

Contents



	PAGE
<i>Preface to Third Edition</i>	<i>I-5</i>
<i>Syllabus</i>	<i>I-7</i>
<i>Chapter-heads</i>	<i>I-9</i>

UNIT I **INTRODUCTION**

CHAPTER 1 **THE COMPANY AND ITS CHARACTERISTICS**

◆ Definition of a Company	3
◆ Registration and the Effect of Registration	4
◆ Characteristics of a Company	4
◆ Journey of the Companies Act so far	9
◆ Concept of Corporate Veil or Doctrine of Separate Legal Entity	15
◆ Lifting up (or Piercing) the Corporate Veil	15
◆ Meaning of Body Corporate	19
◆ Public Financial Institution	19
◆ Illegal Association (Sec. 464)	19
◆ Improper use of term 'Limited' or 'Private Limited' as part of Name or Title (Sec. 453)	20
◆ Applicability of the provisions of the Companies Act	21
QUESTIONS	23
PRACTICAL PROBLEMS	23

CHAPTER 2

OVERVIEW OF ADMINISTRATION OF COMPANY LAW

◆ Administrative set-up for the Company Law	25
◆ Some Important Mechanisms in the Functioning of the Companies Act, 2013	26
◆ National Company Law Tribunal and its Constitution (Sec. 408)	26
◆ National Company Law Appellate Tribunal and its Constitution (Sec. 410)	28
◆ Special Courts	31
◆ National Financial Reporting Authority (NFRA)	32
◆ Serious Fraud Investigation Office (SFIO)	32
◆ Indian Institute of Corporate Affairs (IICA)	32
◆ Investor Education and Protection Fund (IEPF), Insolvency and Bankruptcy Code (IBC), 2016, have been explained in Chapters 12 & 14 respectively	32
QUESTIONS	33

CHAPTER 3

TYPES OF COMPANIES

◆ Classification on the basis of liability	34
◆ Classification on the basis of specifications in Articles of Association	35
◆ Difference between private company and public company	35
◆ Classification on the basis of size	38
◆ Classification on the basis of extent of control in terms of Voting Power	43
◆ Company on the basis of Government Shareholding	45
◆ Classification on the basis of Place of Incorporation	47
◆ Classification on the basis of Activity Status of Company	51
◆ Classification on the basis of mode of formation	53
◆ Companies on the basis of objective	53
◆ Difference between producer company and private company	58
◆ Classification on the basis of listing status	60
QUESTIONS	62
PRACTICAL PROBLEM	62

UNIT II

FORMATION AND INCORPORATION DOCUMENTS

CHAPTER 4

FORMATION OF COMPANY

◆	Promotion	65
◆	Process of Formation or Incorporation of Company (Sec. 7)	69
◆	Online Registration of a company	70
◆	Commencement of Business, etc. (Sec. 10A)	74
	QUESTIONS	76
	PRACTICAL PROBLEMS	76

CHAPTER 5

MEMORANDUM OF ASSOCIATION

◆	Memorandum of Association [Sec. 2(56)]	77
◆	Doctrine of <i>Ultra Vires</i>	80
◆	Alteration of Memorandum of Association	81
◆	Difference Between Diminution of Capital & Reduction of Capital	84
	QUESTIONS	85
	PRACTICAL PROBLEMS	85

CHAPTER 6

ARTICLES OF ASSOCIATION

◆	Articles of Association [Sec. 2(5)]	86
◆	Contents of Articles (Sec. 5)	86
◆	Alteration of Articles of Association (Sec. 14)	87
◆	Doctrine of Indoor Management (Turquand Rule)	90
◆	Difference between Memorandum of Association & Articles of Association	91
	QUESTIONS	92
	PRACTICAL PROBLEMS	92

UNIT III

SHARE CAPITAL

CHAPTER 7

PROSPECTUS

◆	Prospectus [Sec. 2(70)]	97
◆	Meaning of Mis-statement in Prospectus	101
◆	Remedies for Mis-statement in Prospectus	102
	QUESTIONS	106
	PRACTICAL PROBLEMS	106

CHAPTER 8

ISSUE AND ALLOTMENT OF SHARES

◆	Meaning of Share	108
◆	Meaning of Allotment	114
◆	General Principles as to Allotment	114
◆	Statutory Provisions with Regard to Allotment	114
◆	Further Issue of Share capital (Sec. 62)	121
◆	Difference between Right Shares and Bonus Shares	122
◆	Buy-Back of Shares (Sec. 68)	122
◆	Demat System	126
	QUESTIONS	132
	PRACTICAL PROBLEM	132

CHAPTER 9

CALLS, FORFEITURE AND TRANSFER OF SHARES

◆	Requisites of a Valid Call	133
◆	Provisions Regarding Calls on Shares	134
◆	Forfeiture of Shares (Regulations 28 to 32 of Table F)	135
◆	Transfer of Shares (Sec. 56)	136
◆	Transmission of Shares (Regulations 23 to 26 of Table F)	138
◆	Difference between Transfer and Transmission of Shares	140
	QUESTIONS	142

UNIT IV

MANAGEMENT AND MEETINGS

CHAPTER 10

COMPANY MANAGEMENT

◆ Introduction	145
◆ Director	145
◆ Woman Director	148
◆ The Concept and Number of Independent Directors	149
◆ Small Shareholders' Director (Sec. 151)	153
◆ Director Identification Number (DIN)	154
◆ Appointment of Directors (Sec. 152)	157
◆ Duties of Directors (Sec. 166)	163
◆ Meetings of the Board (Sec. 173)	166
◆ Powers of Directors (Sec. 179)	171
◆ Key Managerial Personnel	174
QUESTIONS	177
PRACTICAL PROBLEM	177

CHAPTER 11

MEETINGS AND REQUISITES OF VALID MEETING

◆ Introduction	178
◆ Annual General Meeting (Sec. 96)	178
◆ Difference between ordinary business and special business	181
◆ Extraordinary General Meeting	182
◆ Requisites/Essential Conditions of Valid Meeting	184
◆ Difference between ordinary resolution and special resolution	190
◆ Postal Ballot	191
◆ Voting through Electronic Means (E-Voting)	193
◆ Virtual Meeting (Online Meeting)	197
QUESTIONS	199
PRACTICAL PROBLEMS	199

UNIT V

DIVIDENDS, AUDIT AND WINDING UP

CHAPTER 12

DIVIDEND

◆ Meaning of Dividend	203
◆ Provisions regarding Declaration and Payment of Dividend	203
◆ Investor Education and Protection Fund (Sec. 125)	206
◆ Concept of Interim Dividend	208
◆ Punishment for Failure to Distribute Dividend (Sec. 127)	209
QUESTIONS	210
PRACTICAL PROBLEMS	210

CHAPTER 13

AUDIT AND AUDITORS

◆ Introduction	211
◆ Appointment	211
◆ Qualifications of Auditors (Sec. 141)	213
◆ Disqualifications of Auditors (Sec. 141)	214
◆ Rotation of Auditor and Audit Firm [Sec. 139(2)]	216
◆ Removal of Auditors	217
◆ Secretarial Audit	217
QUESTIONS	219

CHAPTER 14

WINDING UP

◆ Meaning of Winding up	220
◆ Modes of Winding up	220
◆ Winding up by Tribunal (Sec. 270)	221
◆ Winding up under Insolvency and Bankruptcy Code, 2016	225

	PAGE
◆ Voluntary Winding up (under Sec. 59 of IBC) and Process as per Regulations, 2017 (amended upto 16.9.2022)	229
◆ Pre-Packaged Insolvency Resolution Plan for MSMEs	232
QUESTIONS	234
PRACTICAL PROBLEM	234

ANNEXURES

ANNEXURE 1: List of Abbreviations	237
ANNEXURE 2: Practical Exercises	239
◆ <i>Bibliography</i>	243
◆ B.Com. (H) (CBCS) - 2018, Semester-II	245
◆ B.Com. (H) (CBCS) - 2019, Semester-II	248
◆ B.Com. (P) (CBCS) - 2019, Semester-III	250
◆ B.Com. (H) (CBCS) - 2022, Semester-II	252
◆ B.Com. (P) (CBCS) - 2022, Semester-III	254
◆ B.Com. (H) (UGCF) - 2023, Semester-II	256
◆ B.Com. (P) (UGCF) - 2023, Semester-II	258