SEC 3: COMPANY FORMED FOR LAWFUL PURPOSE

NATURE	***PUBLIC COMPANY***	***PRIVATE COMPANY***	***ONE PERSON COMPANY***
NUMBER OF MEMBERS	**7 or more persons**	**2 or more persons**	**one person**

CONDITIONS:-

SUBSCRIBING NAMES TO MEMORANDUM OF ASSOSCIATION FOR PUBLIC COMPANY

FOR ONE PERSON COMPANY:-

THE MEMORANDUM HAS TO HAVE THE NAME OF OTHER PERSON , WITH HIS CONSENT WHO WILL BECOME THE MEMBER OF ONE PERSON

COMPANY IN THE EVENT OF DEATH OR INCAPACITY OF THE SUBSCRIBER BECOME THE MEMBER OF ONE PERSON COMPANY

THE NOMINEE MAY WITHDRAW THE NOMINATION AS PER THE RULES PRESCRIBED

THE SUBSCRIBER CAN CHANGE THE NAME OF THE NOMINEE AT ANY PART OF THE TIME BY GIVING NOTICE
AND SHALL INTIMATE THE REGISTRAR But MAKING CHANGES IN THEIR MOA.

SEC 4: MEMORANDUM OF ASSOSCIATION

CONTAINS: -

1) NAME OF THE PUBLIC COMPANY SHOULD END WITH THE WORD "LIMITED"
2) NAME OF THE PRIVATE COMPANY SHOULD END WITH THE WORD "PRIVATE LIMITED"
3) THE STATE IN WHICH RO IS SITUATED
4) OBJECTS OF THE COMPANY
5) THE LIABILITY OF THE MEMBER
6) THES SHARE CAPITAL OF THE COMPANY

IMP POINTS:-

A) THE NAME OF THE COMPANY SHALL NOT RESEMBLE ANY EXISTING COMPANY
B) NO RESEMBLANCE TO ANY PATRONAGE OF CENTRAL GOVERNMENT OR STATE GOVERNMENT
C) SUCH WORDS CAN BE USED ONLY WITH THE PERMISSION OF CENTRAL GOVERNMENT

PROCEDURE: -

1) THE PERSON HAS TO MAKE APPLICATION IN THE PRESCRIBED MANNER TO THE REGISTRAR
2) THE REGISTRAR WILL RESERVE THE NAME SELECTED BY THE PROMOTERES FOR A PERIOD OF 60 DAYS

DEFAULT:-

IF THE NAME IS OBTAINED BY SOME WRONGFUL MEANS

A) THE NAME OF THE COMPANY SHALL BE CANCELED
B) PENALTY OF ONE LAKH RUPEES TO THE PROMOTER

INNCASE OF THE COMPANY BEING ALREADY REGISTERED

A) THE REGISTRAR WILL ASK TO CHANGE THE NAME OF THE COMPANY WITHIN 3 MONTHS AFTERE PASSING OR
B) STRIKING THE NAME OF THE COMPANY
C) MAKE A PETITION FOR WINDING UP OF THE COMPANY

COMPANY LIMITED BY GUARANTEE AND NOT HAVING SHARE CAPITAL
CANNOT GIVE ANY A RIGHT TO PARTICIPATE ANY MEMBER TO ITS DIVISIBLE PROFIT

SEC 5   ARTICLES OF THE COMPANY

Contents:-

- ✓ regulation for the management of the company
- ✓ provisions for entrenchment
- ✓ entrenchment provisions can be included in
    - a) On the formation of the company
    - b) Amendment to AOA

  1) all the members of private company

  2) By special resolution in public company
- ✓ entrenchment provisions are helpful to protect the minority rights or make unilateral amendments

Entrenchment is a provision which makes alteration of articles more difficult

Note: - A) when a company is registered after the commencement of this act all the provisions of the duly registered articles shall apply unless they are excluded or modified

B) This section shall apply only after amendment to the companies registered under the old company's law

SEC 6 ACT TO OVERRIDE MEMORANDUM, ARTICLES

All the provisions of this act is applicable unless contrary to the act

- ✓ whether by passing resolution in the general meeting of the company or the board of directors meeting
- ✓ Whether the same is executed, passed, registered

No provisions of the memorandum, articles which agree with the act are void

SEC 7: INCORPORATION OF THE COMPANY

1. Following documents shall be filed with the Registrar of the company
   - MOA and AOA of the company duly subscribed
   - Declaration by CA, CS , advocate that all the requirements which are required for the registration are duly complied
   - Affidavit from the subscriber stating that he is not convicted for any offence relating to formation or breach of duty or previous company law for a period of previous five years and documents that filed in the respect of Registration are duly complete in all respects
   - Address for the purpose of correspondence
   - Name , surname, nationality, residential address of the subscriber along with proof of identity
   - Particulars of the first directors including the names , surnames , DIN, nationality

2. The Registrar shall register all the documents and issue Certificate of Incorporation

3. On and from the date of certificate of incorporation the company shall be issued CIN

4. The company shall maintain all the documents in its registered office till dissolution

5. If any person knowingly furnishes any false information relating to the Registration of the company, he will liable for action under section 447

6. Where after the incorporation of the company it is proved that the company is incorporated by providing false information then the promoters, first directors shall be liable for action under sec 447

7. Incorporation of the company by providing false information's, will also lead to case in front of the tribunal; where the tribunal may

   a) Ask the company to makes changes in the management of the company in the public interest.

   b) Declare the liability to be unlimited

   c) Remove the Name of the Companies from the Registrar of the Companies
   d) pass order for the winding up of the company

   Provided the company is given the opportunity of being heard

SEC 8: FORMATION OF COMPANIES WITH CHARITABLE OBJECTS

1) Scope of the companies that may be formed with charitable objects (section 25 of the companies Act 1956) --- increased to sports , education , social welfare, research, protection of the environment, in addition to promotion of science, commerce , art, religion and charity
2) Sec 8 companies can be merged with Sec 8 companies
3) The central government by licence issue in such manner , that the association of person without the word "ltd" or Pvt Ltd" register such association
4) The company registered under sec 8 enjoys all the privileges subject to limited companies
5) A company registered under this act shall not alter its MOA, AOA without the permission of Central Government. A company registered under this act can convert itself of any kind after fulfilling the prescribed conditions.
6) Where the central government is satisfied that the objects of the company fall with the objects of sec 8 it can by licence allow the company to be registered under Sec 8
7) Where the Central Government is satisfied that the company has contravened any of the regulations , the Central Government will cancel the licence and ask the company to affix the words "ltd" or " Pvt Ltd"
8) Where the licence is revoked the central government may permit the company to be amalgamated. However only Sec 8 company can be amalgamated with Sec 8 company
9) If the company defaults in complying with the requirement
   a. the company shall be punishable with a fine of Rupees ten lakhs to one crore
   b. the directors shall be punishable with imprisonment of about 3 years or fine of Rs 25000 to Rs 25 lakhs (maximum)

   Or both

SEC 9: EFFECT OF REGISTRATION

1) From the date mentioned in the certificate of incorporation subscribers of the memorandum shall become members shall be a body corporate by the name in articles
2) The company will be able to exercise all its functions
3) The company will have a common seal and perpetual succession
4) The company will have the powers of
    - to acquire property
    - to hold property
    - to dispose property
    - to be sued and sue
    - to contract

SEC 10 EFFECT OF MEMORANDUM AND ARTICLES

1) The memorandum and the articles of the company will bind both the company and its members
2) The member will have to observe the provisions of the memorandum and articles
3) If any member has to pay any amount to the company , he will become debtor to the company

SEC 11: COMMENCEMENT OF THE BUSINESS

1) A company having share capital shall not commence business or borrow unless
   a) Declaration has been filed by the director that he has paid all the value of shares taken by him
   b) The paid up share capital :-

      for public company is 5 lakhs
      for private company is 1 lakhs ; at the time of making declaration

2) Any default in this section will attract a penalty of
   - company- Rs 5000
   - every officer-Rs 1000 for everyday
3) Where no declaration has been filed with 180 days and the company s not able to give a proper cause the name of the company is liable to be removed from the Registrar of companies

SEC 12: REGISTERED OFFICE OF COMPANY

1) A company from its 15th day of its Incorporation, have a registered office capable of receiving and acknowledging all communication and notices as may be addressed to it

2) Verification of the Registered office shall be furnished to the Registrar within 30 days of its incorporation

3) Every company
   a) paint or affix its name and address of the Registered office at every place of business
      in a conspicuous manner
      in legible letters
      in general language
   b) have its engraved in legible character on its seal.
   c) get its name , address of its Registered office and CIN along with telephone number, fax number, email and website address if any printed on its correspondences and office publication

d) have its name printed on hundies , promissory notes , bills of exchange and such other documents

4) Where company changed its name or names during last 2 years , it shall paint or affix or print with its former names or names so changed during last years

5) The words " ONE PERSON COMPANY" shall be mentioned wherever its name is printed or engraved

6) Notice of every change of situation in the Registered office , after the date of Incorporation shall be given to the Registrar within 15 days of change

7) The Registered office of the Company shall be changed only on special resolution

8) In the case of existing company, outside the local limits of any city town or village where such office is situated at the commencement of the Act by virtue of special resolution passed by the company.
In case of other company outside the local limits of any city town or village, where such office is first situated it may be situated by virtue of special resolution

9) No company shall change the place of its registered office from the jurisdiction of one Registrar to the jurisdiction of another Registrar within the same State unless such change is confirmed by the Regional Director on an application made in this behalf by the company in the prescribed manner

10) The confirmation shall be communicated within a period of 30 days from the date of application by the Regional Director to the company

11) The Company shall file confirmation with the Registrar within 60 days

12) The certificate shall be conclusive evidence that all the requirements have been complied with

13) In case of default company and every person who is in default shall be liable to a penalty of Rs 1000 for every day of default Rs 1lakh

SEC13: ALTERATION OF MEMORANDUM

1) As per the provision of Sec 61, A company by special resolution and by following the procedures given alter the memorandum
2) Any change in the name of the company shall not have an effect unless approved by Central Government
3) Where the change of the name involves addition and deletion of word " Private Ltd", does not require approval of Central Government
4) Where there is a change in the name of the company, the Registrar shall enter the name of new company and issue the certificate of incorporation for the same
5) The alteration of memorandum relating to the place of registered office from one state to another shall not have an effect unless it is approved by Central Government
6) The Central Government shall dispose of the application for the register office within 60 days
7) Before passing the order it must satisfy that the alteration has the consent of creditors , debenture holders and other persons
8) A company , under sec 64 shall in relation to the alteration of memorandum file with the Registrar

   i) special resolution passed by the company

   ii) where there is an change in the name of the company, permission of Central Government
9) A company which has raised money from public through prospectus , and still has unutilised money out of the money so raised shall not change its object unless a special resolution is passed

   The details of such resolution shall be published in 2 languages , one in English and one in the vernacular language which is in the circulation of the Registered office of the company is situated and shall , be placed on the company website

   The dissenting shareholders shall be given an opportunity to exit by the promoters in regulation with the SEBI
10) The Registrar shall register any alteration of Memorandum within 30 days from the date of filing special resolution
11) In the case of Company limited by guarantee and not having share capital , giving any right to participate in the divisible profits of a company shall be void

SEC 14: ALTERATION OF ARTICLES

1) Where the company by special resolution converts public company into private company and vice versa by altering its articles
 and the company has converted into private company without complying of the restrictions, then it ceases to be a private company
2) Conversion of the public company into private company can be done only with the prior approval of the Tribunal
3) Every alteration shall be filled within 15 days

SEC 15: ALTERATION OF MEMORANDUM AND ARTICLES TO BE NOTED IN EVERY COPY

1) Every alteration made in the memorandum and articles shall be noted in every copy of memorandum and articles
2) if a company makes default in complying with the provision of the act then the company and every officer who is in default shall pay a penalty of Rs 1000 for every officer for every copy of memorandum and articles issued without such alteration

SEC 16: RECTIFICATION OF THE NAME OF THE COMPANY

1) According to Central Government When a company on its first registration or new registration is registered with name which is identical to the name of an existing company under this act or the previous act then the Central Government may ask the company to change its name within 3 months after passing ordinary resolution

2) when the name of the company or trademark is similar to an existing business, then on the application of the trademark owner the Central government within 6 months may ask the company to adopt a new name

3) The company within 15 days has to intimate the Registrar of the change in the name of the Company

4) If the company makes a default in any direction, the Company shall be liable to penalty
   a) company--fine of Rs 1000 for every day till the default continues
   b) every officer-- fine of Rs 5000 for every day till the default continues maximum to Rs 1 lakh

SEC 17: COPIES OF THE MEMORANDUM AND ARTICLES TO BE GIVEN TO MEMBERS

1) On the request of the member the company has to provide copy of memorandum , articles or any other agreement on the payment of requisite fees

2) If the company makes a default in any direction, the Company shall be liable to penalty
   - company and every officer--fine of Rs 1000 for every day till the default continues or RS one lakh rupee whichever is less

SEC 18: CONVERSION OF COMPANIES ALREADY REGISTERED

1) When a company wants to convert from class to another class it can do by alteration in memorandum and articles

2) Where the conversion is required, the registrar shall on application made by the company , when satisfied that it has complied with the rules
   close the former company
   and grant registration to new company

3) The debts , liabilities , obligations , contracts shall remain unaffected by conversion

SEC 19:SUBSIDIARY COMPANY NOT TO HOLD SHARES IN ITS HOLDING COMPANY

1) The subsidiary company will not hold shares in the holding company through its nominees and no holding company will transfer its shares to the holding company

Exceptions:-

a) where the subsidiary company holds its as legal representative of deceased member of holding company

b) where the subsidiary company holds it as trustees

c) where the subsidiary company holds it as shareholder

SEC 20: SERVICE OF DOCUMENTS

1) A document may be served on the company or its member by sending it to the registered office
    a. by registered post
    b. by speed post
    c. by courier
    d. by leaving it at the office
    e. or electronic mode

2) When the securities are held in depository the records may be served on the beneficial owner by electronic means

3) A member may request the documents to served through a specific medium by payment of fees at the AGM

SEC 21: AUTHENTICATION OF DOCUMENT PROCEEDING

A document or contracts can be authenticated by getting it signed by any key managerial purpose or any officer duly authorised by the board

SEC 22: EXECUTION OF BILL OF EXCHANGE ETC.

1) A bill of exchange, promissory note, hundi shall be deemed to be made accepted, endorsed, drawn if it is made , drawn ,accepted by any person acting on behalf of the company

2) A company shall authorise any person as attorney either generally or in specific matters to execute other deeds in or outside India

3) A deed made by the attorney under his signature and sign will have the same effect as made by the company

SEC 23-PUBLIC ISSUE

PUBLIC COMPANY

Through prospectus

- Referred to as Public provisions Offer

Private placements

- Comply with provision of Part II of Chapter

Right issues & bonus issues

- in accordance with of the act

PRIVATE COMPANY

Through private placement

Right/ bonus issues

In case of **LISTED COMPANIES**; with the provision of SEBI

SEC 24: POWER OF SECURITIES EXCHANGE BOARD TO REGULATE ISSUES AND TRANSFER OF SECURITIES ETC.

	Powers of Securities Exchange Board		**Power of Central Government**
1	Issue and transfer of securit	1	Matters relating to prospectus
2	Nonpayment of Dividend of listed companie	2	Matters relating to allotment
		3	Matters relating to redemption of sha
		4	other matters specified in the Act

SEC 25: DOCUMENTS CONTAINING OFFER OF SECURITIES FOR SALE OF DEEMED PROSPECTUS

1) What is prospectus???

Ans. Any document by which the offer for sale is made to the public is called prospectus issued by the company.

2) What are the matters that will apply in the respect of prospectus??

Ans. All enactments and rules to law as to the content of prospectus, liability in the respect of mis-statements omission from prospectus, shall apply with respect to modifications.

Note - The person accepting the offer in the respect of securities are subscribers

3) When can it be said the securities were made to the public??

Ans. When the offer of securities was made within six months after the allotment of agreement

OR

The whole of consideration was not received by the company in the respect of the securities

4) Who shall sign in the prospectus??

Ans. Company --- 2 directors OR

Firm--- not less than one half of the partner

SEC 26: MATTERS TO BE STATED IN THE PROSPECTUS

1) Name and address of the Registered office, CEO, CFO, auditors, legal advisors, bankers, trustees and underwriters (if any).
2) Dates of the opening and closing of the issues
3) Declaration about the issue of the letter of allotment
4) Statement of the BOD about separate bank account where all monies received are transferred and disclosure of detail monies including utilised and unutilised monies out of the previous issue.
5) Details about the underwriting issue
6) Consent of the directors, auditors and bankers to the issue, experts opinion
7) Authority for the issue
8) Procedure and time schedule of the allotment and issue of securities
9) Capital structure of the company
10) Main objects of the public offer, terms of present issue
11) Main objects and present business of the company and its implementation
12) Particulars relating to
    a) what do management think about the risk in the project
    b) time period of project.
    c) Extent of the project completed
    d) Deadline for completion of the project
    e) Litigation involved , if any during the last 5 years against the promoters
13) Minimum subscription
14) Detail of director including their appointment and remuneration
15) Source of promoters contribution

REPORTS

- ✓ Reports of the auditor in respect of P&L and assets and liabilities of the company
- ✓ Reports relating to P&L of the company for the last 5 years
- ✓ Reports made by the auditors upon the P&L for each of the 5 financial years

Note:: in case of company which a period of 5 years has not elapsed, the reports will be relating each of the preceding financial years from the date of incorporation

- ✓ Reports to which the transaction which the proceed of securities are applied directly or indirectly
- ✓ make a declaration that no provision of SCRA has been violated

Note: -

- However this will to apply to the debenture holders or existing shareholders, they will not be required to issue any prospectus whether the shareholder has the right to renounce the shares
- No prospectus shall be issued unless it is delivered to Registrar for Registration, copy signed by director or proposed director
- A prospectus will not include any statement of expert , unless the expert has given written consent or withdrawn his consent before the delivery of the prospectus to the Registrar for registration
- Every prospectus must state that a copy has been to the Registrar for registration and specifies the document to be so attached
- The Registrar shall not register a prospectus unless the requirement of this section has been complied with by consent in writing
- No prospectus shall be valid for more than 90 days after the day a copy was made to the Registrar

DEFAULT:-

If the provisions are not complied then

- Company ---- Fine not less than 50000 to the maximum of RS 3 lakh
- every person---- imprisonment for 3 years or fine or both

SEC 27: VARIATIONS IN TERM OF CONTRACT OR OBJECTS IN PROSPECTUS

1) The terms of the contract and the object mentioned in the prospectus can be altered with the approval of , or subject to an authority given by company in general meeting by way of special resolution

2) The notice containing the details of special resolution shall be published in 2 newspaper , one in English and one in vernacular language

3) The shareholders who don't agree with the terms of the contract(calls "dissenting shareholders") shall be given exit order by promoters or controlling shareholder at exit price as per conditions mentioned in SEBI

SEC 28: OFFER OF SALE OF SHARE BY CERTAIN MEMBERS OF THE COMPANY

1) Where the certain members of the company propose to give the whole or certain part of shares to the public they can do with the consultation of BOD
2) Any details by which the shares are offered to public are called as prospectus and all the conditions as to omissions, mis statements shall apply
3) The company will offer the shares on behalf of the individuals or body corporate for which the expenses will be reimbursed by individual or the body corporate

SEC 29: PUBLIC OFFER OF THE SECURITIES IN THE DEMATERIALISED FORM

1) Every public companies , and other class or classes of public companies shall issue securities only in dematerialised form

2) Any other company may convert its shares into the dematerialised form and vice versa in accordance with the provision of Depositories Act 1996.

SEC 30: ADVERTISEMENT OF PROSPECTUS

1) Where an advertisement of any prospectus is published.
   The following are to be verified :-
   - Memorandum as to the objects
   - Liability of the member.
   - Amount of the share capital
   - The signatories to the memorandum
   - Number of shares subscribed
   - Capital structure

SEC 31: SHELF PROSPECTUS

1) As the Securities and Exchange Board provide, any company or class of companies at the time of first offer of securities issue shelf prospectus. The period of validity of the prospectus shall be one year.

2) While the second offer of securities, no prospectus shall be issued

3) A company filing Shelf prospectus shall issue Information memorandum

4) Contents of Information memorandum
   a) All material fact relating to new charges created
   b) Changes in the financial position of the company between the first offer of the securities and the succeeding offer of securities

5) The information memorandum shall be filed with Registrar within the prescribed time prior to the issue of second or subsequent offer of securities under shelf prospectus

6) Where a company or other person has received application for allotment of securities along with advance payments the company or other person shall intimate the changes to such applicants and
if they express a desire the company to withdraw applications the company shall refund the money

7) When offer of securities is made then Information memorandum + shelf prospectus= prospectus

Sec 32: Red Herring Prospectus

1) Before issue of prospectus a company must issue Red Herring prospectus

Red Herring Prospectus =prospectus which does not complete particulars of quantum
or
price of securities

2) A company has to file red herring prospectus 3 days before opening of subscription

3) Any variation between the prospectus and red herring prospectus shall be highlighted in the prospectus

4) On the closing of securities , any information which is not mentioned in the red herring prospectus shall be filed with the Registrar and Securities Exchange Board

SEC 33: ISSUE OF APPLICATION FORM FOR SECURITIES

1) Application form for the issue of securities is valid only when accompanied with abridged form of prospectus.

2) This condition will not apply in the following case
   - when invitation is made for underwriting agreement
   - when the shares are not offered to public

3) Before the closing of subscription list, a copy of prospectus will be furnished on the request of person

4) On Default Company -penalty of RS 50,000

SEC 34: CRIMINAL LIABILITY OF MIS-STATEMENT IN PROSPECTUS

1) When the prospectus any misleading statements, the person authorising the issue shall be liable under section 447.
2) This will not apply in the following cases

   a) when the person making the statement has reasonable grounds to believe that the statements were true at the time of making

   b) the omissions were immaterial

SEC 35: CIVIL LIABILITY FOR MIS STATEMENTS IN THE PROSPECTUS

1) Where a person who subscribes the shares on the basis of misleading statement Every person: - a) who is director

   b) who is promoter

   c) has authorised the issue of prospectus

   d) Expert

   shall reimburse to the person who has subscribed for the share
2) However this clause will not apply

   When the director before issuing of the prospectus issues his consent of becoming director

   OR

   the prospectus was issued without his permission

   OR

   the prospectus was issued without his knowledge and becoming aware of the issue , he gave a public notice that , the prospectus was issued without his knowledge
3) When it is proved that prospectus has been issued

   with the intent of defrauding the applicant for securities

   OR

   any person for fraudulent purpose then ;

every person shall be personally responsible without any limitation of liability for all losses or damages caused to the public who have subscribed for share on the basis of prospectus.

SEC 36: PUNISHMENT FOR FRAUDULENTLY INDUCING PERSON TO INVEST MONEY

1) Any person who makes a statement, promise, or forecast which is false

   or

   deliberately conceals material facts to induce any person to enter

- An agreement for acquiring, disposing or underwriting securities
- to secure profits from yield of securities
- the with the view of obtaining credit facilities from bank

shall be liable for action under section 447

SEC 37: ACTION BY THIRD PARTIES

Any persons affected by any misleading misstatements or inclusion or omission of the statement shall file a suit under Sec 34 or Sec 35 or Sec 36

SEC 38: PUNISHMENT FOR PERSONISATION ETC OF SECURITIES

1) Any person

- makes or abets making an application in fictitious name for the purpose of acquiring, subscribing
- makes or abet to make multiple applications in different names for the purpose of acquiring subscribing for its securities
- otherwise directly or indirectly a company to allot, register transfer, securities to him any person in fictitious name

liable for action under sec 447

2) The provisions shall be reproduced in every prospectus in every application of securities
3) Where a person has been convicted by court, the court may ask the person to give back the gain if made and securities in possession of such person
4) The amount so collected shall be deposited in the "Investor and Protection Fund"

SEC 39: ALLOTMENT OF SECURITIES OF COMPANY

1) NO allotment of securities shall be made unless
    a) the minimum amount stated in the prospectus has been received
    b) the sum payable on the application have been paid and received by the company by cheque or other instrument
2) The minimum amount payable on the application of every security should be 5% as specified by SEBI
3) If the minimum amount is not received with 30 days or such period as may be specified by SEBI
4) A company having share capital shall make Return of allotment
5) Default: Rs 1000 or Rs 1. Lakh (Whichever is less)

SEC 40: SECURITIES TO BE DEALT WITH STOCK EXCHANGES

1) Any Company before making public offer has to obtain permission from one or more recognised stock exchanges where the securities are to be dealt
2) The permission has to be obtained by making an application
3) Where the prospectus has been made, the prospectus shall state the name of stock exchanges in which securities are dealt
4) The monies received on application from public subscription are kept in separate bank account in scheduled bank and will be utilised
    a) for adjustment against allotment of securities where securities have been dealt with stock exchange
    c) for repayment of money within time specified by the board, where the company is not able to allot securities
5) Default: company Minimum Rupees 5 lakhs and Maximum 50 lakhs

Every officer: imprisonment for term of1 year OR fine of Rs 50000 maximum to Rs 3 lakhs OR both

SEC 41: ISSUE OF GLOBAL DEPOSITORY RECEIPTS

A company after passing special resolution in general meeting issue depository receipts in any foreign country.

SEC 42: PRIVATE PLACEMENTS

1) A company may make private placement through the issue of private placement offer
2) If a company whether listed or unlisted offers or allots or invites securities to more than prescribed number of person, whether payment of securities have been received or not OR whether listed or not listed in the recognised

SEC 43: SHARE CAPITAL

Kinds of Share Capital

Equity Share capital

Preference Share Capital

- With voting rights
- With Differential right as to dividend

Q1) What is Preference Share capital?
Ans. Preference share capital are shares which carries a preferential right to

a) payment of dividend
b) repayment in the case of winding up

Q2 Whether dividends are fixed??
Ans. The dividends can be fixed amount or calculated at a fixed rate either free or subject to income tax

Note: - Repayment of capital paid up or deemed to have paid up whether or not there is a preferential right to pay fixed premium under the memorandum or articles of association

SEC 44: NATURE OF SHARES OR DEBENTURES

The shares or the debentures shall be movable property and shall be transferable as provided by articles

SEC 45: NUMBERING OF SHARES

Every share in the company shall having a share capital will have a distinct share capital. However this will not apply to beneficial interest in the records of depository

SEC 46: CERTIFICATE OF SHARES

1) What is a share certificate?

Ans. A certificate which is issued under the common seal of the company which is evidence of the title of share and also the number of share held by him

2) When duplicate certificate issued?

Ans. When certificate is lost, destroyed, mutilated or defaced and such mutilated destroyed share certificate to the company

3) The manner of issue of the share certificate or duplicate share certificate ,the form of share certificate the particulars to be entered in register of member shall be as per the articles of association

4) The record of depository is prima evidence of the beneficial owner

5) Default : Company: Fine -minimum 5 times the face value of share certificates
   Maximum 10 times the face value of shares or ten crores whichever is higher

47: VOTING RIGHTS

Voting right of Equity share holders	***Voting Rights of Preference shareholders***
On every resolution put before the company	only on the resolutions which directly affect the rights a attached to its preference shares or Resolution for winding up of the company or Repayment of capital or Reduction of its equity /preference share capital

NOTE: - In case of preference shares when dividend has not been paid for two years such preference shareholders has the right to put all the resolutions

SEC 48: VARIATION OF SHAREHOLDERS RIGHT

1) The rights attached to different classes of shares can be varied
   a. with the consent in writing of holders of at least 3/4th of holders of shares; or
   b. by special resolution passed at special meeting

Provided,

The provisions with the respect to variation is contained with the Memorandum or Articles in the Company **OR**

IF no provision in the Memorandum or Articles, then the provisions are not prohibited by the issue

2) In the respect of special resolution is passed by at least 10% of issued share of class they may apply to Tribunal

and the application has to be passed within 21 days after the consent was governor resolution passed

3) The decision of the Tribunal is binding on the shareholders
4) The company shall file a copy with the Registrar within 30 days
5) Default : Company---- fine minimum Rs 25000 and Maximum to Rs 5 lakhs

Every officer--------Imprisonment - 6 months OR Fine RS 25000 maximum upto Rs 5lakhs or both

SEC 49: CALL ON THE SHARES OF THE SAME CLASS TO BE MADE IN UNIFORM BASIS

Calls for further shares capital on any class of shares on uniform basis

SEC 50: COMPANY TO ACCEPT UNPAID SHARE CAPITAL ALTHOUGH NOT CALLED UP

1) When a company is authorised by articles it may accept from its member any unpaid amount by the shareholder even if no part has been called up

2) Where a company limited by shares when the amount has been fully paid up then only member is entitled to voting rights