



Introduction

classmate

Date _____

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I] Needs for new legislation

- ① consolidate and amend laws relating to companies
- ② change in national & international economic environment.
- ③ Expansion and growth of economy.
- ④ New law based on 470 section & VII schedule
- ⑤ divided into 29 chapters.
- ⑥ companies Act, 2013 aims -
 - TO improve corporate governance.
 - Simplify regulation
 - Strengthen the interest of minority investors
 - legislate the role of whistle blowers.

II] Companies Act, 2013

2006 ⇒ J.J Irani committee → Strong recommendation to update the companies Act 1956

2008 ⇒ companies (2nd) Amendment bill passed on 16/12/12

2013 ⇒ ① 29/8/13 - president signed the bill
② 30/8/13 - Act notified in official Gazettee of India

2014 ⇒ 1/4/14 - act become applicable.

The act extends to whole of India.

provisions shall apply to

① co. incorporated under this Act / previous company law.

② Insurance co.

[except if inconsistent with Insurance Act, 1938 or IRDA Act, 1949]

③ Banking company.

[except if inconsistent with Banking regulation Act, 1949]

④ Electricity co.

[except if inconsistent with electricity Act, 2003]

⑤ co. governed by any special Act for time being in force.

⑥ Body corporate incorporated by any Act for time being in force.

III] company

com ⇒ together } come together for
panies ⇒ bread / meal } meal

sec 2(20): company means company incorporated under this Act or any previous company law.

Types of companies

A] private company [sec 2(68)]

① Formed with paid up capital

② AOA of company



Restricts

limits no

prohibits public

Rights to

OF members

issue of

transfer shares

min - 2

securities.

max - 200 [except OPC]

③ provided that, joint Holders of securities are treated as single members

④ and while calculating members, following persons shall be excluded →

a) employees of the company

b) Ex-employees of the company, who were members of company at the time of employment and are continued as a member after the employment ceases.

⑤ limit of 200 members is not applicable to debenture holders

⑥ The name of company must end with word 'pvt Ltd'

⑦ The company shall have minimum 2 directors and maximum 15 directors.

II] public company [sec 2(71)]

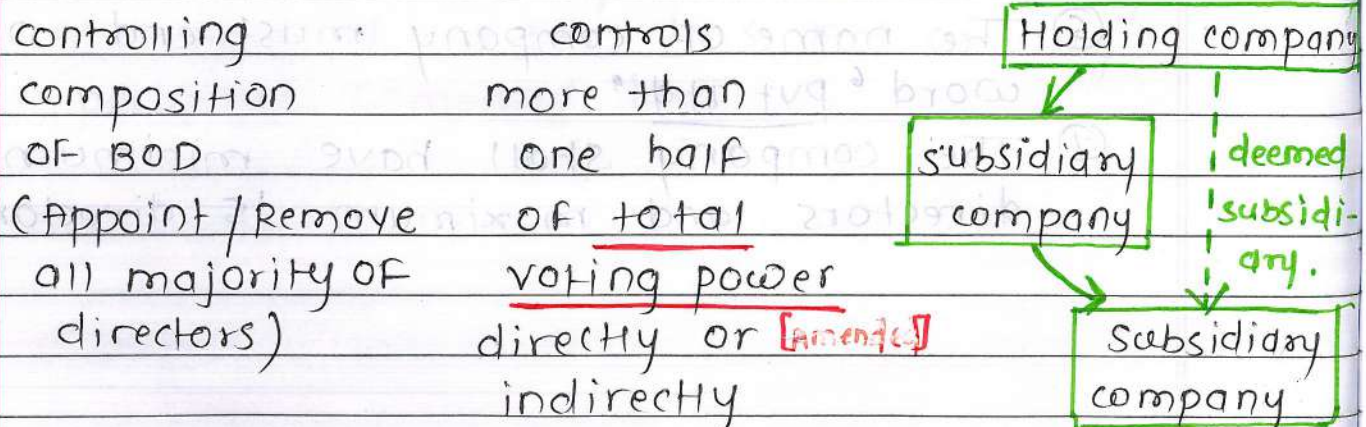
① A company which is not private company and

has paid up share capital having no limit	members limit min - 7 max - No limit	Directors limit min - 3 max - 15	Name of company shall ends with word 'Ltd / public Ltd'
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② A private company which is subsidiary of a public company is deemed to be a public company.

III] Holding company and subsidiary company [sec 2(46) and sec 2(87)]

The company in which holding company



total voting power = Equity shares + convertible Preference shares. (after converting),

IV] Associate company [sec 2(6)]

The company in which other company have
significant influence

control of at least
 20% of total voting
power [Amended]

and includes joint
 venture

“Every subsidiary company is a associate company
 but every associate company is not a subsidiary
 company”

v] small company [sec 2(85)]

The company other than public company
 having.

↓

paid up share capital
 does not exceed 50 lakh
 or such higher as may
 be prescribed shall not
 be more than 10 cr
rupees (Amendment)

↓

Turnover of which
 as per its last p and L
 A/c does not exceed
 ₹ 2 cr or such higher
 amount as may be prescri
 bed shall not more than
100 cr rupees (Amendment)

② provided that nothing in this clause shall apply to

- a) Holding company
- b) subsidiary company
- c) sec 8 company
- d) company governed by special act of parliament.

Note: Merger or Amalgamation between two or more small companies ~~is~~ has been simplified w/o requirement of court process.

VI] Government company [sec 2(45)]

means any company in which not less than 51% of the paid-up share capital is held by —

- i) central government or
- ii) by a state government or governments or
- iii) partly by the central government and partly by one or more state governments.

and the section includes a company which is a subsidiary company of such government company.

VII] foreign company [sec 2(42)]

Any company or body corporate incorporated outside India which -

has place of business in India whether by itself or through an agent, physically or through electronic mode and conducts any business activity in India in any other manner.

VIII] one person company [sec 2(62)]

- ① company has only one person as a members
- ② opc is considered as 'priv co.'
- ③ only a natural person who is an Indian citizen and resident in India is eligible to incorporate opc. → at least 182 days.
- ④ There are many relaxations granted to opc. like,

Not required relaxation to hold AGM for holding board meeting (if there are more than one director)	signing exemption of annual returns	exemption from preparing cash flow statement.
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⑤ Introduction in companies Act, 2013, to help small businesses to incorporate a co. So as

to compete at global level.

laws relating to opc.

memorandum of opc

- only one person as member
- Appoint nominee
- Any change in nominee shall not be deemed as alteration of MoA.

who can form opc

- Natural person
- Indian citizen
- Resident in India

who cannot form opc

- person who has already formed opc
- Nominee of an opc
- minor

Exception

no opc can be incorporated as

- Sec 8 co.
- NBFC

conversion

voluntary

↳ Into Pvt/
Public co.
after 2 yrs
of incorporation

compulsory

- If opc has
pusc > 50L.
or
+/- 7 2 cr.

contravention

upto ₹10000
+
₹1000/day.

Conversion within 6m.

x] Public Financial Institutions [sec 2(72)]

To be call as a 'PFI'

It shall be constituted by central government, state government by any Act

In which at least 51% of paid up share capital is held and control by govt / govt / both together

eg. LIC, IDFC, UTI, Financial institution notified by govt in consultation with RBI, financial institute notified by govt as per companies Act, 2013.

As per MCA (Ministry of corporate affairs) the institute is a public finance institute if it satisfies the following conditions:

Financial institute	main business	co. must	Net worth	Established
must be co. / body corporate	% Industrial or infrastructural financing	be in existence for at least 3 years	minimum : 1000 cr.	as an 'Infrastructural Financing co.' ⁹⁹
	and income from Industrial / Infrastructural Financing activities exceeds 50% of its total income			with RBI or 'Housing Finance co.' ⁹⁹ with National housing Bank.

Note: However, central public sector undertaking (CPSU) / SPSU have been exempted from financing specified sector and networth criteria. been exempted from p.

XI] Dormant company [sec 455C1]

A company formed and registered under this Act,

↓ ↓
for a future projection or an inactive or to hold an asset company or intellectual property and has no significant

Note: Inactive company →

the company which has not been carrying on any business operations

Has not made any significant accounting transactions

Has not filed financial statements and annual returns

during the last 2 yrs

① the important definitions :

I] Free Reserves [sec 2(43)]

Reserves as per latest audited Balance sheet available for distribution of dividends,

Excepts

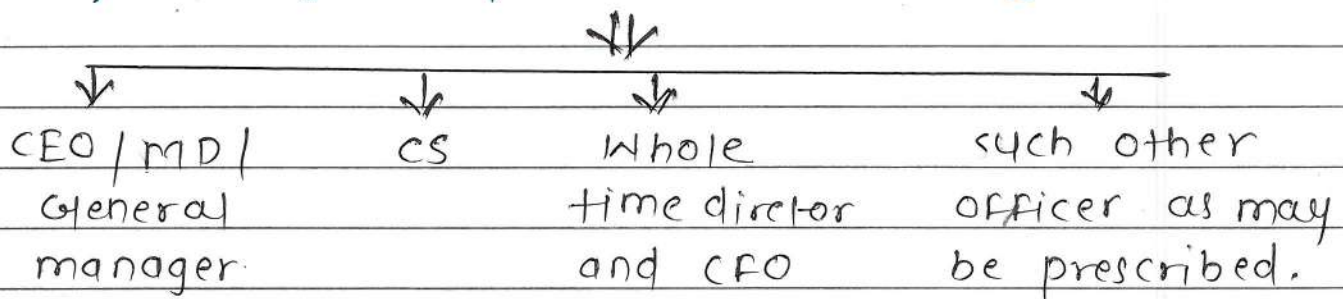
① unrealised profits

③ Any change in assets/ liability recognised in equity.

② notional gains or Revaluation reserves

④ Surplus in profit & loss A/c on measurement of asset / liability at fair value.

II] key managerial personnel (KMP) [sec 2(51)]



Duties of Kmp :

- ① successfully running of the company.
- ② Not to hold office in more than one company except in subsidiary co. , at the same time.

- ③ Guide the Board to achieve their defined objectives.
- ④ Adherence to good corporate governance practices.
- ⑤ Looked upon by the regulators for non-compliances.
- ⑥ KMP also included in related party of the company.



1. Give the name of the following
Objectives
(a) ...
(b) ...
(c) ...
(d) ...

characteristics of companies:

- ① separate legal entity. (Saloman vs Saloman & co. Ltd)
- ② limited liability
- ③ perpetual succession
- ④ Transferability of shares
- ⑤ separate property
- ⑥ common seal
- ⑦ capacity to sue & to be sued
- ⑧ Incorporated association
- ⑨ Separate ownership from management.

Salomon vs Saloman co. Ltd.

It clearly established principle of separate legal entity.

Saloman vs. Saloman's : leather merchant & boot mfr.

↓

formed a Ltd co. when business was perfectly solvent

co. ran into difficulties and debenture holders appointed receiver & co. ran into liquidation

Total assets found < Total liabilities (crs & deb)
crs. claimed whole company's assets on the ground that company $\Rightarrow$ mere agent for Salomen.

House of lords rejected & held co. on registration having separate personality from members & shareholders cannot be equated to company.

Salomon vs Saloman Co. Ltd.

It clearly established principle of separate legal entity.

Saloman vs. Saloman & leather merchant & partner
↓

formed a Ltd co. when business was perfectly solvent

co. ran into difficulties and debenture holders appointed receiver & co. ran into liquidation

Total assets found < Total liabilities (as deb)

co. claimed whole company's assets of the

debenture holders were agent for

Saloman

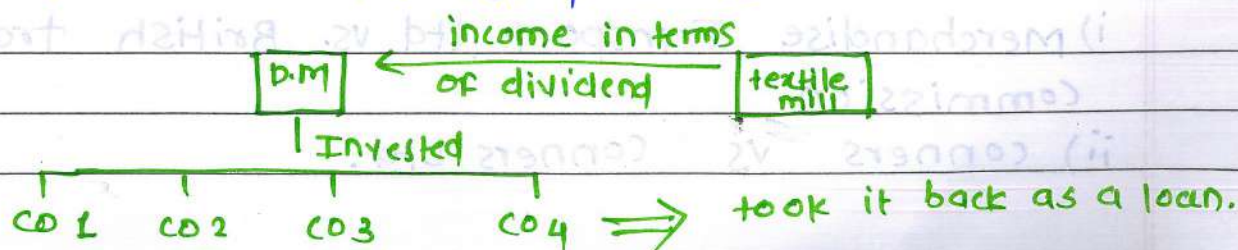
Lifting of corporate veil

- ① company has a separate legal entity from its members. This principal is called the 'veil of incorporation'.
- ② Advantage of incorporation can be enjoyed by only those who can make honest use of company.
- ③ However, whether the legal entity of corporate body is misused for fraudulent & dishonest purpose, individuals concerned not allowed to take shelter behind corporate entity of the co.
- ④ In such case, company and members are considered as same person, and not different from each other.
- ⑤ Thus, when unlawful business carried by the company, then company will lose its separate legal entity and person concerned will be personally liable.

Circumstances in which court may lift the corporate veil :

A] protection of Revenue from tax implication of Government

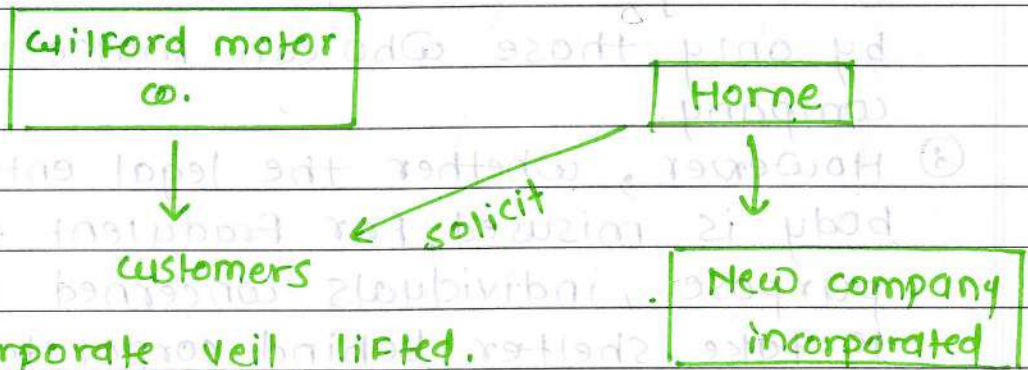
i) Dinshaw Maneckji Petit vs CIT



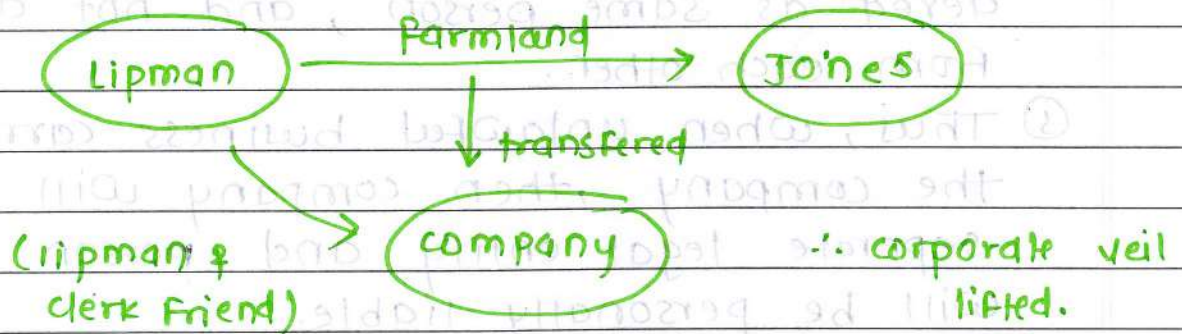
ii) Juggital vs. CIT

B] For preventing fraud and Improper conduct

i) Wilford motors company vs Horne



ii) Jones vs. Lipman.



c] Alien Enemy.

i) Daimler co Ltd vs. continental Tyre & Rubber co. (Great Britain Ltd)

p] public policy

i) Merchandise Transport Ltd vs. British transport Commission

ii) Conners vs Conners Ltd.

E] Welfare legislation or Bonus.

i] Workman of associated Rubber Industry Ltd
vs. Associated Rubber Industry Ltd.

F] Agent or trustee (company acting as agent)
trustee of shareholders)

G] company avoiding legal obligation

H] In quasi-criminal case.

2. Formation and Incorporation of Companies

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Sec 4 : Memorandum of Association.

Sec 2(56) : definition

memorandum means the memorandum of association of a company as originally framed or altered from time to time in pursuance of any previous company law or of this Act.

Requirements w.r.t MOA u/s 4.

Name clause : (A) Name of the company not to be -
① Identical or, ② Resemble or
③ offensive under any law, or
④ undesirable in opinion of CG or
⑤ Incidental.

Name shall have at the end

- 'Ltd' $\Rightarrow$ public company
- 'Pvt Ltd' $\Rightarrow$ private company

Reservation of name: INC-1 (Form).

- ① Application + prescribed fees to registrar for reservation of a name within 20 days
- ② upon receipt of application, Registrar may reserve name within 60 days.
- ③ If found that name was furnished by wrong or incorrect information.

Mr. Pramod Kadam,

Akanksha S. Tamshete

co. incorporated

co. not yet incorporated.

Direct co. or Strike or petition shall be cancelled to change of name of wind. and name within of the com- ing up. Applicant may go days (3m) pany from register of ity upto ₹1 lakh companies

W.S. Baket

★ Object clause:

- lawful object : within the provisions of companies Act, 2013
- It contains object for which company is formed.
- Identifies scope of business operations, beyond which company can not take actions.

★ Registered office clause-

① Within the city ⇒ BOD-OR

INC 22

② from one city to another city (Roc same) ⇒ BOD-OR
GM-SR

INC 22

③ From one city to another city (ROC changes) ⇒ BOD - OR
GM - SR
Both ROC approval

INC 23

④ From one state to another state ⇒ BOD - OR
GM - SR
Both ROC approval
prior CG approval.

INC 23

★ Liability and capital clause :

- ⇒ covers liability of members ⇒ Ltd to unLtd.
- ⇒ company Ltd. by shares
liability ⇒ unpaid amount of shares
- ⇒ company Ltd by Guarrentee
liability ⇒ amount of contribution undertaker

Capital clause : (subscription clause)

disclosure : company having Share capital shall disclose its

- authorised capital
- issued and subscribed capital, and subscribers details.
- MOA and AOA shall be duly signed by all subscribers.

Forms and schedules related to MOA :

MOA shall be in respective forms as provided in schedule I

Table A : MOA of company limited by Shares

Table B : MOA of company limited by guarantee

Table C : MOA of company limited by guarantee and having share capital

Table D : MOA of company having share capital and unlimited liability

Table E : unlimited company having share capital.

Sec 13 : Alteration of MOA

#

① Alteration of Name :

⇒ Application for name (Sec 4)

① Application in 'INC 1' to ROC

② Reservation of 6 names

③ reservation of name by ROC for 60 days

④ contravention

Alteration:

① need to pass GM-SR

② prior CM approval

③ Application of change with ROC - INC 24

④ fresh certificate of incorporation with new

name - INC 25.

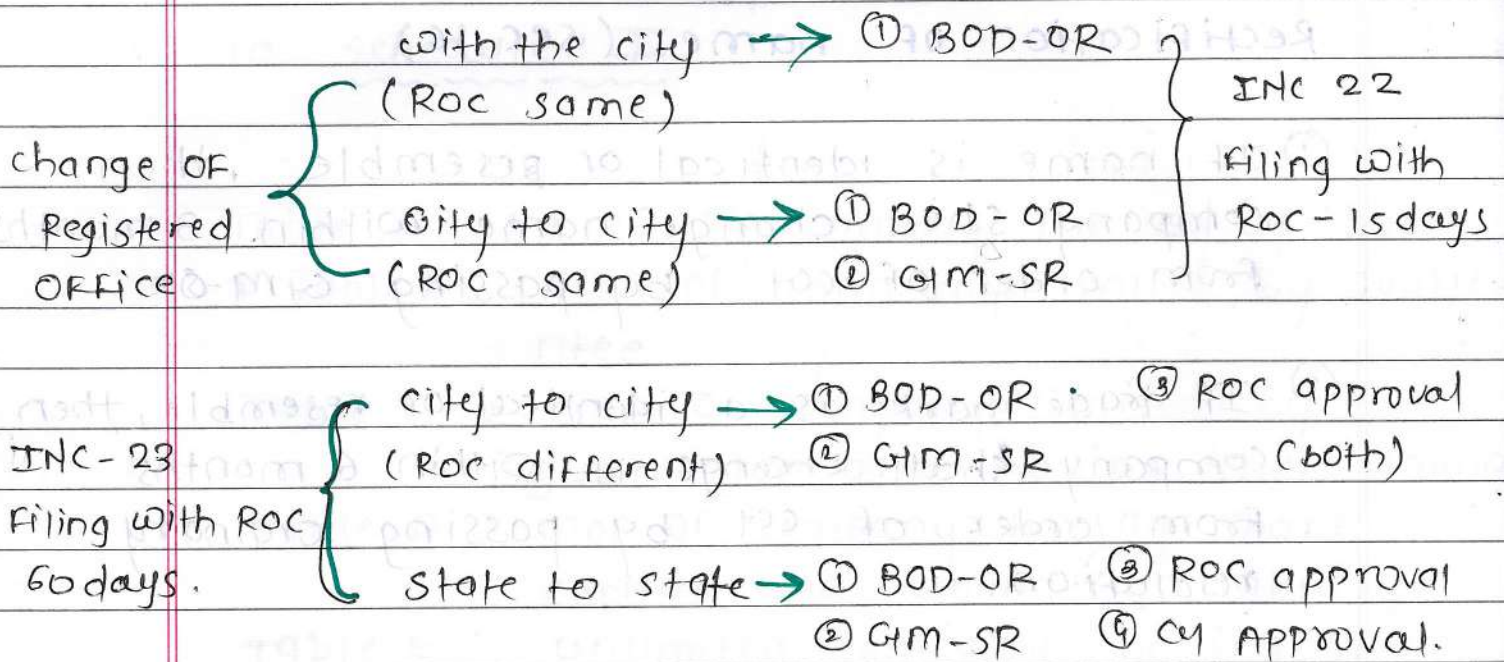
Rectification of name (sec 16)

- ① If name is identical or resemble, then company shall change name within 3 months from order of CCI by passing GM-OR
- ② If trade mark is a identical or resemble, then company shall change it within 6 months from order of CCI by passing ordinary resolution.
- ③ After above change, company shall file it with registrar within 15 days from such change.

Alteration of object clause

- ① To alter object clause of MOA, GM-OR is required.
- ② If company has funds, then only it can alter its object
- ③ Special Resolution decides the details and it should be published in one English newspaper and in vernacular newspaper
- ④ Dissenting shareholders shall repay back.
- ⑤ Alteration of object shall be filed with ROC within 30 days.

Alteration of Registered office



contravention: ₹1000 per day.

Alteration of capital clause

- ⇒ Alteration of capital clause can be done by only limited company having share capital.
- ⇒ GM-OR is sufficient

Manners of alteration (also Refer sec 61.7)

- ① Increase : authorised share capital
- ② consolidate or divide:
- ③ Convert and Reconvert ⇒ PPC → FPC
- ④ sub-divide
- ⑤ cancel

Alteration of liability clause

① sort of internal reconstruction

② if liability of members wants to increase by company then, GM-UR is required.

③ unlimited liability can be made limited by
- passing GM-SR and filing it within 30 days with ROC

- Approval of tribunal and filing of the same in 3 months

- Alteration will be effective from date of registration.

Sec 5 : Article of Association

Sec 2(s): Article means article of association of a company as originally framed or altered from time to time or applied in pursuance of any previous company law or of this Act.

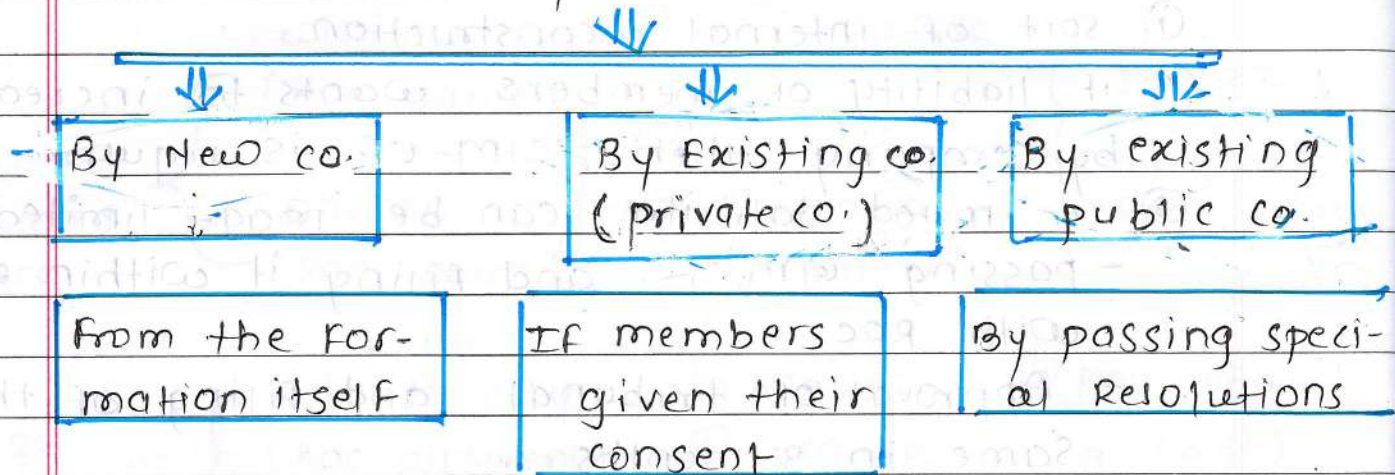
① article contains the regulations for management + of the company

② contains matters as prescribed in the rules,

③ may also include additional matters, as may be considered necessary for its management.

④ Articles may contain 'Entrenchment provisions' which may be altered, when given restrictions are complied.

④ Entrenchment provisions shall only be made



⑤ Where AOA contains entrenchment provision, company shall give notice to Registrar of such provision in the form and manner as may be prescribed.

Forms of articles

Table F	:	company limited by shares
Table G	:	company limited by shares & Guarrenty
Table H	:	company limited by guarrenty only
Table I	:	unltd company having share capital
Table J	:	unlimited company not having share capital

⑥ Nothing in this section shall apply to companies registered under any previous company law.

Sec 14 : Alteration of AOA

① The alteration in AOA cannot override
⇒ MOA

⇒ The Companies Act, 2013

⇒ Any other law in force.

② Alteration of AOA includes : conversion of

① private company to public company

② public company to private company.

③ When private company alters its AOA to become a public company then, AOA no longer contains any restrictions and limitations of private company from the date of alteration, the company is ceases to be a private company.

④ C.M-SR is required to alter the company's AOA.

⑤ If alteration is having the effect of conversion of a public company into private company approval of tribunal is also required with C.M-SR.

⑥ Alteration of article and copy or order of tribunal shall be filed with ROC within 15 days.

⑦ If company makes any default in complying with the stated provision, company and every officer is liable to a penalty ₹1000 per day copy.

Sec 6 : Act to override MoA & AOA

Provisions of the Act, shall have effect notwithstanding anything to the contrary contained in MoA, AOA, agreement, resolutions etc..

(No matter before ~~of~~ or after commencement of this Act)

Any provision in MoA or AOA, agreement or resolution to extent repugnant to the provisions of Act, become void.

Doctrine of ultra vires

Doctrine of constructive Notice

① prohibits whatever not stated in MoA as the object or powers.

② makes ultra vires acts, void and thus not binding.

③ Act ultra vires the company is incapable of ratification

④ Acts ultra vires the company but are outside the authority of directors may be ratified by company.

① MoA and AOA are the public documents of the company and are accessible to all.

② It is assumed that, any party dealing with company have knowledge of these documents

③ It is a negative doctrine, if it acts only against outsiders and not the company.

Doctrine of Indoor Management

- ① person dealing with the company in good faith have right to assume that the internal requirements prescribed in public document have been observed.
- ② persons are not bound to enquire into regularity of internal proceedings.

Exceptions $\Rightarrow$

- ① knowledge of irregularity
- ② Negligance (on part of outsiders)
- ③ Forgery.

Sec 7: Incorporation of companies

I] Promotion of company:

- a) A person who takes all the necessary steps to incorporate a company is a 'promoter'
- b) The process carried out is known as 'promotions'

II] obtaining name approval - Registration with ROC

- a) min - 3 and max - 6 name to be provided
- b) name approved - validity 60 days only.

III] Drafting of MOA / AOA (Schedule I)

- a) Duly signed by all subscribers of memorandum.
- b) Each promotor must subscribe for atleast 1 share.

IV] Filing of other documents

- a) obtain power of attorney by the professionals.
- b) Affidavit from first director and promoters, stating that no fraud or any offense is done in last 5 years.
- c) list of directors and their consent to act as directors.
- d) particulars of promoters and 1st director (name, address, occupation, nationality etc)
- e) statutory declaration provided by professionals stating that all necessary legal provisions are complied. for incorporation.

V] Issue of certificate of incorporation and CIN

- ① On satisfying about all documents, registrar will issue CIN in the name of company.
- ② Certificate of incorporation is a conclusive evidence about registration of company but its registration can be challenged.

② company starts to enjoy all characteristics and rights from the date of issue of certificate.

③ certificate of incorporation is issued only for lawful activities.

VI] maintenance of books of accounts and other documents to be prescribed at the registered office.

① company shall preserve all the documents and information until the company goes into liquidation and get dissolved as per the provisions given under this Act.

VII] contravention for above provision.

Providing false, misleading information in MoA/AOA and all other documents submitted.

Before certificate of incorporation is issued



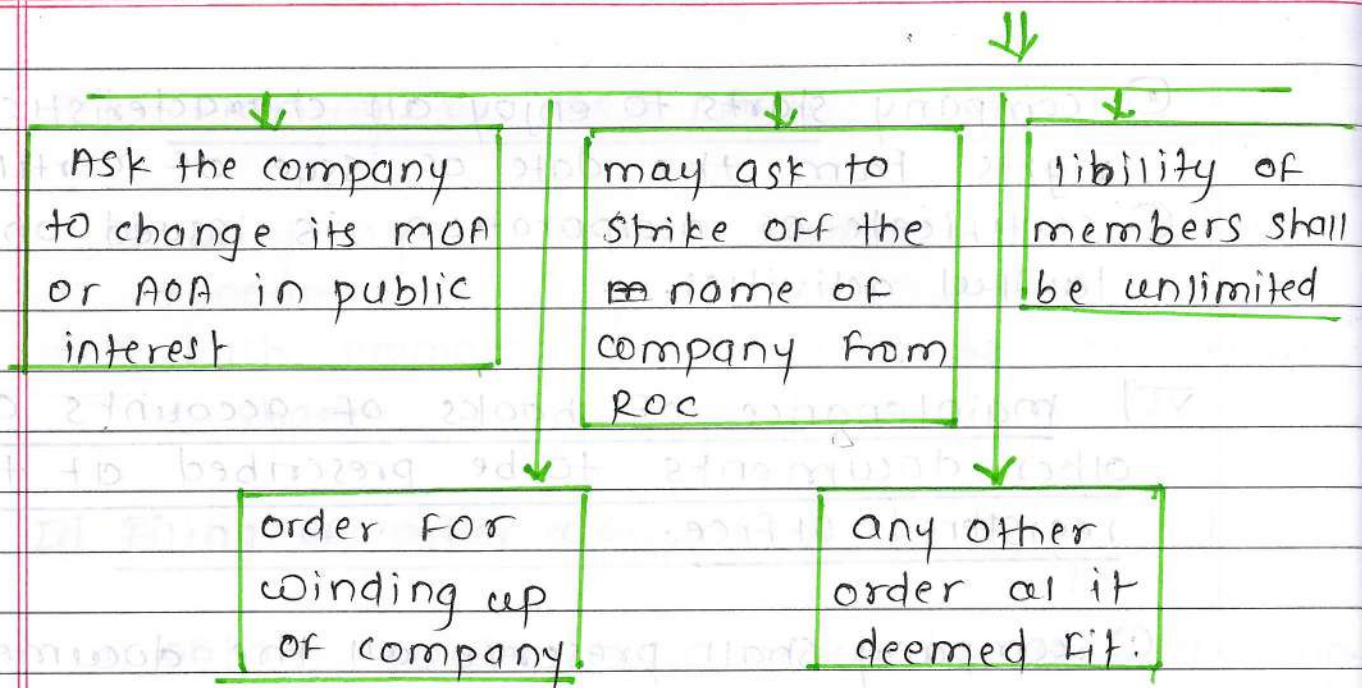
liability u/s 447 for fraud against person who furnished false statements.

After certificate of incorporation is issued.

① ROC will make application to NCLT

② NCLT passes orders as follows



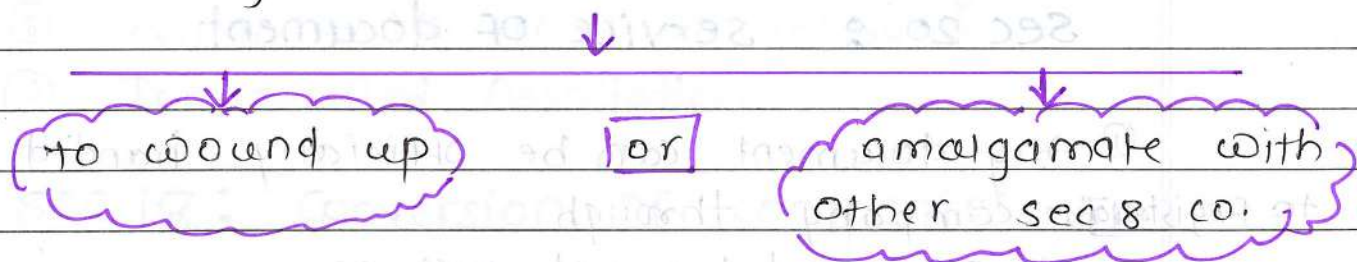


Sec 8: NPO / charitable organisations.

(A) Conditions for licence:

- ① The central Government may grant licence when, following conditions are satisfied.
 - a) The company is to be registered with the promotion of charitable activities, such as education, health, research, social welfare, religion, charity etc...
 - b) wants to apply its profit for above mentioned activities
 - c) does not pay dividend to its members
- ② If application is made to ROC, then ROC may grant license with if above conditions are satisfied.
- ③ sec 8 company shall be limited company as registered w/s ≠

- ④ Individual and Firm can be members of the company.
- ⑤ prior ct approval is required, if company wants to make any change in its MOA / AOA.
- ⑥ If company is already registered under this act or any other previous law related to companies and fulfils all the conditions required to call sec 8 company, then ct may grant the licence subject to certain restrictions
- ⑦ Cancel licence: IF ct feels that,
- a) company is contravening above provisions
 - b) some fraudulent acts seems to be conducted by such company or
 - c) while conducting its activities, the company violates its object or harms public interest,
- then ct may cancel the licence and pass following orders

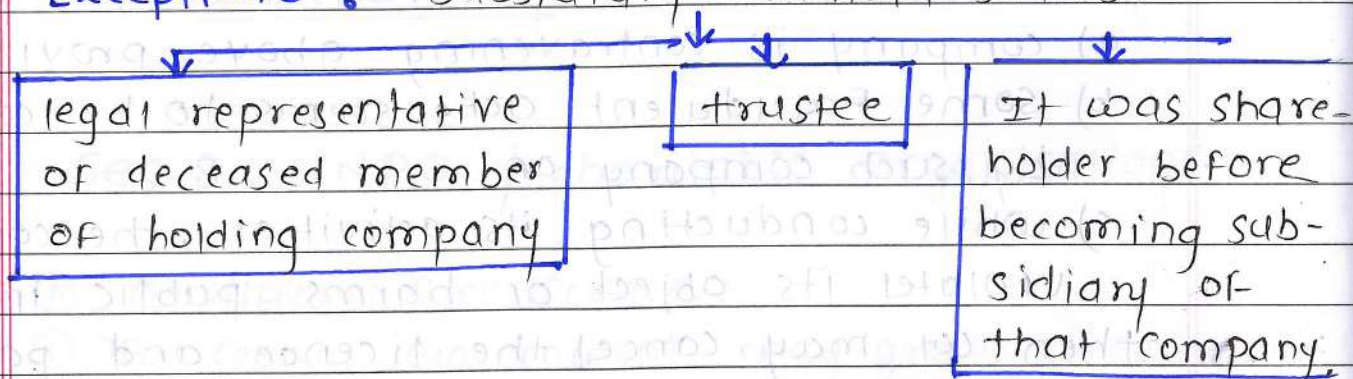


- ⑧ default in above provisions:
- liability to ⇒
- | | | |
|---------|---|------------------------------|
| company | : | 10 lakhs to 1 crores |
| officer | : | Imprisonment & max - 3 years |
| | : | Fine & ₹25000 to 25 lakhs. |

Sec 19: Subsidiary cannot hold shares in Holding company.

The subsidiary company cannot hold shares in Holding company and Holding company cannot transfer or allot shares to its subsidiary or their nominees, such transfer will not be valid.

Exceptions : Subsidiary can hold shares if



Sec 20 : service of document

① Any document can be officially handed over to Registrar to company through

- Registered / speed post or
- courier or
- leaving such document at RO
- electronic mode or
- any prescribed mode

② In case, where securities are held by depository then, record of beneficial owner will be handed over through electronic or other mode only.

- ③ member of company can demand delivery of documents through any mode of their choice, but such members are liable for expenses to company incurred for such delivery.

sec 9 : Effect of Registration:

characteristics of company.

- ① separate legal entity
- ② perpetual succession
- ③ Transferability of shares
- ④ separate property
- ⑤ limited liability
- ⑥ common seal
- ⑦ separate ownership from management
- ⑧ capacity to sue & to be sued.
- ⑨ Incorporated Association.

sec 18: Conversion of companies.

- ① SR in GM (+) Delete 3 conditions in AOA
- ② copy of SR in Form MGT-14 to ROC within 30 days
- ③ obtain CG approval (NCLT)
- ④ copy of NCLT approval to ROC within 30 days.
- ⑤ obtain compliances required under the Act.

pvt Ltd → Ltd

Name

Ltd → Pvt Ltd

2 to 200 → 7 min

members

min 7 → 2 to 200

2 directors

→ 3 directors

directors

3 → 2

etc.

on being satisfied, ROC shall issue new COI

Exceptions:

- ① separate legal entity
- ② separate management
- ③ transferability of shares
- ④ separate property
- ⑤ limited liability
- ⑥ common seal
- ⑦ separate ownership
- ⑧ incorporated Association

Sec 18: Conversion of companies

① 28 in G.M (+) delete 2 conditions in AOA

② copy of 28 in G.M (+) delete 2 conditions in AOA

③ copy of 28 in G.M (+) delete 2 conditions in AOA

④ copy of 28 in G.M (+) delete 2 conditions in AOA

⑤ copy of 28 in G.M (+) delete 2 conditions in AOA

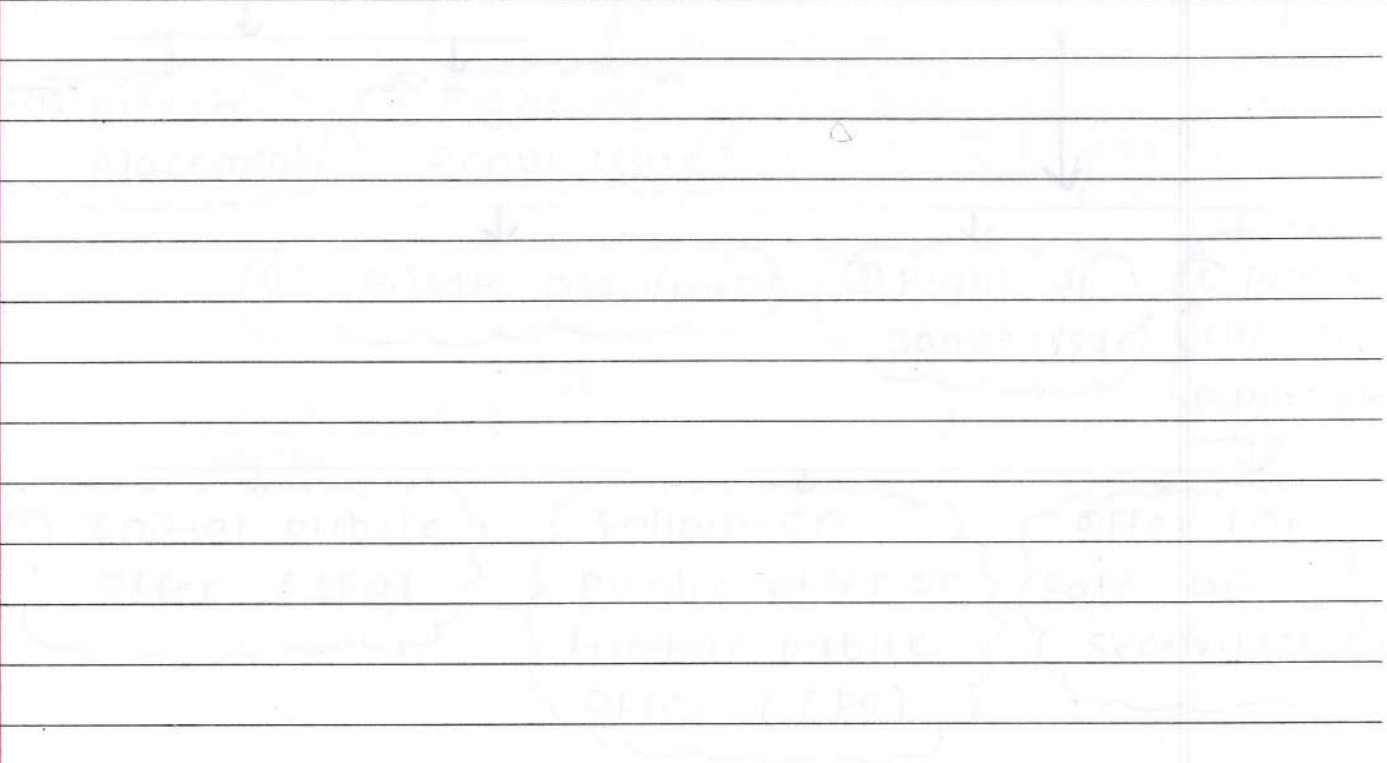
Mr. Pramod Kadam

Akansha S. Tamshekar

Sec 2(82) - Issue of shares by a company

Private company

Public company



Initial company of the company which cannot be listed shall company and SEC approval.

Initial company cannot issue securities to public.

Sec 101 - Power of SEC to regulate issue & transfer of securities

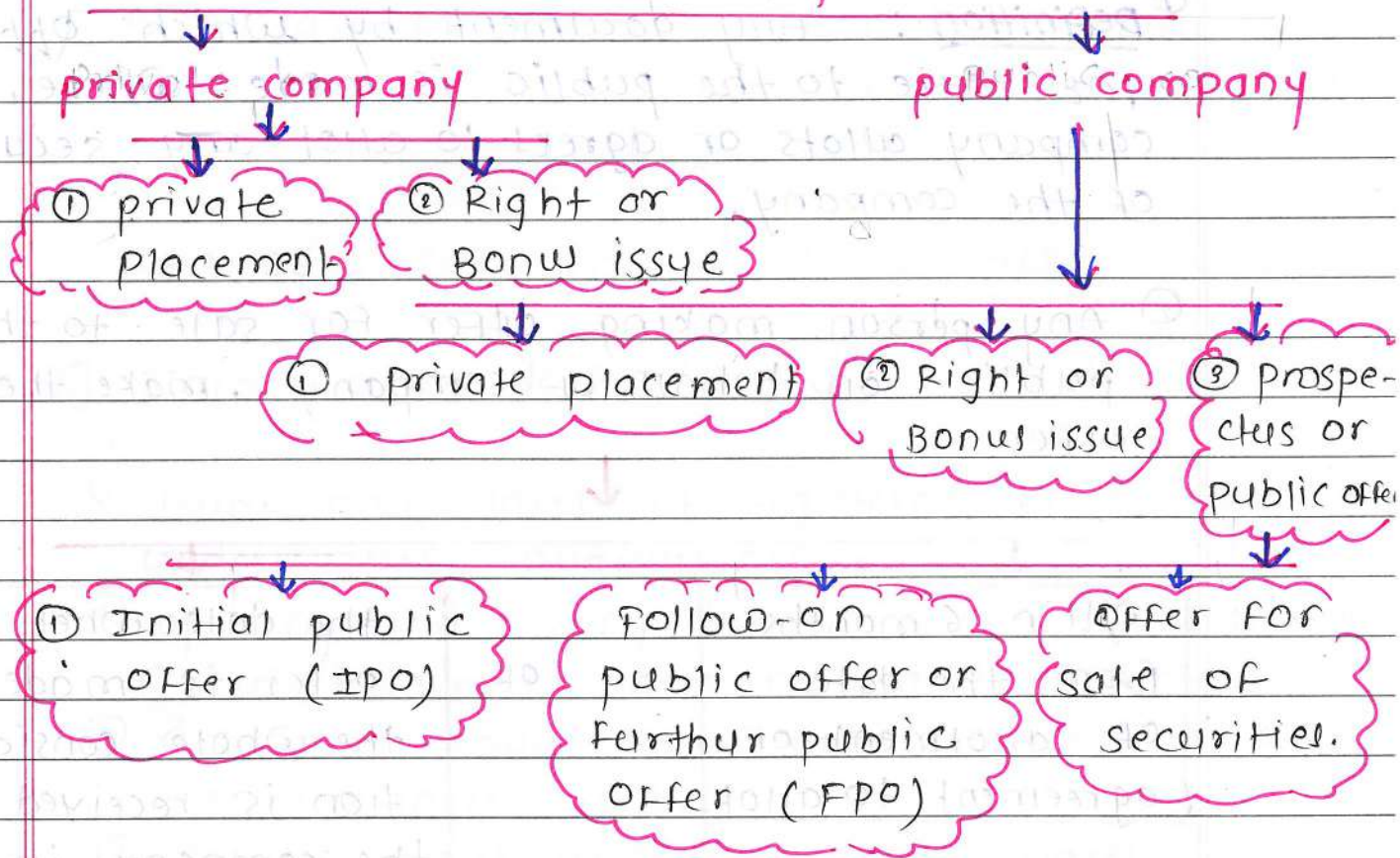
Sec 102 - Power of SEC to regulate issue & transfer of securities

Sec 103 - Power of SEC to regulate issue & transfer of securities

SEC

3 * Prospectus and allotment of shares

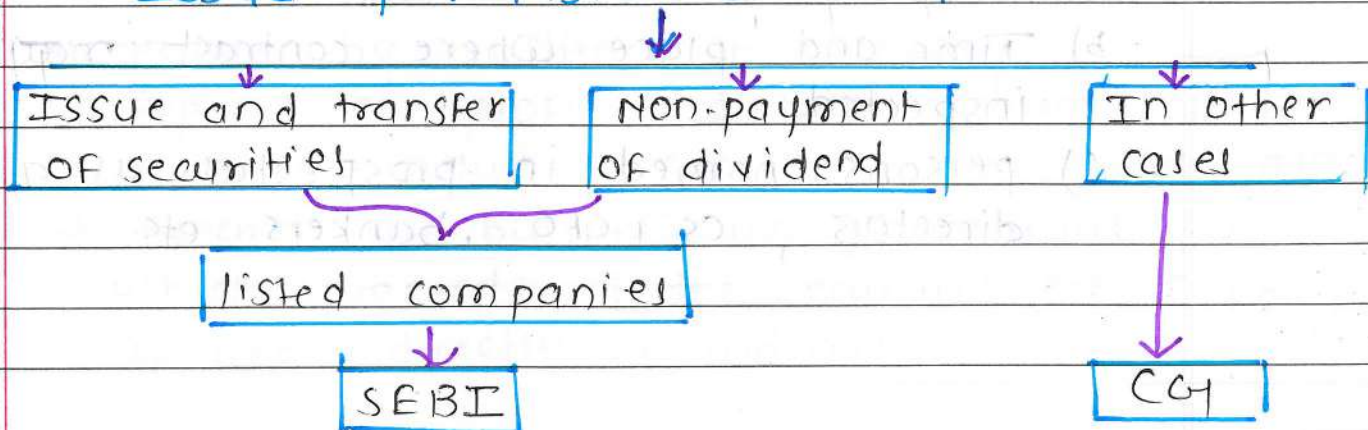
Sec 23 : Issue of securities by the company



listed company or the company which proposes to be listed shall comply with SEBI Regulations.

private company cannot offer securities to public.

Sec 24 : Powers of SEBI to regulate Issue & transfer of securities



Sec 25 : Deemed prospectus

① Definition : Any document by which offer for sale to the public is made where, company allots or agrees to allot any securities of the company.

② Any person making offer for sale to the public on behalf of company, make the offer

↓
within 6 months
from the date
of allotment or
agreement to allot

OR

↓
the date when
offer is made,
the whole considera-
tion is received by
the company in respec-
t of securities had
not been received by
it.

③ contents of deemed prospectus as per sec 26 are:

- a) Net consideration to be recorded by the company
- b) Time and place where contract may be inspected,
- c) persons named in prospectus as directors, CS, CFO, bankers etc.

- ④ deemed prospectus shall be signed by
- In case of company : by 2 directors
 - In case of firm : not less than one half of the partners.

sec 26 : contents of prospectus

I] Information to be stated

- name and address of Registered Office, CS, CFO, underwriters, auditors etc.,
- opening and closing dates of issue, declaration about allotment and refund of securities.
- disclosure about the bank where, all allotment monies are kept.
- details about underwriting of shares.
- consent of directors, auditors, CS, CFO etc.,
- authority to issue and details of resolutions passed therefor.
- procedure and time of allotment of securities
- main object of company etc.,

II] Financial information

- Reports by auditors of company
- Reports of profit and loss account of last 5 years including reports of subsidiary also.
- Reports of business and transactions to which proceeds of the securities are to be applied directly or indirectly.

III] Other matters

make a declaration about the compliances of the provisions of SEBI, SCRA, etc.

IV] Non applicability

① The section is not applicable to

existing share holders or debenture holders

the issue of shares or debentures of similar nature which are already issued by company.

Sec 27 : variations in terms of content of prospectus

Resolution required

Restrictions on use of money

offer of exit to dissenting shareholders

to vary

→ terms of contract or
→ object of prospectus

money shall not

be used for

→ buying and

→ selling securities

of other listed

by ⇒

① promoters or

② controlling

share holders

Published in

① English newspaper

② vernacular newspaper

companies, or

unlisted companies

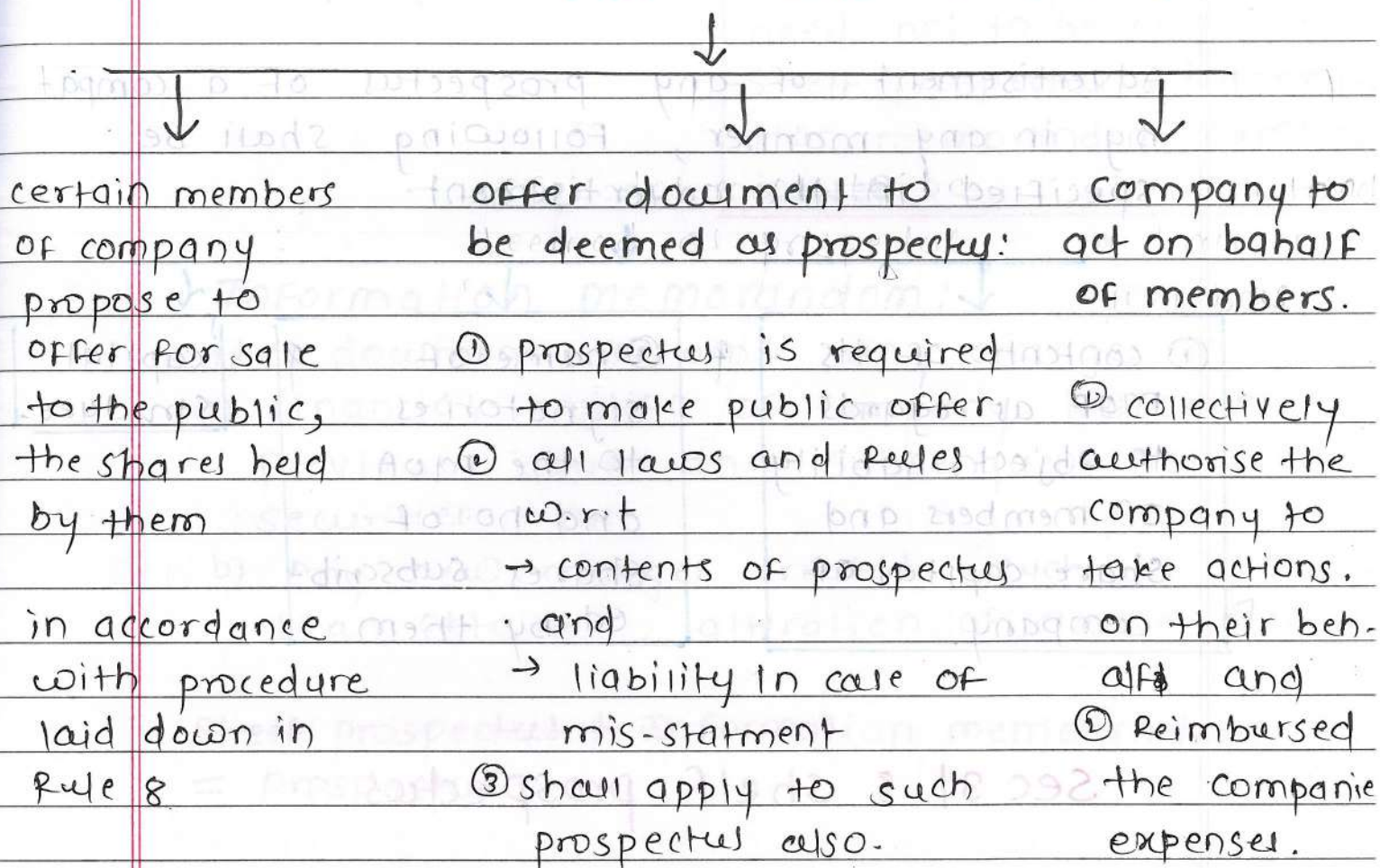
price, manner

and conditions

by

SEBI

Sec 28 : Offer of sale of shares



Sec 29 : D-mat Account

- ① Every public offer made by listed companies is mandatory to be maintain in D-materialized form. With the provisions of Depositories Act, 1996.
- ② Any unlisted company, have option to
 - a) convert its securities or
 - b) issue its securities in physical form by complying provisions of Depositories Act, 1996.

SEBI Requirements.

Sec 30 : Advertisement of prospectus :

Advertisement of any prospectus of a company in any manner, following shall be specified in the advertisement.

① contents of its MOA as regards to object, liability of members and share capital of company.

② name of signatories to the MOA and no. of shares subscribed by them

③ capital structure.

Sec 31 : shelf prospectus

① Any class or classes of companies as specified by SEBI can issue shelf prospectus

② Filing of following documents with ROC

shelf prospectus

Information memorandum

① at the time of first offer of securities/IPO.

② shelf prospectus is valid for 1 year from the date of issue

in respect of 2nd or subsequent issue of securities

Any subsequent issue

within the period of 1 year need not to be contain Shelf prospectus, information memorandum can be issued.

Information memorandum:

the document contains any changes in

- Financial position of company between previous issue and subsequent issue of securities. or

- Any new changes created such as loan obtained, alteration of clause etc...

Shelf prospectus + Information memorandum = prospectus.

Sec 32: Red Herring prospectus.

- ① A prospectus which does not include part complete particulars of quantum or prices of shares or securities is known as Red-Herring prospectus.
- ② It shall be issued before the issue of actual prospectus.
- ③ It shall be filed with ROC at least 30 days prior to opening of the subscription and the offer.
- ④ RHP shall carry the same obligation as actual prospectus has, the change in RHP and actual prospectus is highlighted as 'variations' in actual prospectus.

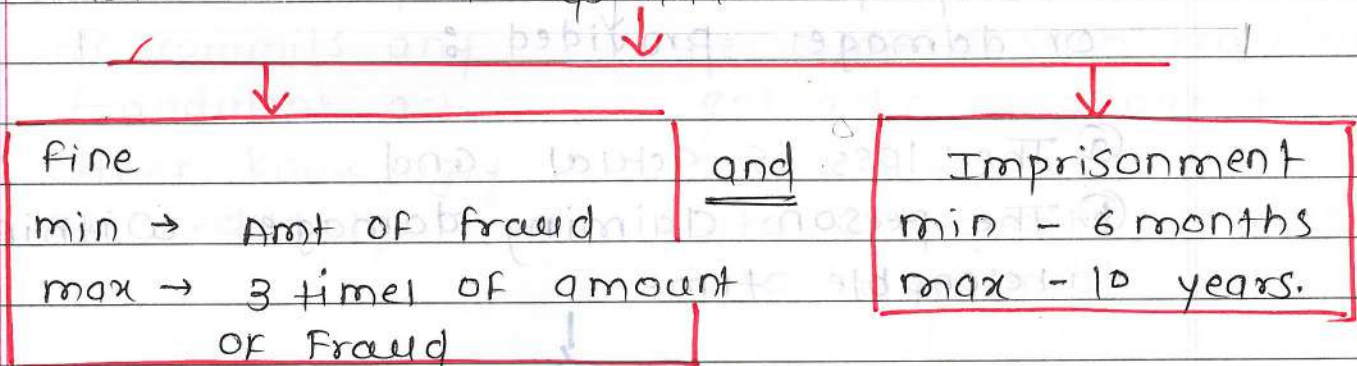
- ⑤ once the offer is closed, actual prospectus shall be filed with ROC, containing details of
- a) total raised capital (debt + share capital)
 - b) closing prices of securities &
 - c) other details not included in RHP.

sec 33: Abridged prospectus

- ① A memorandum containing salient features of prospectus as may be specified by SEBI, is a Abridged prospectus.
- ② purchase application form of any securities shall be compulsorily accompanied by the abridged prospectus except where —
- a) the securities are not offered to public or
 - b) offer made in connection with bona-fide invitation to a person, to enter into agreement of underwriting such securities.
- ③ copy of prospectus shall be furnished to every person, who is making request to company before closing of issue.
- ④ In case of default or contravention of provision, company is liable to penalty ₹50,000 for each default.

Sec 34: criminal liability

IF person Found criminally liable, he shall be liable for fraud up to 447.



Exception.

- ① IF person proves that such statement or omission was immaterial or
- ② He proves that such omission or inclusion of fact was necessary and had reasonable ground to believe that statement was true.

Sec 35: civil liability

company

All other persons -
promoters, directors, experts
etc...

where the person has subscribed for securities of a company acting on any statement includes or inclusion or omission of any matter in the prospectus which is misleading

and has sustained any loss or damages

is liable to

⇒ Every person who sustained such loss or damage provided :

① The loss is actual and

② The person claiming damages within reasonable time

Before doing anything or Before winding up
in consistent Act of the Company

Which ever is earlier

Exception ! No person shall be liable if he proves.

① consent to become director was withdrawn before the issue of prospectus :

② prospectus was issued before his knowledge or consent and on becoming aware, he gave a reasonable public notice.

Sec 36 : Penalty for fraudulently inducing person to invest money.

A person shall be liable up to 447. if -

He commits any fraudulent act either knowingly or recklessly

He commits such fraudulent acts as above to induce person to enter into or to offer to enter into agreement

for or with view to obtaining, acquiring, disposing of, subscribing for or underwriting securities, or

the purpose is the secure profit to any of the parties from the yield of securities or

for or with a view to obtaining credit facilities from a bank or financial institution,

Sec 37 : Action by affected person

following actions can be taken by a person or group of persons

- ① Filing of suits
- ② take any other action.

Sec 38 : punishment for personation for acquisition etc., of securities.

① When a person

Applies / Assists

in applying in
a fictitious name

makes / assists

in making
multiple appli-
cations.

induces the

company

directly or

indirectly to

allow or register

the securities to

him / to any

other person

in fictitious

name.

He shall be
liable for fraud
us 447.

② court may order that gain / sale proceeds from seizure or disposal of securities shall be credited to 'Investor Education and protection fund'

Sec 39 : Allotment of securities by co.

Allotment means appropriation out of previously un-appropriated capital of a company of a certain number of shares to a person.

① No allotment of any securities of a company offered to public shall be made unless:

a) minimum subscription has been done

and

b) sum payable on application money have been paid to or received by the company

① not less than 5% of nominal amt. or

② such other amount or 25% as specified

by SEBI

② If application money as stated above has^{has}/not been received within 30 days from date of issue of prospectus or any other period prescribed by SEBI.



Received



company shall file a return of allotment with ROC in prescribed form and manner



not received



company shall refund or repay the application money within 15 days of closure of issue



further default

company shall be fined for

₹1000 per day of default

Or ₹1,00,000 whichever

is lower

directors shall

jointly or severally

liable to pay

interest @ 15% p.a

Sec 40: Securities to be dealt with Stock exchange

- ① compulsory registration of securities to recognised stock exchange, if company is making public offer.
- ② disclosure in prospectus :
 - a) that an application has been made to rego: recognised stock exchange and
 - b) the name of such stock exchange.
- ③ keep money received through application in separate bank A/c of scheduled bank and need not be withdrawn until allotment is completed.
- ④ This application money can be used for
 - a) Refund of application money or.
 - b) adjustment of allotment money.

contravention

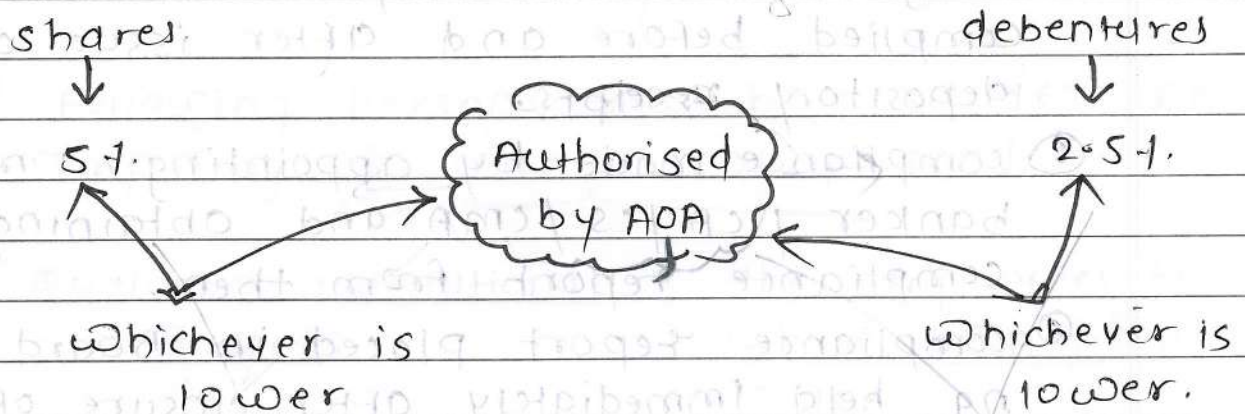
↓ company ↓	↓ officer in default ↓
Fine : min - ₹5 lakhs	Jail - upto 1 year
max - ₹50 lakhs	& Fine : min - ₹50000
	max - ₹3 lakhs

underwriting commission

- ① It must be authorised by AOA
- ② commission may be paid out of

- a) proceeds of fresh issue or
- b) profit of company or
- c) securities premium.

③ Rate of commission.



- ④ Prospectus shall disclose all the details of underwriting agreement.
- ⑤ commission can be paid in cash or kind.

Sec 41: Global Depository Receipts

Meaning: 'any instrument in the form of a depository receipt, by whatever name called, created by foreign depository outside India and authorised by a company making an issue of such depository receipt.'

pro procedure:

- ① Approval of BOD-OR in board meeting
- ② prior approval of shareholders by a passing GM-SR

- ③ Depository receipts shall be issued by overseeing authority i.e. overseas depository bank appointed by company.
- ④ Ensure that all applicable provisions of the scheme and the rules / regulations or guidelines issued by the RBI are complied before and after issue of depository receipts.
- ⑤ compliance made by appointing a merchant banker / CA / CS / CMA and obtaining compliance report from them.
- ⑥ compliance report placed in Board meeting held immediately after closure of all the formalities.
- ⑦ The holder of GDR shall be member of company and shall entitle to vote only on conversion of depository receipts into underlying shares as per the scheme.

Note: ① The money raised by depository bank shall be transferred to Indian company's account.

② until the conversion of depository receipts into shares, depository bank (overseas depository bank) is entitled to vote against any resolution on behalf of depository receipt holders.

Sec 42: private placement

meaning: Whenever a company offers securities to maximum 50 peoples at a time [max. 200 in one fy] by circulating an offer letter privately it is known as private placement.

② following persons shall be excluded while computing the number of persons.

Qualified institutional Buyers

the employees to whom ESOP / ESps are issued.

③ procedure:

- a) pass as G.M-SR
- b) Filing of private offer letter, containing information about the offer, with ROC within 30 days.
- c) All monies received towards subscription shall be kept in separate bank account in Scheduled Bank, until the allotment is completed.
- d) company shall allot securities within 60 days from the date of application.
- e) on failure to allot shares, company must refund the entire application money

Within 15 days from date of allotment $\Rightarrow$ Failure: 12% interest from expiry of 60 days.

15/11/19

f) after completion of allotment, Return of allotment shall be filed with the registrar giving all the details of security holders.

④ contravention of above provisions.

company shall be fined upto amount involved in offer letter or 2 crores, whichever is higher

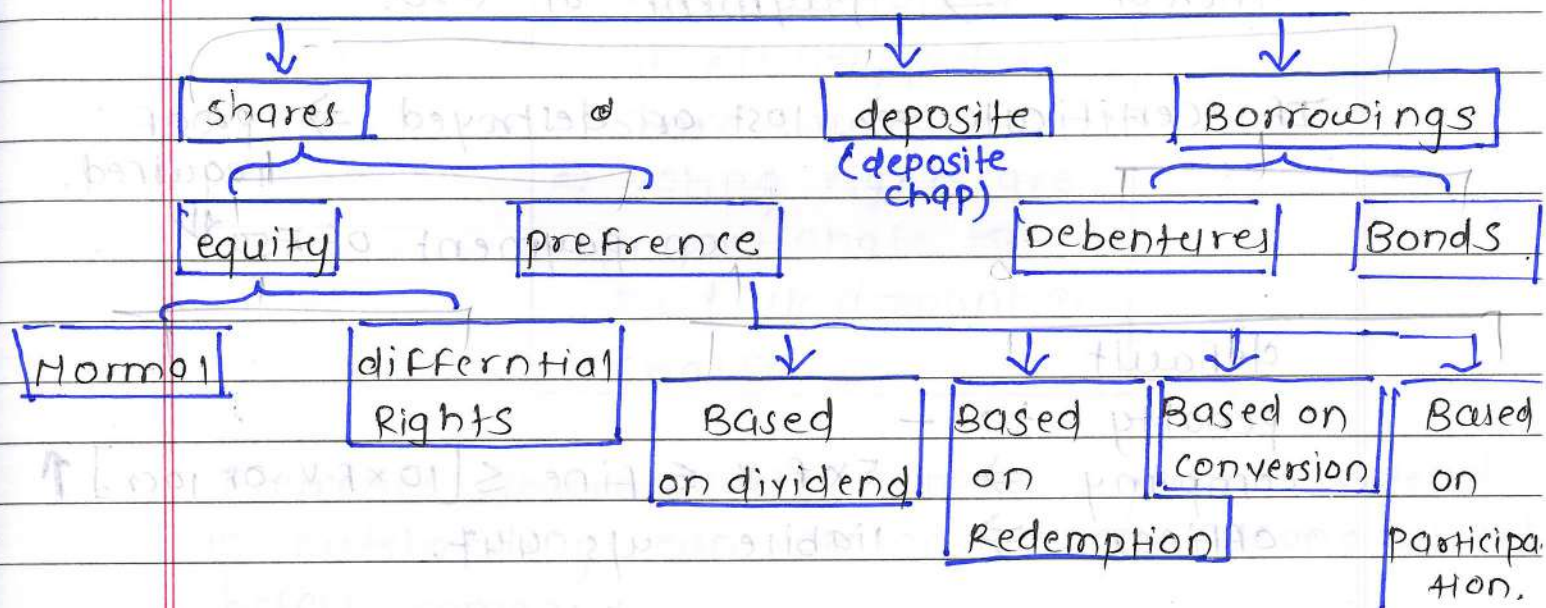
company shall be bound to refund the entire amount received in 30 days of the order of penalty.

4. share capital and debentures

classmate

Date _____
Page _____

Sec 43 : kinds of shares



Sec 44 : Nature of shares or securities
shares, debentures and other interest of any member in a company shall be movable property and transferable in the manner provided by the articles of the company.

Sec 46 : certificate of shares

Meaning :- A share certificate is a prima facie evidence of the fact that the person named in it is a owner of shares. It must be issued under common seal.

issue of duplicate share certificate :

- ① IF certificate $\Rightarrow$ worn out, defaced, mutilated or torn out or if there be no further space for endorsement transfer

mr. Pramod kadam
Akanksha S. Tamshete

⇒ New certificate may be issued in lieu thereof. ⇒ payment of ₹20.

If certificate ⇒ lost or destroyed ⇒ proof required.
on payment of ₹50 ↓

default
penalty to -
company ⇒ $5 \times F.V \leq \text{Fine} \leq [10 \times F.V \text{ or } 10cr.] \uparrow$
officer ⇒ liable u/s 447.

sec 47 : voting rights

voting Rights of
members holding
equity share capital.

voting Rights
of members
holding pref.
share capital

proportion
of voting
rights.

⇒ Right to vote on
every resolution
passed.
⇒ voting Right
proportionate to
paid up amount
of share

Right to only
only on resolutions
which directly
affects the rights
attached to his
preference shares
⇒ Any resolution for
winding up of
Company

equal to
both equity
& preference
shares holders
upto the
paid up amt
of their
share capital

⇒ or for repayment / reduction of equity / preference share capital
 ⇒ voting rights are proportionate to paid up amount of shares.

Preference shareholders whose 2 years dividend is outstanding can vote on all resolutions placed before company.

Sec 48: variations of Share holders Rights.

Requirement

consent or resolution

dissenting Shareholders

more than 10%.

within 21 days

Approval to tribunal

order by tribunal

Final

filing within 30 days

ROC

written consent of 75% of Share holders of such class

special resolution at meeting of such class

- ① Authorised by MOA & AOA
- ② If not ⇒ no prohibition by terms of issue
- ③ SR of affect class.

Contravention & Penalty

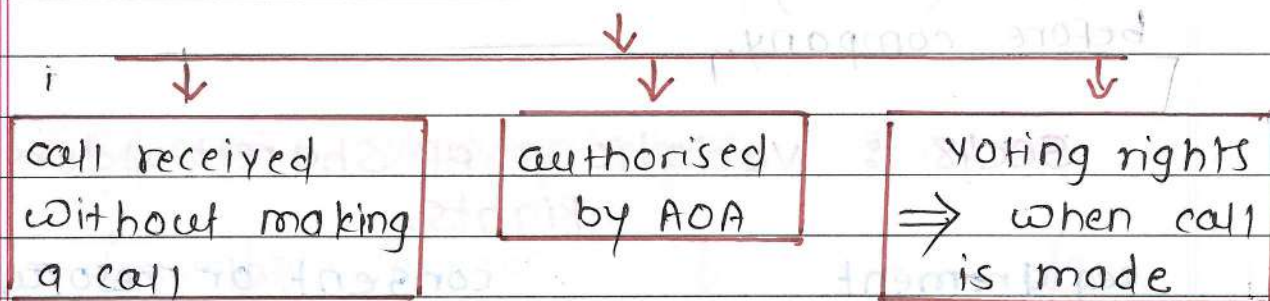
company : ₹ 25000 - ₹ 5 Lakhs

officer : Jail upto 6 months
 ₹ 25000 - ₹ 5 Lakhs.

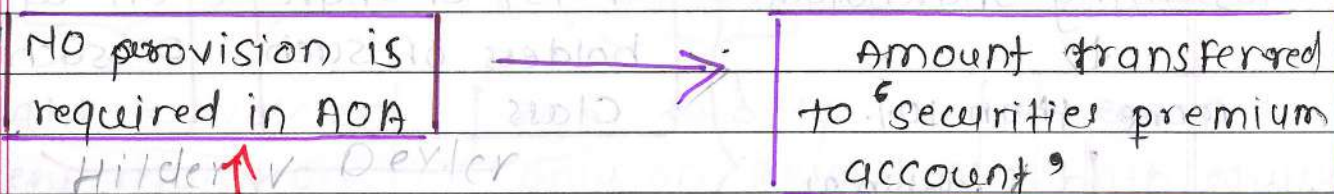
Sec 49: uniform calls for same class or classes of shares.

- ① calls shall be made uniformly on all shares falling under same class.
- ② shares of same nominal value on which different amounts have been paid shall not be deemed to fall under same class.
- ③ Amount of calls will be decided in BOD-OR.

Sec 50: calls in Advance



Sec 52: Application of premium money received.



Hilder vs Dexter

uses of securities

premium account

- ⇒ Fully paid up Bonus shares
- ⇒ Writing of preliminary expenses
- ⇒ Writing of expenses, discount on issue of shares/debentures
- ⇒ For providing premium on redemption of pref. shares
- ⇒ For buy back.

irrespective of issue of securities for cash or other than cash

Sec 53 : prohibition on issue of shares at discount

- ① company shall not issue shares at discount
- ② Any issue at a discounted price by a company shall be void,
- ③ penalty for non-compliance:
to company $\Rightarrow$ ₹1,00,000 $\rightarrow$ ₹5,00,000
to officer $\Rightarrow$ Jail $\leq$ 6 months and / or
₹1,00,000 $\rightarrow$ ₹5,00,000

Sec 54: Issue of sweat equity shares

sec 2(88) : when equity shares are issued by a company to its employees / directors at a discount or for a consideration other than cash for providing

- ① know-how
- ② Intellectual property rights
- ③ Value addition by whatever name called.

conditions:

- ① sweat equity shares must be of a class of shares already issued.
- ② special resolution shall be passed,
- ③ Resolution must specify:
 - $\Rightarrow$ No. of shares
 - $\Rightarrow$ current market price
 - $\Rightarrow$ consideration to be received
 - $\Rightarrow$ class or classes of directors / employees

to whom the shares are issued.

- ④ listed companies $\Rightarrow$ SEBI guidelines
 unlisted companies $\Rightarrow$ CG rules.

Note: Employees means:

- ① permanent employees of the company working in or outside the India for atleast one year. or
- ② a director of the company (whole time director) or
- ③ Employee or director as defined in (a) and (b) of subsidiary in/outside India or of holding company, of the company.

Sec 55: Issue and Reduction of Preference shares

Irredeemable preference shares are not allowed to be issued.

20 years	30 years
Normally preference	Exceptional cases
Shares shall be redeemable	redemption

issued for company shall
 infrastructural redeem 10%
 project shares every year
 from 21st year.

Redemption of shares

No Approval
is required
in AOA

only fully
paid up
shares can
be redeemed

Redemption
out of
free reserves
or fresh
issue of shares

creation
of CRR
upto
nominal
value
of redem-
ption

Redempti-
on premi-
um out
of free
reserves
or
share
premium

Notice to RoC within 30 days in form
no. SH7 with MoA.

Unredeemable preference shares

Replace
one share
with New

Gm-SR is
required for
such replacement

Order of
tribunal to
redeem share

Transfer by

Transmission

Sec 56 : Transfer and Transmission

Transfer

Transmission

company with
Share capital

company
without
Share capital

Provision contained in transfer cannot restricts the power of a company to register transmission of any right to securities by operation of law.

Securities

Interest of members,

conditions

proper instrument of transfer shall be delivered to company by transferor or transferee with 60 days

from execution

in SH 4

The instrument shall be :
- duly stamped
- dated and executed by or on behalf of transferor or transferee

instrument shall be accompanied by letter of allotment of securities

loss of instrument : Registration of transfer on the terms as BOD thinks fit

transfer of partly paid up shares : notice to transferee by company in SHS, transferee gives no objection certificate.

Transfer by legal representative is valid.

Penalty for default

for company

! ₹25,000 to ₹5,00,000

for officer

₹10,000 to ₹1,00,000

Sec 57 : Punishment For personation of shareholders

If any person ;

- ① deceitfully personates the owner of securities or interest in a company or share warrant or coupon issued in pursuance of this Act and
- ② thereby obtained such securities or interest or share warrant or coupon,

He shall be punishable with —

Jail : 1 year — 3 years and

Fine : ₹1,00,000 — ₹5,00,000

Sec 58 : Refusal of registration of transfer.

If private company limited by shares refuses, to register the transfer or transmission of securities or interest of a member in a company.

- ① company shall give notice of refusal of transfer or transmission to transferee and the transferor or the person who gives intimation of such transmission within 30 days from transfer or intimation of transmission.

② The transferee may appeal to the Tribunal against the refusal of transfer within a period of 30 days from the notice or within 60 days from the transfer of instrument.

If a public company without any sufficient cause refuses to register the transfer of securities within the period of 30 days from the date of transfer of instrument or fails to give notice within 60 days from the date of refusal of transfer then,
⇒ the transferee ~~may~~ can appeal to Tribunal within 90 days from the date of transfer of instrument.

order by Tribunal

either dismiss or orders →
the appeal

a) Register the transfer or transmission to company within the 10 days from such order

b) Rectification of the register and also direct the company to pay damages.

contravention by person of order

imprisonment and penalty
: not less than or : 1 lakhs to 5 lakhs.
one year to
3 years

sec 59: Rectification of Register of members

IF without any sufficient cause

Name added
in Rom

name omitted
from Rom

unnecessary
delay in entering
name in Rom

For rectification of Rom $\Rightarrow$ Appeal to Tribunal $\Rightarrow$ Order by Tribunal

Dismiss the
appeal

order of transfer
or transmission
in 10 days

Rectification
of register &
Records.

Sec 60: publication of authorised, subscribed & paid-up capital

If a company states the amount of authorised share capital on any;

- (a) Notice
- (b) Advertisement
- (c) Any business letter
- (d) Billhead
- (e) letter paper or
- (f) other official publication,

Then, amount of subscribed & paid up capital shall also be stated there giving equal importance

Penalty for non-compliance

company $\Rightarrow$ ₹10,000 for each default
 officer $\Rightarrow$ ₹5000 for each default.

* Sec 61: Power of a limited company to alter its share capital

AOA shall permit alteration

MOA shall be altered

GM-OR shall be passed

Increase in capital

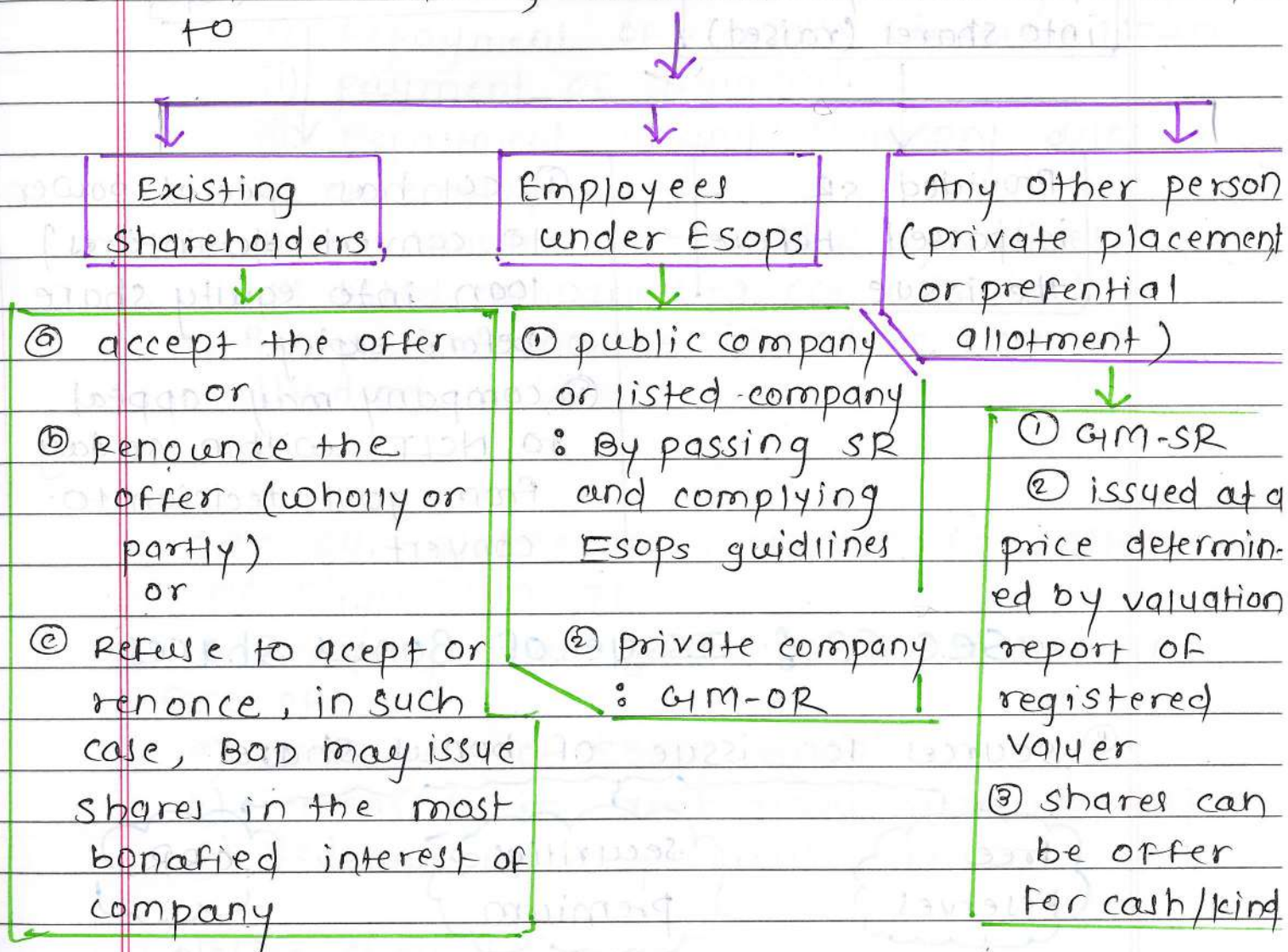
consolidate shares

divide & subdivide

cancel & the shares.

Sec 62 : Further issue of share capital

A company having share capital proposes to increase its subscribed capital by issue of further shares, such shares shall be offered to



Time limit : offer open for minimum 15 days and maximum 30 days except $\Rightarrow$ private company may provide less than 15 days iff 90% of members give consent.

Exceptions to sec 62:

conversion of-
debentures / loan
into shares (raised)

provided SR
is passed before
the issue

debenture / loan
taken from eq

① eq has special power
to convert debentures /
loan into equity share
before expiry.

② company may appeal
to NCLT within 60 days
from govt. decision to
convert.

Sec 63 : Issue of Bonus Shares

① sources for issue of bonus shares

free
reserves

securities
premium

CRR

② procedure or conditions

a) must be authorised by AOA

b) GM-OR shall be passed.

c) can be issued only against fully
paid up shares.

- d) If shares are partly paid up $\Rightarrow$ company shall ~~call~~ make a call for which amount is unpaid.
- e) No default shall be made by company:
- Repayment of deposits. / interest / loan
 - payment of dividend
 - Repayment of any statutory dues of employees.
- f) listed companies $\rightarrow$ SEBI guidelines
unlisted companies $\rightarrow$ CG rules.
- g) Bonus shall not be issued in lieu of dividend

Sec 64 : Notice to registrar for alteration of share capital

A company shall give a notice to ROC in case of

- alteration of share capital
- increased in authorised share capital
- Redemption of preference shares

Notice shall be given -

- in form SH7
- it shall be filed with the ROC
- it shall be filed with the 30 days of such alteration.
- It shall be accompanied by the altered memorandum.

Penalty

for company : ₹1000 per day or ₹500,000 ↓
for officer : same as above.

sec 65: unlimited company to provide for reserve share capital on conversion into limited company.

An unlimited company to provide for reserve share capital on conversion into limited company do either or both the following things.

increase the nominal amount of its share capital by increasing the nominal capital amt. of shares.

specified portion of of uncalled capital shall not be capable of being called up.

except in the event of being wound up.

Sec 66: Reduction of share capital

procedure

- i) check $\Rightarrow$ No outstanding deposit / interest
- ii) GM-SR is required.
- iii) obtain confirmation of Tribunal
 - Noc $\Rightarrow$ to be obtained from Cg, SEBI, registrar and creditors within 3m.
 - creditors repayment $\Rightarrow$ confirmation of sufficient provisions to be obtained
 - Accounting treatment as per AS + certificate from auditors.
 - NCLT order of confirmation to be published as prescribed.
- iv) Notice of NCLT order and special resolution passed to be filed with registrar within 30 days
- v) ways of reduction of share capital

Reducing the liability of shares for which share capital not paid

cancelling any paid up share capital which is lost or is lost or is unre-presented by available assets

pay off any paid up capital which is in excess of the wants of company.

MCE

Sec 66 is not applicable in case of

↓

Redemption
of preference
shares
(Sec 55)

↓

Forfeiture
of shares

↓

Reduction
of authorised
share capital
(Sec 61)

↓

Buy back
of shares
(Sec 68)

contravention of 66for company : penalty $\Rightarrow$ ₹ 5 lakhs - ₹ 25 lakhs

for officer : liable up to 447 for fraud.

if, officer $\Rightarrow$

- ① knowing conceals name of any creditor entitle to the object to the reduction.
- ② knowing misrepresents the nature and amount of the debts or claim of any creditors.
- ③ abets or is privy to any such concealment or misrepresentation as aforesaid.

Sec 67 : purchase by a company of its own shares**Applicability :**

- ① company limited by shares
- ② company limited by guarantee having share capital

- ② company can give financial assistance or shall have power to buy its own shares iff following conditions are satisfied.

conditions for
power to buy
its own shares

conditions for
giving financial
assistance

① Reduction of share capital, provisions are complied

② Exception: *Nidhi* co.

④ No company shall give financial assistance to any person for purchase of any shares in the company or in holding company.

③ Exceptions: ① Banking company.

② loan to buy shares under Esops (SR is required)

③ loan to employees shall not exceed their 6 months salary.
(except KMP / Director)

Contravention:

For company : ₹ 1 lacs to 25 lacs.

For officer : imprisonment upto 3 years.
and Fine : 1 lakh - 25 lakh.

sec 68: Buy Back of Shares

① Purpose :

- i) increase shareholders value
- ii) for corporate defence mechanism
- iii) provide exit route to existing shareholders
- iv) surplus cash returned to shareholders out of reserves.

② Sources of fund for buy back

free reserves

or

securities premium

↓
only in case of

BOD Resolution

or proceeds of issue of any shares / other specified securities.

However buy back is not possible out of proceeds of same kind of shares

specified securities including Esops,

③ conditions to be complied before announcing buy back

- i) Buy back must be authorised by AOA
- ii) upto 10% of total paid up equity capital and free reserves $\Rightarrow$ Board Resolution
- iii) 10% to 25% of (paid up share capital + free reserves + ~~securities premium~~)

- ⇒ General meeting special resolution.
- iv) buy back in respect of one financial year shall not exceed 25% of (PUC + FR + ~~FR~~)
 - v) After buy back debt-equity ratio shall not exceed 2:1
 - vi) Buy back can be done of fully paid up shares only.
 - vii) listed companies shall follow SEBI guidelines and unlisted companies shall follow company law.
 - viii) Buy back should be completed within 12 months from resolution.
 - ix) The gap between two buy back shall be one year.
 - x) declaration of solvency shall be filed with SEBI and ROC in form SH-9, duly signed by 2 directors of whom 1 shall be MD.

④ conditions to be fulfilled after buyback is over

- i) Extinguish and physically destroy securities brought back within 7 days from completion on buy back by company.
- ii) Filing of buy back return with ROC & SEBI within 30 days from completion of buy back. in SH-11
- iii) Register of buy back shall be maintained with following details.
 - a) shares brought back
 - b) consideration paid

- c) date of cancellation
 d) date of extinguishment and physical destruction.
 iv) cooling period: No further issue of same kind of shares (including right issue) can be announced for the period of 6m. from completion of buy back.

Exception:

- ① Bonus issue
- ② sweat equity
- ③ Esops
- ④ conversion of debentures / preference shares into equity shares.
- ⑤ conversion of Warrantee.

⑤ Penalty for default

company: fine $\Rightarrow$ 1 lakh to 3 lakhs

officer : jail $\Rightarrow$ max: 3 years and
 fine $\Rightarrow$ 1 lakh to 3 lakhs

Requirements

When company purchase its own securities $\Rightarrow$

out of free Reserves or securities premium $\Rightarrow$

Transfer amount to CRR Account = Nominal value of shares

disclosure $\Rightarrow$ details of such transfer in B/s.
utilisation of CRR account $\Rightarrow$ Bonus issue.

Sec 70 : prohibition for buy back in certain cases.

① No company shall directly or indirectly purchase its own securities or other specified securities

Through any subsidiary company including its own subsidiary company.

or Through any investment company

or IF a default is made in
a) Repayment of deposits / interest thereon

b) Redemption of debentures / preference shares

c) payment of dividend

d) payment of interest on term loan / repayment of loan

to any financial institution or Banking company

but if period of 3 years is lapsed after such default then prohibition will not be there for buy back

② No company shall directly or indirectly purchase its own Shares in case such company has not complied with provisions of $\Rightarrow$

Sec 92: Annual Return

Sec 123: declaration of dividend

Sec 127: punishment for failure to distribute dividends

Sec 129: Financial statements.

Sec 71: Debenture

71(1) ① The company can issue convertible debentures by passing SR in GM.

② If no such option of conversion is given then, GM-SR is not required.

71(2) ③ issue of debentures with voting rights is prohibited.

71(3) ④ secured debentures can be issued with the conditions prescribed in rule 18 of the companies Rules, 2014.

71(4) ⑤ creation of Debenture Redemption Reserve
 $\rightarrow$ when debentures are issued
 $\rightarrow$ DRR account shall be created out of profits only
 $\rightarrow$ DRR $\Rightarrow$ utilization $\Rightarrow$ only for redemption of debentures.

* profits $\Rightarrow$ available for distribution of dividends.

71(5): Debenture Trustee:

- more than one debenture trustee shall be appointed by company (mandatory) if
- ⇒ company is making public issue and
 - ⇒ such offer is made to public through prospectus or invitation or to its members exceeding 500 in numbers.

71(6) duties of debenture trustee:

- ① to protect the interests of the debenture holders
- ② to redress the grievances of debenture holders.

71(7) liabilities of debenture trustee:

- ① If Trust deed exempt, debenture trustee or indemnifies him against any liability for breach of trust where he fails to show degree of care and due diligence required, such deed shall be void.
- ② However, if exemption is agreed by passing more than 75% of debenture holders then, it is valid.

71(8): Redemption as per terms:

- The company shall pay
- ⇒ interest and
 - ⇒ redeem the debentures

Powers of tribunal

Restriction on further liability by tribunal depending on financial position of company and recommendation of trustee order to redeem the debentures after default by company in payment of interest or redeem debenture on application by debenture holder.

penalty for default

For every offence in default
 $\Rightarrow$ Jail $\leq$ 3 years and/or $\text{₹}200,000 \leq$ fine $\leq$ 500,000

penalty for default made in complying with the orders of the tribunal.

Sec 72: Nomination

Any one can appoint nominee	nominee by joint Holders of securities	Rights of nominee in case of death of securities holder	minor to be name as nominee
$\Rightarrow$ Any shareholder			$\downarrow$
$\Rightarrow$ at any time			become holder
$\Rightarrow$ in form SH-13			after
	In case event of death of all joint Holders	$\downarrow$ irrespective of laws in force	death of holder
	$\Rightarrow$ Nominee gets Rights	$\Rightarrow$ Any will	

Deposits

Any amount by

way of deposit

from public members

Term

maximum 3 months

maximum 3 years

Rate of interest

notified by RBI

Classification of deposits

Term deposits

Current deposits

Fixed deposits

Recurring deposits

Call deposits

Notice deposits

Overdrafts

Letter of credit

Discounting

Banker's draft

Banker's cheque

Banker's order

Mr. Prakash

Address

5. Acceptance of Deposit

: 'deposits' includes any receipt of money by way of deposits or loan or in any other form by a company, but does not include such categories of amount as may be prescribed in consultation with RBI.

Deposit includes

Any amount by way of deposits from public / members

Any issue of non-convertible debentures, bonds, (secured / unsecured)
If secured $\Rightarrow$ against movable property only.

Tenure % minimum: 3 months
maximum: 3 years.

Rate of interest: notified by RBI

Acceptance of deposits.

from members

Any company
(private/public)



subject to compliances of sec 73

from public

public company &
Net worth $\geq$ 100 cr
or T/O $\geq$ 500 cr.

subject to sec 76 + Rule of CG & in consultation with RBI

Mr. Pramod Kadam
Akanksha S. Tamshete

Sec 3: Acceptance of Deposits From members

- ① pass an ordinary resolution in GM.
- ② Issue a circular to its members of :-
 - i) Statement showing financial position of company.
 - ii) The credit rating obtained.
 - iii) Total number of depositors.
 - iv) outstanding deposits as on the date of issue.
- ③ File a copy of circulars with ROC within 30 days.
- ④ deposit at least 20% of the deposits maturing during the next two FY in a separate account in scheduled bank "Deposit Repayment Reserve A/c".
- ⑤ obtain insurance on the deposit issue from an approved insurance company.
- ⑥ obtain certificate of no default in repayment of Deposits or interest thereon
- ⑦ provide adequate security by providing charge on the property of company for the repayment of deposits.

Above conditions are not applicable to private company which :

- ① accepts monies from its members $\leq 100\%$ of aggregate PUSC + FP + securities premium
- or ② which is start-up for 5 years from the date of incorporation

or (c) which is $\Rightarrow$

- i) not an associate / subsidiary of any company
- ii) Borrowing of such company from bank or financial institution / any body corporate $< [2 \times \text{puse}]$ or 50 crore, whichever is less.
- iii) company has not defaulted in repayment of such borrowings.

⑧ provided that all companies as mentioned above shall file details of monies accepted to ROC in prescribed form.

"USE OF DRRA" : DRRA shall be used only for the purpose of repayment of deposits.

As per sec 73: public deposits excludes

- ① Grant received from CG / SG
- ② loan from any Bank / Financial institution
- ③ loan from any Foreign govt. / world Bank or IMF
- ④ Issue of 'commercial paper' (govt. securities)
- ⑤ Inter-corporate deposits.
- ⑥ Issue of shares
- ⑦ deposit received from private co. from its members or relatives or directors [provided these person shall file declaration that these deposits are out of their own funds]

- ⑧ promoters contribution as unsecured loan.
- ⑨ employees securities deposits.
- ⑩ deposits accepted by Nidhi Company.

Non-applicability of sec 73 and sec 76 to

Banking co.

NBFC

Housing
Finance co.

Any other
company as
prescribed by
CA in official
Gazette

sec 76: Acceptance of deposits from public by public company

- ① public company must have
Networth $\geq$ 100 crores
or Turnover $\geq$ 500 crores
- ② public company must comply with CA rules
in consultation with RBI as follows;
 - i) obtain credit rating from recognized
credit rating agency.
 - ii) provide a charge on its assets within
30 days of acceptance of deposits.
- ③ additional conditions
 - i) pass OR in Gm
 - ii) issue of prospectus to public

- iii) Filing of copy of prospectus with ROC within 30 days.
- iv) creation of DRRA $\rightarrow$ 20% of deposits maturing in next 2 fy.
- v) No default certificate
- vi) Insurance on deposits
- vii) Assets provided as securities is of sufficient value.
- viii) Appointment of depositors trustee in DPT-2

Page

6. Registration of charge

Definition: 'charge' defined as an interest or lien created on the property / assets of a company or any of its undertakings or both as securities and includes mortgage.

sec 77: Application for registration of charge By company.

- ① Every company is bound to register its charge with ROC within 30 days, irrespective of assets charged are —
 - i) tangible or intangible
 - ii) In India or outside India
- ② particulars of charge shall be —
 - a) signed by company & charge holder
 - b) filed together with instruments in CHG1.
- ③ Filing is not done within 30 days, extension by the ROC upto 300 days on payment of additional fees
- ④ Beyond 300 days → Approval of CG 4/s 87 to be obtained.

sec 78: Application for registration of charge By Holder

- ① If company fails to register the charge within the period of 30 days → charge holder may himself apply for the registration of charge.

- ② Registrar shall give 14 days notice to company for objection if any.
- ③ Thereafter, on being satisfied registrar shall duly register the charge and issue certificate of registration in name of chargeholder

Issue of certificate of charge

CHG 2 : TO company

CHG 3 : TO Holder

Sec 79: Sec 77 to apply in certain matters

Any modification in terms or conditions or the extent or operation of any charge shall be registered.

Sec 80: Date of notice of charge & deemed notice of charge

Where any charge on any property or assets of a company or its undertaking is registered u/s 77.

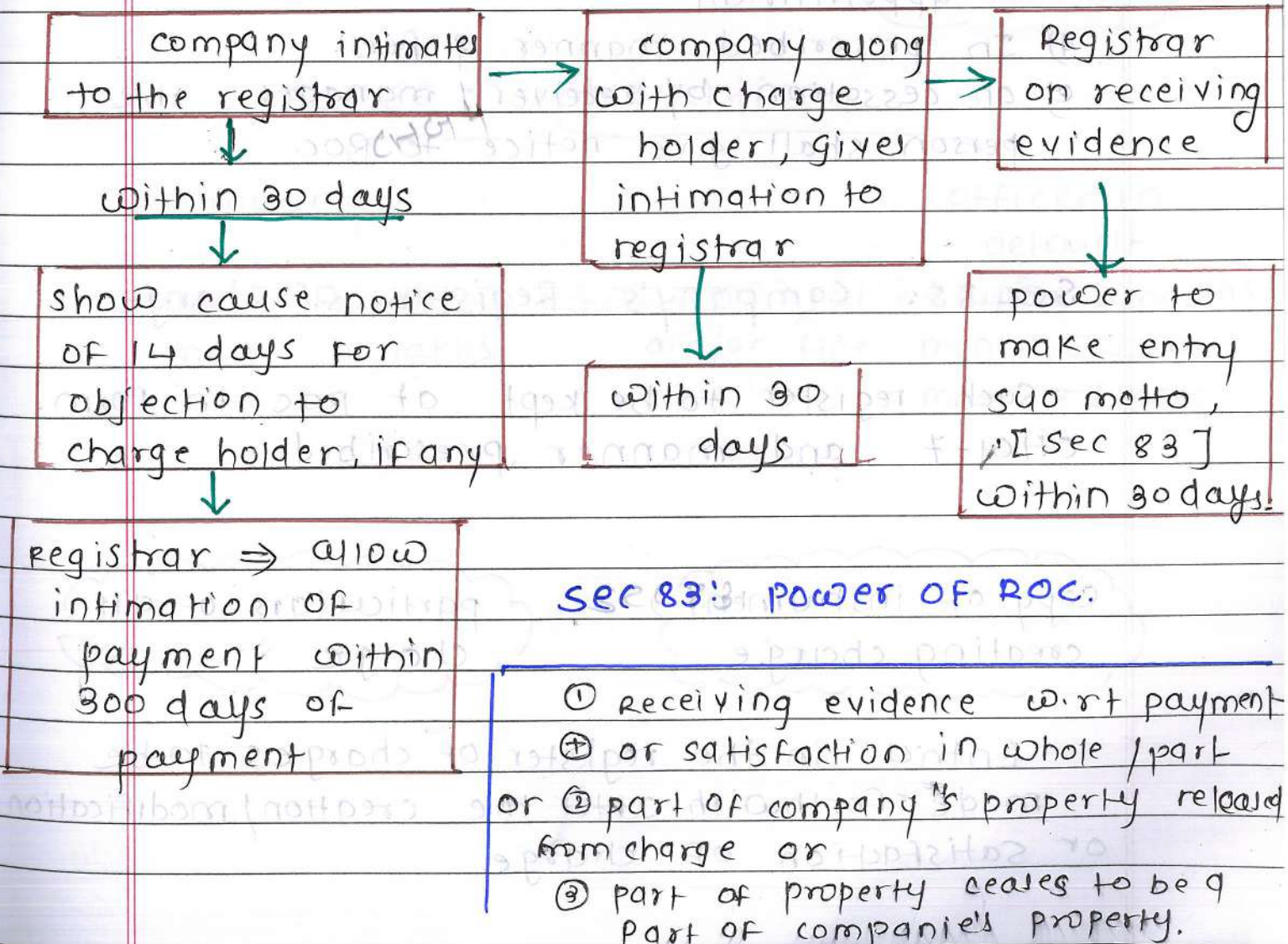
- A person shall be deemed to have notice of such registration
- who is acquiring such, property, assets, undertaking or part thereof.

Sec 81: Register of charge to be kept by ROC.

- ① The Registrar shall keep a register of charges in respect of every company.
- ② The manner and the form shall be prescribed by CG.
- ③ The register shall be open for inspection by any person on payment of fee prescribed.

Sec 82: Satisfaction of charge by company

Sec 83: power of ROC to make entries of Satisfaction and release in absence of intimation from co.



Sec 83: power of ROC.

- ① receiving evidence w/out payment
- ② or satisfaction in whole / part
- or ② part of company's property released from charge or
- ③ part of property ceases to be a part of company's property.

Sec 84: Appointment of Receiver

The registrar shall register particulars of receiver, person or instrument in register of charge, when -

- a) person obtains order to appoint receiver or manager or
- b) any person appoints a receiver or manager by virtue of any power contained in any instrument
- c) such person shall give notice to company and Roc within 30 days from such order or appointment
- d) In prescribed manner & fee.
- e) on cessation by receiver / manager, the person shall give notice to Roc.

Sec 85: Company's Register of charge

Such register to be kept at Roc in form CH-7 and manner prescribed

copy of instrument
creating charge

particulars of all
charge

Entries in the register of charges to be made forthwith after the creation/modification or satisfaction of charge.

only signed by a director / secretary or any other authorised person.

- Note: ① Register to be preserved permanently
 ② Instrument creating / modifying charge - to be preserved for 8 years from the date of satisfaction of charge.
 ③ Register of charges / instrument of charge shall be open for inspection

members / creditors
(Without fees)

third party
(prescribed fees
+ restrictions imposed by AOA)

Sec 86 : contravention.

company

min - 1 lakh

max - 10 lakhs

officer in default

jail - upto 6 months

and/or fine: min - ₹25000

max - ₹1 lakhs

or

Sec 87 : Rectification by CG in Register of charge.

When the CG satisfied that following instances were accidental or due to inadvertence or due to some other sufficient cause, then CG will give relief to company →

charge created not filed with ROC	property subject to charge is acquired but not filed with ROC	Any modification in charge not filed with ROC	Intimation of satisfaction not given to ROC	omission or misstatement of any entry in register of charge
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Then the CG may grant extension of time and may also forgive delay, if any, for registration of the charge on payment of prescribed fees.

Sec 84 - Discharge of a person from custody

When a person is arrested, he is taken to the nearest police station. If the person is not released, he is taken to the nearest police station. If the person is not released, he is taken to the nearest police station.

Charged person - person who is charged with a crime. He is taken to the nearest police station. If the person is not released, he is taken to the nearest police station.

Thanks for your kind attention at all times and may also forgive any delay in the registration of the charge and payment of the prescribed fee.

7. Management & Administration of company

Sec 88: Register of members.

Registers for different types of companies

Companies which are listed on stock exchange



Registers are maintained by Depository in electronic form

Companies which are not listed on stock exchange



Company needs to maintain all registers in physical form

Types of registers to be maintained

Register of members (ROM)

Register of debenture Holder (RODH)

Register of Security Holders (ROSH)

- ① Register of foreign security holder shall be maintained at the foreign office
- ② In case of default, penalty will be from ₹ 50,000 to 3 lac & ₹ 1000 per day in case of continuing offense.

sec 89 : Declaration in respect of beneficial interest in any shares

Declaration of Interest

Declaration by registered owner

That he does not have beneficial interest and name of person who holds it

Declaration by Beneficial owner

That he does not have registered interest and name of person who holds it.

Transfer of beneficial interest

change in Beneficial owner

Declaration of transfer of Benefit in 30 days

Company

Filing of declaration of change

sec 90: Investigation of beneficial ownership of shares in certain cases.

- Co may appoint one or more competent person to investigate into beneficial ownership of shares

→ investigator ⇒ make report ⇒ Co

ROC

within 30 days

Sec 91: Power to close register of members or any other security holder

period of closure of books

45 days
(in a year)

30 days
(at one time)

Notice

at least 7 days prior notice shall be given by company to its members
(lesser period for listed companies as specified by SEBI)

Penalty for contravention

Penalty for every day during the book is kept close after prescribed period

company

office in default

₹ 5000 per day
or ₹ 1,00,000
whichever is
lower.

see 89 : Declaration
interest in an

Declaration

Declaration
register

days
(me)

date

register of members or
share holder

Date _____
Page _____
classmate

returns

If AGM is not held
within due date

File annual return within
60 days from due date
of AGM i.e. 30 sep.

92(2) Signing of Annual Returns

In case of
listed co.

company
having
PC $\geq 10cr$

company
having
turnover $\geq 50cr$

Other companies

CS and BOD of company

Signed by CS
& in case of
absence of CS,
Signed by BOD

Contravention & consequences

TO company &
its officers

TO company
secretary

₹ 50,000 - ₹ 5 Lacs

Jail - upto 6m. &/or
₹ 50,000 - ₹ 5,00,000

₹ 50,000 - ₹ 5 Lacs

Contents of AR. : 92(1)

Every company shall prepare a return (the annual return) in E-Form 'MGT-7'

the information regarding the mentioned & the following contents shall be present in AR

- ① its register office
- ② principal business activities
- ③ particulars of its Holding, Subsidiary & associate company.
- ④ Its capital and indebtedness
- ⑤ Its members and debenture Holders, promoters and directors and key managerial personnel.
- ⑥ Board meeting, meetings of members & attendance details.
- ⑦ Remuneration of directors & key managerial personnel.
- ⑧ and other details as may be prescribed.

92(3): Board Report ~~ea~~ shall contain an extract of AR in form 'MGT-9'

Sec 93: Return to be filed with ROC when promoters stake changes.

- ① Every company (listed) shall file a return specifying the changes in the number of shares held by
 - promoters and
 - top 10 share holders
- ② The Return shall be filed with ROC within 15 days in form 'MGT-10'

Sec 94: place of keeping and inspection of Registers, Returns, etc.

The company shall keep registers and indexes and copies of annual return at

The Registered Office

or

any other place where 10% or more number of members reside.

GIM-SR is required.



copy of SR shall be filed with ROC

Inspection

made during business hours

Any member $\Rightarrow$ without fees
Any other person $\Rightarrow$ with prescribed fees.

Extract & copies

extract

copies

without fees

with fees

Refusal

penalty
₹ 1000 per day or
₹ 1,00,000
whichever is lower

CG may order immediate inspection

Sec 96: Annual General meeting.

① Every company (except opc) must held at least one AGM in one calender year.

② Ordinary Business discussed.

Adoption of
- FS + Board
report +
auditors report

Declaration
of dividend

Appointment
of director

Appointment
of auditor

Retiring by rotation

③ Any other matters discussed $\Rightarrow$ 'special business'.

④ Day of calling AGM $\Rightarrow$ any date other than national Holiday

⑤ Time : Business hours.

⑥ place : at RO or some other place in which RO is situated.

$\Rightarrow$ Govt. Company $\Rightarrow$ place other than RO $\Rightarrow$ decided by government.

$\Rightarrow$ sec 8 company $\Rightarrow$ decided by BOD

⑦ CG may exempt any company from these provisions subject to certain conditions

period for calling AGM

First AGM

Subsequent AGM

① Within 9 months
from closure of FY

① 1 AGM $\Rightarrow$ 1 calender year

- ① No extension in time limit granted by ROC
- ② Gap between two AGM shall not exceed 15 months
- ③ If 1st AGM duly held $\Rightarrow$ No need to hold AGM in the year of incorporation
- ④ To be held within 6 months from the end of FY.
- ⑤ extension of period $\Rightarrow$ 3 months $\Rightarrow$ ROC

If due to extension granted by ROC, AGM is held in next calendar year, then it will be assumed that AGM is of previous year and for next year one more AGM will be held.

default in Holding AGM

Sec 97

NCLT may

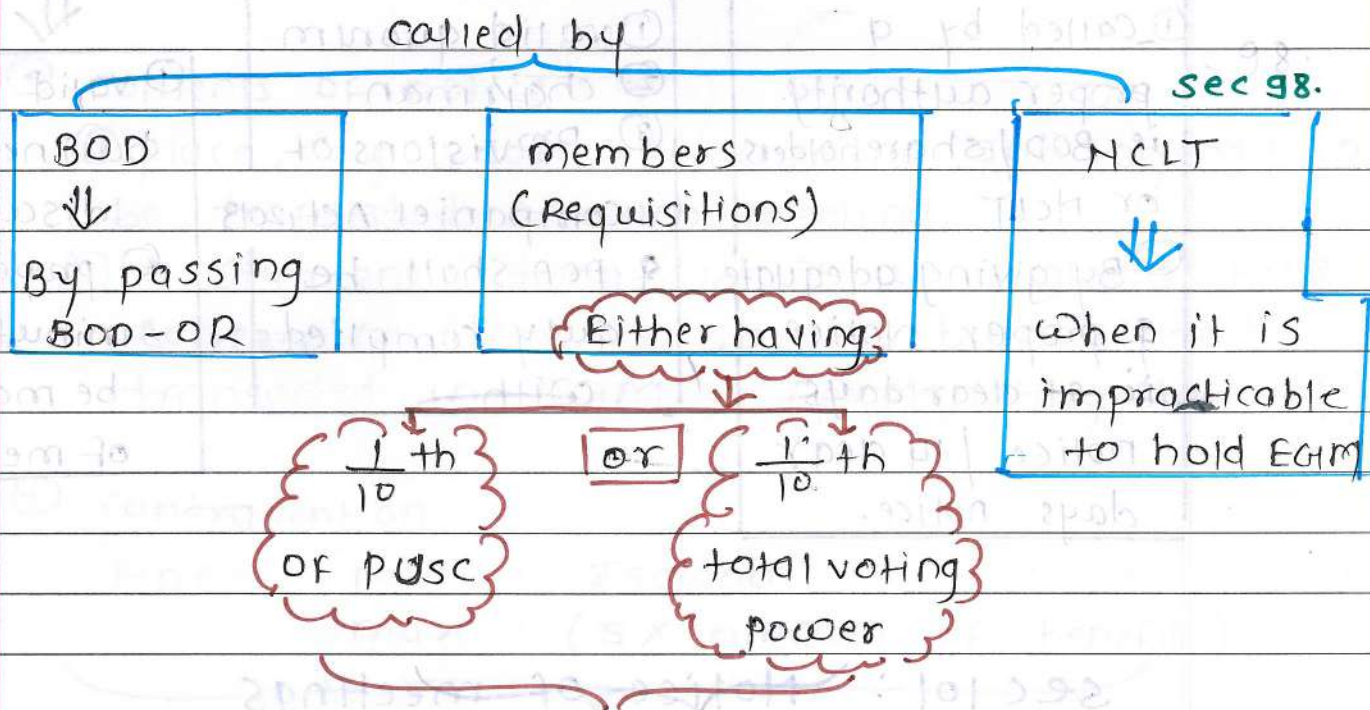
call or direct the calling of AGM

punish the company & officer in default upto ₹50,000 & ₹2500/day for continuing default

When NCLT directs the calling of AGM, then even one member being present in valid constitution.

sec 100: calling of Extra-ordinary meeting

① EGM is the meeting of shareholders called between two AGMs.



requisitionist shall file requisition with ROC



The board shall ~~send notice~~ ^{call} EGM within 21 days from the date of receipt of valid requisition to members and shall hold EGM within 45 days of notice.

Failure to call EGM

members may call EGM in next 3 months from the date of application and all expenses incurred by members shall be reimbursed by company.

calling of valid meeting of - Requirements

properly covered

① called by a proper authority.
ie. BOD / shareholders or NCLT

② By giving adequate & proper notice
ie. 21 clear days notice / 14 clear days notice.

properly constituted

① valid quorum
② chairman
③ provisions of companies Act, 2013
& AOA shall be duly complied with

properly conducted

① valid lawful business discussion
② proper minutes to be maintained of meetings.

sec 101: Notice of meetings

21 days clear days notice to be sent in writing or through electronic mode

sec 88 co. → 14 day notice

Following shall be excluded while calculating 21 days

u/s 101

① Date of sending notice
② Date of meeting

u/s 20

① 48 hours / 2 days from date of dispatch

③ shorter notice is not allowed i.e. invalid.

④ but if 95% of the members, entitled to vote in such meeting, give consent in writing or through electronic mode $\Rightarrow$ shorter notice valid.

⑤ contents of notice $\Rightarrow$

⑥ place, day, date of meeting and agenda to be translated at such meeting.

⑦ a statement setting out of all material facts concerning items of special business to be transacted in AGM (explanatory statement)

⑧ contravention

Fine : min : ₹50,000

max : (5x amount of benefits)

Sec 102: statement to be annexed with notice

① statement contains every item of special business, details of every transaction shall be given in explanatory statement.

Special business

Ordinary Business

① all business discussed in EGM

② also extent of shareholdings of directors, promoters, manager is 2% or more shall be disclosed.

① the consideration of FS and reports of BOP & CA

② declaration of dividend

③ appointment of director and auditor & their remunerations.

any document referred in the statement
can be inspected at time and place
given in statement:



Non-disclosure of above facts



consequences → promotor, BOD, manager
or KMP.

① Reimbursement of benefits received to company
and penalty as mentioned above.

Sec 103 : Quorum for meetings

meaning: minimum number of members to be
presented in the meeting

provision

public co.

private co.

upto 1000
members

1000-5000
members

above 5000
members

2 person shall
be quorum

5

members

15

members

30

members

personally present

shall be quorum

② unless AOA provides for larger quorum, above provision is mandatory.

③ Rules for counting quorum

a) proxies not counted

b) preference shareholders not counted, unless their rights are affecting.

c) A member present in two capacities (individual shareholder and trustee) shall be counted separately in quorum.

d) Representative of a company shall be treated as 'personally present'

e) Representative of president / Governor shall be treated as 'personally present'

④ IF the quorum is not present in the meeting within 30 minutes, then the meeting will be adjourned.

ie. the quorum shall be present within half an hour from time appointed for holding meeting.

☒ ☒

see 104: chairman of meetings.

① unless the article provides any person as a chairman of meeting, members present in the meeting may appoint chairman among them by show of hands.

② IF members are not satisfied with the above result, then they can demand the poll provided that they have majority of requisition

for demanding poll i.e.

at $\frac{1}{10}$ th of total
least 10 voting power
or

at

at least $\frac{1}{10}$ th of
of PUSC or
at least 5 Lakh
PUSC. Whichever
is less.

- decision of chairman on voting is final & conclusive.
- If there is equality of votes $\Rightarrow$ chairman can exercise second casting vote (provided in the bonafied interest of the company)

Sec 105: proxies.

- ① Any person can be appointed proxy of a member having right to vote and attend the meeting.
- ② Appointment of proxy shall be done in form 'MGT-11' in writing, duly signed and stamped.
- ③ Restrictions on proxy:
 - a) proxy can not vote by show of hands
 - b) He/she cannot speak in meetings
 - c) a proxy is not counted for the purpose of quorum
 - d) A person can act as proxy on behalf of members $\Rightarrow$

- not exceeding 50 and
- Holding in total share capital $\leq 10\%$.

e) In case of sec 8 company, only member can be a proxy.

④ Every notice calling a meeting shall contain a statement of right to appoint proxy.

On default $\Rightarrow$ office $\Rightarrow$ upto ₹ 5000.

⑤ proxy form to be lodged at least 48 hours before the meeting. (AOA may provide < 48 hrs)

⑥ Every member entitled to vote shall have right to inspect the proxy lodged, provided:-

① A notice at least 3 days before to meeting shall be given to company.

② Inspection $\Rightarrow$ 24 hours before the meeting.

Sec 106: Restrictions on voting rights

A company may provide by its article that a member shall not exercise any voting right in the following cases:-

- ↓ ↓ ↓
- ① calls in arrears ② lien mark

Note: ① No company can prohibit a member from voting right on any other ground except above.

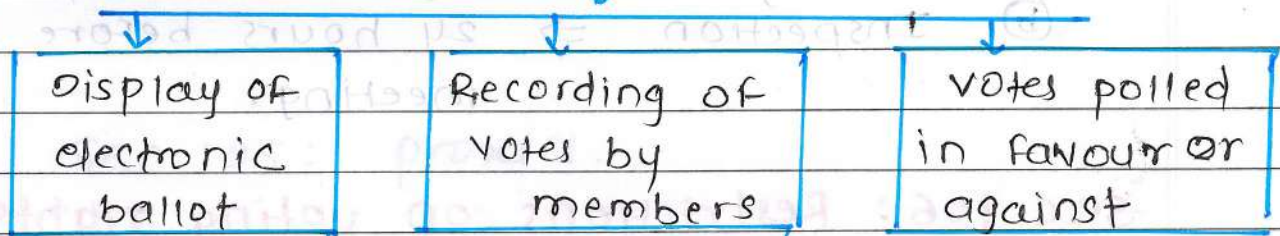
② A member / proxy entitle to more than 1 vote may use his votes differently.

Sec 107 : voting by show of hands

- ① unless poll or electronic means demanded, voting shall be carried out by show of hands.
- ② As per Sec 106, declaration by the chairman in the minutes book shall be conclusive evidence of resolution passed.

Sec 108 : voting through electronic means

- ① Electronic voting system means system based on



in such a manner that,

- ① the entire voting exercised by way of electronic means.
 - ② Registered and counted in an electronic register in a centralised server.
 - ③ with adequate cyber security.
- ④ Remote e-voting means
- ① facility of casting votes
 - ② using electronic voting system
 - ③ from the place other than venue of meeting.

Sec 109: Demand for poll.

Any member having requisite majority to demand poll as follows can demand the poll

Co. Ltd by
Shares

at least $\frac{1}{10}$ th of pusc
of members / proxy
present or
at least ₹500,000 pusc
which ever is less

Co. Ltd by
guarantee

at least $\frac{1}{10}$ th
of voting power

- poll is demanded can be withdrawn any time.
- chairman shall conduct poll within 48 hours from its demand as follows -
 - (a) Appointment of scrutiner
 - (b) Give directions and issue regulations for the manner in which poll shall be taken
 - (c) scrutiner will prepare its report and submit it to chairman, who shall declare the result.

Sec 110: Postal Ballot

Applicability : TO all companies except OPC and other companies having members upto 200.

Postal ballot means voting by shareholders by postal / electronic mode instead of voting personally.

A company shall transact by means of postal ballot iff (other than)

1. no such items of business as the CG may declare (by notification) to be transacted by postal ballot only.

2. no any item of business, other than ordinary business & ~~for~~ directors & auditor have right to be heard in meeting for that business.

Exceptions:

Any item of business other than ordinary business, and any business in respect of which auditors & directors have right to be heard.

Procedure:

- ① Notice to shareholders within 30 days
- ② publishing of advertisement

Vernacular
News paper

English
news paper

- ③ Notice also be placed on website.
- ④ Appointment of scrutinizer
- ⑤ assent by the requisite majority resolution
- ⑥ postal ballot received to be kept under safe custody. → as soon as possible.
- ⑦ scrutinizer shall report [ASAP] after the last date of receipt of postal ballot but within 7 days
- ⑧ maintenance of register by scrutinizers
- ⑨ postal ballot shall be under safe custody of the scrutinizer till the chairman considers approves and signs the minutes, scrutinizer can there after return the ballot papers
- ⑩ Reply from members → Assent / dissent received after 30 days shall not be considered.
- ⑪ The result shall be declared by chairman in 6m. with scrutinizers report on website.
- ⑫ Transactions of business through postal ballot.
 - a) alteration of object clause.
 - b) alteration of AOA
 - c) alteration of registered office outside local limits of city.
 - d) change in the objects
 - e) issue of shares with differential rights
 - f) variations in the rights of shareholders / debentureholders
 - g) buy back of shares by a company.
 - e) sale of whole / partial undertaking of a co.
 - f) giving loan / extending guarantee or security

Sec III: Circulation of members Resolution.

When requisition in writing made by members then company is bound to give notice regarding —

any resolution move or intended to be moved at a meeting and any statement with respect to any matters related to proposed resolution or business to be dealt with at the meeting.

legal requirements for valid requisition

① signed by requisitionist

Filing with ROC

reimbursement of companies expenses by requisitionist

Time limit

Requisition proposing a resolution

any other requisition

① at least 6 weeks before meeting

at least 2 weeks before meeting.

However, the meeting is conducted within 6 weeks then, after such deposition, then though copy is not deposited will be considered as properly deposited.

Cgt can restrict the circulation of statement and Cgt may direct members to refund the cost.

penalty: ₹ 25000 ⇒ company & officer

Sec 112 and 113: Representation of president and Governors / corporations in meetings of members or creditors:

members / creditors

If president or a Governor of the state is member

If a corporate is member or creditor

can appoint representative to attend the GM or creditor meeting

Representative

all rights of a member or creditor as if they were original member or creditor.

Sec 114: Ordinary and Special resolutions

Resolutions by

Simple majority
ie. $> 50\%$

Ordinary resolution

- ① Notice duly given
- ② vote can be casted by any mode
- ③ votes casted in favour $>$ votes casted against

Ordinary Business

Three times majority
ie. $> 75\%$

Special Resolution

- ① proper 21 days notice hold AGM duly given.
- ② Notice shall state intention to propose the resolution
- ③ votes by show of hands / poll.
- ④ votes casted in favour shall be 3 times the votes casted against-

Special Business

Sec 116: Resolutions passed at Adjourned meeting.

- ① A resolution shall be passed on the date on which it is actually passed and not on any earlier date

• which is passed at an adjourned meeting. of -

- General meeting
- class meeting
- Board meeting.

Sec 115: Resolutions requiring special Notice

Special notice shall be required by

- provision of act
- AOA

given to

members holding
not less than
1% of voting
power

Holding shares not ex-
ceeding of ₹ 5,00,000 in
aggregate (PUSC)

Required for special business

① Appointment

Removal

→ director & auditors ←

Sec 117: Report on AGM

Filing of resolutions

with ROC within 30 days [MGT-14]

- ↓ ↓ ↓
- ① copy of resolution
 - ② Agreement
 - ③ explanatory Statement.

time extention $\Rightarrow$ upto 300 days with prescribed fees

contravention

to company - ₹5,00,000 - ₹25,00,000

office - ₹1,00,000 - ₹5,00,000

Sec 118: Minutes.

Every company shall cause minutes of the proceedings of

- GM

- B.O.D - Resolutions & GM-resolutions

- Board meeting.

Items to be excluded from ~~the~~ minutes

- defamatory of any person

- irrelevant or immaterial to the proceedings matters

- matters which is detrimental to the interests of the company.

chairman has discretionary power as to inclusion or exclusion of any matter in the minutes.

default : Jail upto 2 years

fine: ₹25,000 - ₹1,00,000.

Sec 119: Inspection of minutes

minutes & Resolution

The minutes of the meeting and the resolution shall be kept at the Registered office of the company

Inspection at
Registered Office

minimum 2 hours
inspection shall be
allowed on
working days at
RO

Inspection by
demanding copies.

company shall furnish
the copy of the
minutes within 7 days
of demand made for
inspection.

default

penalty

TO company - ₹25,000
TO officer - ₹5000 for
each refusal.

order of inspection
by Tribunal

sec 120: Maintenance and inspection of documents in E-form

all copies of any document, record, register, minutes etc.. shall be kept and maintained in shall e-form. and inspection shall be also done in e-form.

sec 121: Report on AGM by listed compa. ncl.

Every listed company shall prepare report on AGM and confirmation to the effect that the meeting was convened, held & conducted properly.

Filing of report with ROC



within 30 days from AGM



6 MGT 15

default

Company	:	₹ 1,00,000 - ₹ 5,00,000
Officer	:	₹ 25,000 - ₹ 1,00,000.

Sec 122:2 Applicability of chapter VI to opc.

following sections not applicable to opc

- sec 98
- sec 100
- sec 111
- sec 102

manners of passing resolution at OPC

ordinary / special
Resolution

Board resolution

Resolution shall be entered in minutes
and signed by member / director in
respective case.

members of the Board of Directors of the

Ordinary / Special Resolution

Resolution

and signed by member / director in
respective case.

members of the Board of Directors of the
Ordinary / Special Resolution

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