50) defines issued capital as; Capital that company issues time to time for subscription

- Schedule 3 obligates every company to public the issued capital.

③ Subscribed Capital :-

- Section 2(86) defines subscribed capital as; Capital which is subscribed by the members.

* Section 603 defines punishment for default in declaration for of nominal, issued & subscribed cap.

① For company = ₹10,000

② For every officer = ₹5,000

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④ Called up capital :-

Section 2(51) defines called up capital as; part of the capital, which has been called for payment.

⑤ Paid up Capital :-

Total amount paid on the shares issued is called paid up capital.

* Shares :-

⑥ Section 2(84) defines the term share as :-

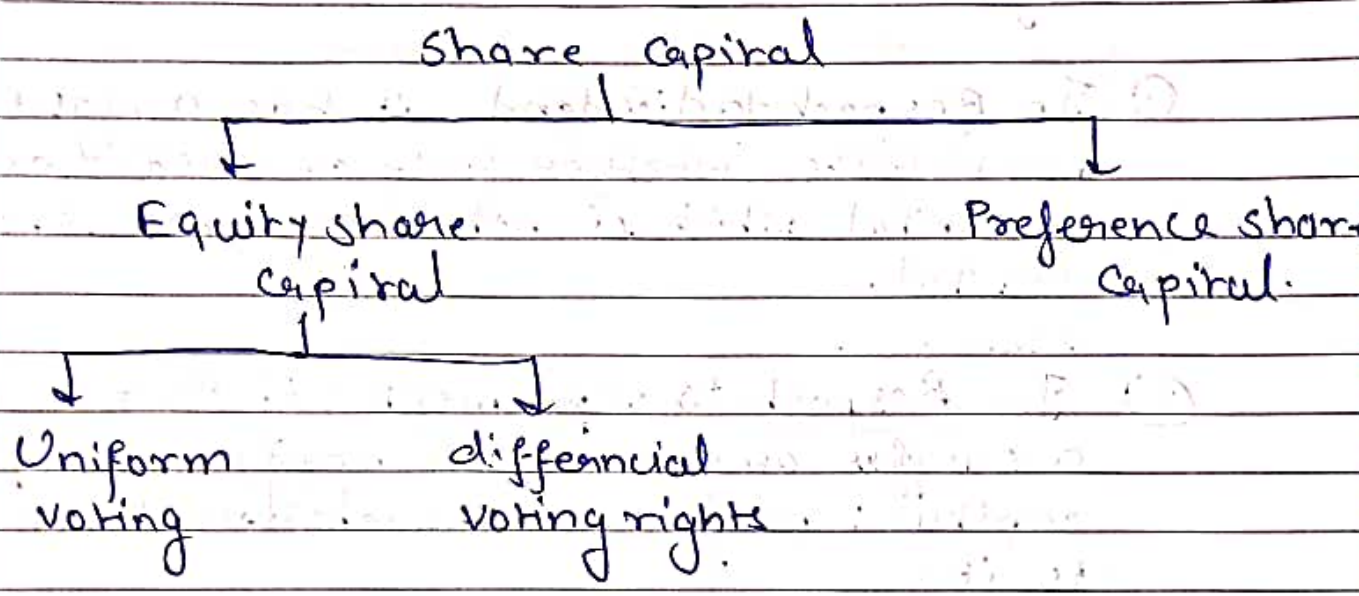
- The share in the share capital of company.
- It's the measure of interest of shareholder in company & its assets.

* In the case; Borland Trustees Vs steel Bros. Co.

held that;

Share is not only the some of money but also various rights contained in contract & rights as per provisions of company act are there.

- Shares are a movable property as per Section 44.
- Shares should be numbered as per Section 45.
- Shares have different types as per Section 43.



① Equity share capital:-

As per Section 43

- All the share capital which is not preference share capital.

② Preference share capital:-

As per Section 43

- Share capital of company which carry preferential rights wrt:-

a) Payment of dividend &

b) Repayment of capital after wind-up.

* Preference share holders have following rights

① In Respect to dividend, it has a right to participate, whether fully or limited extent to capital which is not preference share capital.

② In Respect to repayment; if there is a surplus amount after repayment of all capital; preference shareholder have right to it.

③ Exception:-

In case of Pvt. company - Section 43 won't apply if MoA or AoA so provides.

All Sections of company law / /

	Section	Provision
*	Definition	
	Section 2(6)	Associate company
	2(11)	Any body corporate.
	2(8)	Authorised / nominal capital.
	2(15)	Called up capital
	2(20)	Company definition
	2(21)	Limited by guarantee
	2(22)	Limited by shares
	2(42)	Foreign law company
	2(45)	Government company
	2(50)	Issued capital.
	2(52)	Listed company
	2(62)	OPC
	2(68)	Private company
	2(69)	Promoter
	2(71)	Public company
	2(72)	Public financial institutions
	2(81)	Securities / Shares
	2(84)	Share (def)
	2(85)	Small company
	2(87)	Subsidiary company
	2(86)	Subscribed capital.
	2(92)	Unlimited company.
	Section 3	Basic requirements for incorporation
	3(1)(c)	OPC is a private Ltd Co.
	Section 5	Contents of AoA
	Section 7	Procedure of incorporation
	Section 8	Charitable trust.
	Section 9	Effect of registration
	Section 9	Common Seal was amended / optional
	Section 43	Kind of share.

Section	Provision
Section 44	Shares are a movable property
Section 45	Shares should be numbered
Section 399	Public documents
Section 406	Nidhi company
Section 447	Fraudulent company
Section 450	Dormant company