7th Edition

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CA INTER
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SUMMARIZED





THE ULTIMATE SOLUTION





YOUR CA BUDDY
— CA SHUBHAM SINGHAL —

DESERVE BEFORE YOU DESIRE!

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YOUR CA BUDDY

CA SHUBHAM SINGHAL

Message from Your CA Buddy

Haanji doston! - kya haal hai (3x). I hope you are all doing really really well.

I am happy to present the only book in India which acts are - Bare Act on Day 1 of your preparation and the same book acts as SUMMARY on the day before your exam. Hence, I call it THE ULTIMATE SOLUTION!

I assure you that I have given my 200% of energy, time and heart into making this book. And I am confident that this is the ONLY book you need to ace your exams.

This book would not have been possible without the blessings of mumma & papa and the constant support of my wife.

And YOU, my friend. MY FUTURE CA: Use this book, ace your exams, become a CA and make your parents proud. And most importantantly - BELIEVE IN YOU!

Keep going - Yahin hoon main - Your CA Buddy

Shubham Singhal

Chapterwise Weightage

Weightage in old syllabus

Name of the Chapter	N-19	N-20	J-20	J-21	D-21	M-22	N-22	M-23	N-23
Preliminary	4	-	-	11	2	3	5	5	-
Incorporation	7	13	5	10	3	9	5	-	10
Prospectus	4	-	10	3	8	5	5	5	5
Share Capital	8	8	10	3	7	8	6	11	5
Deposit	6	6	7	4	5	2	4	5	4
Charges	5	4	3	-	-	4	5	5	2
Management	4	2	8	9	15	7	4	4	11
Dividend	5	8	5	3	2	2	6	6	-
Accounts	9	6	6	6	6	7	5	13	12
Audit	6	6	3	8	9	10	6	3	6
GCA	7	8	7	7	7	7	6	6	8
Interpretation	6	6	6	6	6	6	7	7	6
Total	71	67	70	70	70	70	64	70	69

Weightage in new syllabus

Name	M-24	S-24	J-25			M-25			S-25			J-26			M-26			S-26		
			D	M	T	D	M	T	D	M	T	D	M	T	D	M	T	D	M	T
Preliminary	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incorporation	-	5	5	2	7	5	-	5	5	-	5	5	2	7	5	-	5	5	-	5
Prospectus	5	5	5	2	7	10	2	12	5	2	7	5	2	7	5	-	5	5	-	5
Share Capital	10	7	5	2	7	-	6	6	10	4	14	5	2	7	10	-	10	5	8	13
Deposit	2	11	5	-	5	5	-	5	5	2	7	5	2	7	5	4	9	5	2	7
Charges	-	5	-	-	-	15	-	15	-	-	-	5	2	7	5	-	5	10	-	10
Management	13	5	10	-	10	-	6	6	15	2	17	5	2	7	5	4	9	-	-	-
Dividend	5	10	5	-	5	-	-	-	-	-	-	10	-	10	5	2	7	-	6	6
Accounts	10	8	5	8	13	10	-	10	10	-	10	10	-	10	5	6	11	10	-	10
Audit	8	2	10	4	14	5	-	5	10	-	10	-	6	6	5	-	5	10	-	10
Foreign Co	2	11	5	-	5	5	2	7	-	6	6	5	-	5	5	-	5	5	-	5
GCA	8	12	8	2	10	8	4	12	8	6	14	8	4	12	8	4	12	8	4	12
IOS	8	8	8	-	8	8	-	8	8	-	8	8	-	8	8	-	8	8	-	8
FEMA	8	14	8	6	14	8	6	14	8	6	14	8	6	14	8	6	14	8	6	14
LLP	10	16	10	2	12	10	4	14	10	2	12	10	4	14	10	4	14	10	4	14
Total	89	119	89	30	119	89	30	119	89	30	119	89	30	119	89	30	119	89	30	119

Note: 1) D = descriptive, M = MCQ's, T = Total

2) New syllabus introduced from May 24. FEMA,LLP & foreign co. introduced in new syllabus.

3) ICAI has started officially releasing exam MCQ's only from Sep 24 only

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15	Limited Liability Partnership Act	15
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Reason why I call this book – The Ultimate Solution

SN	Appendix	SN	Appendix
1	Matters requiring OR/SR	5	Exemption to Private companies
2	Important Limits of Companies Act	6	Exemption to Government companies
3	Power delegated to RD and RoC	7	Exemption to Nidhi companies
4	All you need to know about IFSC companies		

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3. Cover the full question bank in the first revision along with this summary notes and mark selected questions for next revision
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5. Use revision videos along with this summary notes for comprehensive revision
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Parth Shah



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Jyoti Hegde



84 Marks
Karina



84 Marks
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80 Marks
Shaik Shahabaaz

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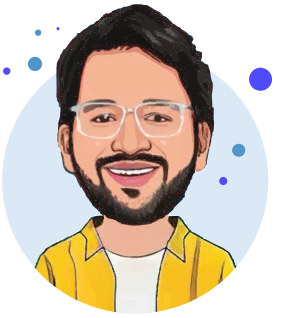






Commonly used shortforms

Short	Full Form	Short	Full Form
AIF	Alternate Investment Fund	OFS	Offer for Sale
AoA	Articles of Association	OOBH	Opportunity of being heard
BC	Body Corporate	OPC	One Person Company
BoA	Books of Accounts	OR	Ordinary Resolution
BoD	Board of Directors	PFI	Public Financial Institutions
BR	Board Resolution	POB	Place of Business
CASH	Company or its holding, subsidiary, or associate company	PP	Private Placement
CFS	Cash Flow Statement	PROI	Person Resident Outside India
CG	Central Government	PSC	Preference Share Capital
CRR	Capital Redemption Reserve	PUSC	Paid Up Share Capital
CTV	City, Town, Village	RD	Regional Director
DH	Debenture Holders	RGTB	Reasonable Ground to Believe
DP	Designated Partner	RoC	Registrar of Company
DVR	Differential Voting Rights	RoM	Register of Members
EGM	Extra-Ordinary General Meeting	RPAD	Registered Post Acknowledgement Due
ESC	Equity Share Capital	RPT	Related Parties Transaction
FC	Foreign Company	SAS	Statement of Account Solvency
FPO	Further Public Offer	SEBI	Securities and Exchange Board of India
GM	General Meeting	SEZ	Special Economic Zone
ID	Independent Director	SG	State Government
IEPF	Investor Education and Protection Fund	SH	Shareholders
IPO	Initial Public Offer	FS	Financial Statement
IRDA	Insurance Regulatory & Development Authority	SOH	Subsidiary of Holding
KMP	Key Managerial Personnel	SR	Special Resolution
LR	Legal Representative	T&C	Terms and Conditions
MCA	Ministry of Corporate Affairs	UDA	Unpaid Dividend Account
MoA	Memorandum of Association	VR	Voting Rights
MD	Managing Director	WOS	Wholly Owned Subsidiary
MSME	Micro Small Medium Enterprises	WTD	Whole Time Director
NCLT	National Company Law Tribunal		



YOUR CA BUDDY

CA SHUBHAM SINGHAL



Chapter 1 Preliminary

Objective of this Act

Act to consolidate and amend the law relating to companies.

Enactment

- Received the assent of the Hon'ble President of India on 29th August 2013
- Notified in Official Gazette on 30th Aug 2013 (different dates may be appointed for enforcement)

Structure of Companies Act

29 Chapters | 470 Sections | 7 Schedules

Section 1: Short Title, Extent, Commencement and Application

Short Title	Companies Act, 2013
Extent	Whole of India (by default includes J&K)
Commencement	From date as appointed by CG by notification in Official Gazette
Applicability	The provision of this Act shall apply to:
	a. companies incorporated under this Act or under any previous company law.
	b. insurance companies, except where provisions are inconsistent with that of Insurance Act, 1938 or IRDA Act, 1999;
	c. banking companies, except where provisions are inconsistent with that of Banking Regulation Act, 1949
	d. companies engaged in generation or supply of electricity, except where provisions are inconsistent with that of Electricity Act, 2003.
	e. other company governed by any Special Act, except where provisions are inconsistent with that of Special Act (e.g., LIC, RBI)
	f. such body corporate, incorporated by any Act for the time being in force, as may be notified by CG.
	[e.g., Food Corporation of India (FCI), NHAI]

Section 2: Definitions

In this Act, unless the context otherwise requires:

1 Abridged Prospectus

Means a memorandum containing such salient features of a prospectus as may be specified by SEBI by making regulations in this behalf.

2 Accounting Standards

Means the standards of accounting or any addendum thereto for companies or class of companies referred to in section 133.

3 Alter or Alteration

Includes the making of additions, omissions and substitutions.

5 Articles

Means the articles of association of a company:

- as originally framed, or
- as altered from time to time, or
- applied in pursuance of any previous company law or this Act.

6 Associate Company

In relation to another company, means a company in which that other co. has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture co.

Explanation: For the purpose of this clause:

a. "Significant influence" means control of at least 20% of total voting power, or control of or participation in business decisions under an agreement;
b. "Joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Clarification: Shares held by a company in another company in a fiduciary capacity shall not be counted for the purpose of determining the relationship of associate company

A fiduciary is a person who holds a legal or ethical relationship of trust with another person. Typically, a fiduciary prudently takes care of money or other assets for another person.

7 Auditing standards

means the standards of auditing or any addendum thereto for companies or class of companies referred to u/s 143(10).

8 Authorised Capital or Nominal Capital

means such capital as is authorised by the memorandum of a company to be the maximum amount of share capital of the company.

10 Board of Directors or Board

means the collective body of the directors of the company.

11 Body corporate or Corporation

Includes a company incorporated outside India, but does not include:

(i) a co-operative society registered under any law relating to co-operative societies; and

(ii) any other body corporate (not being a company as defined in this Act) notified by CG.

12 "Book and Paper" and "Book or Paper": Includes:

Books of Accounts | Deeds | Voucher | Writings | Documents | Minutes | Registers

maintained on paper or in electronic form.

13 "Books of account" includes records maintained in respect of:

(i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;

(ii) all sales and purchases of goods and services by the company;

(iii) the assets and liabilities of the company; and

(iv) the items of cost as may be prescribed u/s 148.

14 Branch office, means any establishment described as such by the company.

15 Called-up capital means such part of the capital, which has been called for payment.

16 Charge means an interest or lien created on the property or assets of a company or any of its undertakings or both as security and includes a mortgage.

17 Chartered Accountant means a CA as defined in section 2(1)(b) of the Chartered Accountants Act, 1949 who holds a valid certificate of practice u/s 6(1) of that Act.

18 Chief Executive Officer means officer of company, who has been designated as such by it.

19 Chief Financial Officer means a person appointed as the CFO of a company.

20 Company means a company incorporated under this Act or under any previous company law.

Example: RIL (1973), Tata Steel (1907), Infosys (1981).

Generally speaking, company means an incorporated association which is an artificial person, having a separate legal entity, with a perpetual succession, a common seal (optional).

Requirement to have a common seal is optional. Any document is valid if signed by 2 directors or one director + CS, where company has appointed CS, even without a seal.

21 Company limited by guarantee means a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.

22 Company limited by share capital means a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.

26 Contributory means a person liable to contribute towards the assets of the company in the event of its being wound up.
Explanation: For the purposes of this clause, it is hereby clarified that a person holding fully paid-up shares in a company shall be considered as a contributory but shall have no liabilities of a contributory under the Act whilst retaining rights of such a contributory.

27 Control shall include:

- the right to appoint majority of the directors or
- to control the management or policy decisions exercisable by a person(s) acting individually or in concern, directly or indirectly,
- including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

30 Debenture includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not.
(Discussed in detail in Sec 71)

34 Director means a director appointed to the Board of a company.

35 Dividend includes any interim dividend.

36 Document includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

37 Employees stock option means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

38 "Expert" includes an engineer, a valuer, a CA, a CS, a cost accountant and any other person who has the power or authority to issue a certificate in pursuance of any law for the time being in force.

40 Financial statement in relation to a company, includes: (2) (5)

(i) Balance sheet as at the end of the financial year;

(ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;

(iii) cash flow statement for the financial year;

(iv) a statement of changes in equity (SOCE), if applicable; and

(v) any explanatory note annexed to, or forming part of, any document referred above.

Provided that the FS may not include CFS in case of following companies:

- OPC
- Small company
- Dormant company
- Private company (recognised as start-up as per the notification by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.)

41 Financial Year, in relation to any company or BC, means period ending on 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof FS of the company or BC is made up.

(4) Provided that where a company or BC, which is a holding company or a subsidiary or associate company of a company incorporated outside India and is required to follow a different FY for consolidation of its accounts outside India, the CG may, on an application made by that company or BC in such form and manner as may be prescribed, allow any period as its FY, whether or not that period is a year.

43 Free reserves means such reserves which, as per the latest audited balance sheet of a company, are (13) available for distribution as dividend.

Provided that, following shall not be treated as free reserve:

i. any amount representing unrealised gains, notional gains, or revaluation of assets, whether shown as a reserve or otherwise, or

ii. any change in carrying amount of an asset or liability recognised in equity, including surplus in Profit and Loss account on measurement of the asset or the liability at fair value.

44 Global Depository Receipt (GDR): means any instrument in the form of a depository receipt, by whatever name called:

- created by a foreign depository outside India and
- authorised by a company making an issue of such depository receipts.

45 Government company means:

- any company in which not less than 51% of paid-up share capital is held by CG, or by any SG, or partly by CG and partly by one or more SG, and
- includes a company which is a subsidiary company of such government company.

46 Holding company, in relation to one or more other companies, means a company of which such companies are subsidiary companies.

50 Issued Capital means such capital as the company issues from time to time for subscription.

51 Key Managerial Personnel, in relation to a company, means:

- the CEO or the managing director or the manager;
- the company secretary;
- the whole-time director;
- the CFO
- such other officer, not more than one level below the directors who is in whole-time employment, designated as KMP by the Board; and
- such other officer as may be prescribed.

52 Listed company means a company which has any of its securities listed on any recognised stock exchange ("RSE"); 10

Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the SEBI, shall not be considered as listed companies.

Rule 2A of the Companies (Specification of definitions details) Rules, 2014



The following classes of companies shall not be considered as listed companies, namely:

a. Public companies which have not listed their equity shares on a RSE but have listed their:
   i. non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
   ii. non-convertible redeemable preference shares issued on private placement basis as per SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;
   iii. both categories of (i) and (ii) above.

b. Private companies which have listed their non-convertible debt securities on private placement basis on a RSE in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;

c. Public companies which have not listed their equity shares on a RSE but whose equity shares are listed on a stock exchange in a jurisdiction as specified in section 23(3) [permissible foreign jurisdiction].

53 Manager means an individual who:

- subject to the superintendence, control and direction of the Board of Directors,
- has the management of the whole, or substantially the whole, of the affairs of a company, and
- includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

54 Managing Director means a director who

- By virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors,
- is entrusted with substantial powers of management of the affairs of the company and
- includes a director occupying the position of managing director, by whatever name called

Explanation: For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board shall not be deemed to be included within the substantial powers of management.

Power to do administrative act like:

power to affix the common seal to any document	draw and endorse any cheque in any bank	draw and endorse any negotiable instrument	sign any certificate of share	direct registration of transfer of any share

55 Member in relation to a company, means:

i. the subscriber to the memorandum of co. who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members;
ii. every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
iii. every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository.

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

57 Net worth means the: 3

Aggregate value of:	After deducting:	Does NOT include:
1. paid-up share capital,	1. the accumulated losses,	1. reserve created out of revaluation of assets
2. all reserves created out of the profits,	2. deferred expenditure &	2. write-back of depreciation and amalgamation
3. securities premium account &	3. miscellaneous expense not written off	
4. debit or credit balance of P&L		

58 Notification means a notification published in Official Gazette and expression "notify" to be construed accordingly.

59 Officer includes any director, manager or KMP or any person in accordance with whose directions or instructions the Board of directors or any one or more of the directors is or are accustomed to act.

60 Officer who is in default, for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:

(i) Whole-time director;

(ii) KMP;

(iii) where there is no KMP, such director(s) as specified by the Board in this behalf and who has or have given his consent in writing to the Board to such specification, or all the directors, if no director is so specified;

(iv) any person who, under the immediate authority of Board/KMP, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;

(v) any person in accordance with whose advice, directions or instructions the Board of directors of company is accustomed to act, other than a person who gives advice to Board of directors in a professional capacity;

(vi) every director, in respect of a contravention of any of the provisions of this Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;

(vii) in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer.

62 One Person Company (OPC) means a company which has only one person as a member.

63 Ordinary or Special Resolution means an OR/SR as referred to in section 114.

64 Paid-up share capital or share capital paid-up means:
such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;

65 Postal ballot means voting by post or through any e-mode.

66 Prescribed means prescribed by rules made under this Act.

68 Private Company means a company having a minimum paid-up share capital as may be prescribed, and which by its articles: 8

i. restricts the right to transfer its shares;

ii. except in case of OPC, limits the number of its members to 200:

Provided that in case joint holding – Treat them as single member.

Provided further, following shall not be included in number of members:

a. persons who are in the employment of the company; and

b. persons who, having been formerly in employment of company, were members of company while in that employment and have continued to be members after the employment ceased.

iii. prohibits any invitation to the public to subscribe for any securities of the company;

Exception to Sec 8 companies: Requirement of prescribed minimum PUSC is not applicable to Sec 8 companies (provided that Sec 92 and Sec 137 is complied with)

69 Promoter means a person: 14

a. who has been named as such in a prospectus or is identified by company in annual return u/s 92,

b. who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

c. in accordance with whose advice, directions or instructions the Board of the company is accustomed to act (except where such person is acting merely in professional capacity)

70 Prospectus means any document described or issued as a prospectus and includes a red herring prospectus or shelf prospectus or any notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of any securities of a body corporate.

71 Public company means a company which: 12

i. is not a private company; and

ii. has a minimum paid-up share capital as may be prescribed (N.A. to Sec 8 companies)

Provided that subsidiary of a public company shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.

74 Register of companies means the register of companies maintained by the Registrar on paper or in any electronic mode under this Act.

75 Registrar means a Registrar, an Additional Registrar, a Joint Registrar, a Deputy Registrar or an Assistant Registrar, having the duty of registering companies and discharging various functions under this Act.

76 Related Party: 9

Person	Firm	Private Company	Public Company
Director or Relatives	Director, Manager or relative is a partner	Director, Manager or Relative is Member or Director	Such director or manager ~~or Relative~~ is a director AND holds along with relatives >2% of PUSC
KMP or Relatives			

Body Corporate [2(76)(viii)]*	Any person	Other person
BOD / MD / Manager is accustomed to act as per advice or instruction of director or manager ~~and relative~~	on whose advice or instruction of director or manager and ~~relative~~ is accustomed to act	As may be prescribed Director (other than I.D), KMP of the holding co. or relatives of such directors or KMP
holding, subsidiary, co-subsidiary or associate of such company		
Investing company or venturer of the company (such investment leads to the company becoming associate)		

*Exemption: Section 2(76)(viii) shall not apply to a private company w.r.t transaction u/s 188 (i.e., related party transation) even though it is a related party u/s 2(76).

77 Relative:

Anyone who is related to another and covers the following:

a. they are members of a HUF (Hindu Undivided Family);
b. they are husband and wife; or
c. one person is related to the other in the prescribed manner as under:

Father (including step-father);	Mother (including step-mother);	Son (including step-son);	Son's wife;
Daughter ~~(including step-daughter)~~;	Daughter's husband;	Brother (including the step-brother);	Sister (including the step-sister).

78 Remuneration means any money, or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

84 Share means a share in the share capital of a company and includes stock.

85 Small company means a company, other than a public company: 5 7 11

i. PUSC of which does not exceed Rs. 50 lakh or such higher amount as may be prescribed which shall not be more than Rs. 10 crores; and

ii. turnover of which as per P&L account for the immediately preceding FY does not exceed Rs. 2 crores or such higher amount as may be prescribed which shall not be more than Rs. 100 crores

Provided that nothing in this clause shall apply to:

i. a holding company or a subsidiary company;

ii. a company registered under section 8; or

iii. a company or body corporate governed by any special Act.

Amendment in definition of Small Company [with effect from 1st December 2025]

As per Companies (Specification of definition details) Amendment Rules, 2025, the limit u/s 2(85) has been revised as follows:

Paid up capital and turnover of the small company shall not exceed Rs. 10 crores and Rs. 100 crores respectively (earlier, the limit was Rs. 4 crores and Rs. 40 crores, respectively)

Note: This revised limit is applicable from Sept'26, Jan'27 and May'27 attempt onwards.

86 Subscribed capital means such part of the capital which is subscribed by the members of a company.

87 Subsidiary company in relation to any other company, means a company in which the holding company: 1

i. controls the composition of the Board of Directors; or

ii. exercises or controls more than $\frac{1}{2}$ of the total voting power either at its own or together with one or more of its subsidiary companies.

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: For the purposes of this clause:

a. a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or (ii) is of another subsidiary company of holding company;

b. the composition of a company's Board of directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

c. the expression "company" includes any body corporate;

d. layer in relation to a holding company means its subsidiary or subsidiaries;

Note: Shares held by a company or power exercisable by it in another company in a fiduciary capacity shall not be counted for purpose of determining the holding – subsidiary relationship.

88 Sweat equity shares means such equity shares as are issued by a company to its directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions.

89 Total voting power, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote are present at the meeting and cast their votes.

90 Tribunal means the NCLT constituted u/s 408.

91 Turnover means the gross amount of revenue recognised in the P&L account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a FY.

92 Unlimited company means a company not having any limit on the liability of its members.

93 Voting Right means the right of a member of a company to vote in any meeting of the company or by means of postal ballot.

"Deserve before you desire"

The End

Summary of Forms

Form No.	Section	Purpose
		1. Incorporation Stage
DIR-2	7	Consent of person to act as first director.
DIR-12	7	Filing particulars of first director with consent (DIR-2).
INC-4	3	Nominee's consent for OPC incorporation; also for withdrawal/change/ cessation of nominee with RoC.
INC-8	7	Declaration of compliance by professional (Advocate/CA/CS) and first director/manager/secretary.
INC-9	7	Declaration from subscribers and first directors on document correctness and non-conviction.
INC-11	7	Certificate of incorporation issued by RoC.
SPICe+ (INC-32)	Many	Integrated application for incorporation: name reservation, Sec. 8 registration, OPC nominee, AoA entrenchment.
INC-33	7	eMoA furnished for registration.
INC-34	7	eAoA furnished for registration.
RUN	4	Application for name reservation when changing name of existing company.
		2. Post-Incorporation Compliance
INC-20A	10A	Director's declaration that subscribers paid for shares.
INC-22	12	Verification/notice of every change of registered office after incorporation.
		3. Alteration / Conversion
INC-23	13	Application to CG/RD for MoA alteration (registered office shifting State-to-State or RoC jurisdiction change).
INC-24	13	Application for approval of change in company name.
INC-25	13	Fresh certificate of incorporation after name change.
INC-26	13	Newspaper advertisement for registered office shifting State-to-State.
INC-27	14	Filing AoA alteration, CG order (if any), and altered AoA with RoC.
INC-28	13	Filing certified copy of CG order (approving RO shifting State-to-State) with RoC of both States.
MGT-14	5	Notice to RoC of entrenchment provisions in AoA by existing company.
RD-1	14	Application to RD for conversion of public company into private company.
		4. Section 8 Companies
INC-18	8	Application to RD for approval of Sec. 8 company conversion.
INC-19	8	Newspaper notice for Sec. 8 company conversion.

Summary of sections

Sec.	Section Name	Sec.	Section Name
3	Formation of Company	15	Alteration of Memorandum or Articles
3A	Members severally liable in certain cases		to be Noted in Every Copy
4	Memorandum	16	Rectification of Name of Company
5	Articles	17	Copies of Memorandum, Articles, etc.,
6	Act to Override Memorandum, Articles.		to be Given to Members
7	Incorporation of Company	18	Conversion of Companies Already
8	Formation of Companies with Charitable		Registered
	Objects, etc.	19	Subsidiary Company not to Hold Shares
9	Effect of Registration		in its Holding Company
10	Effect of Memorandum and Articles	20	Service of Documents
10A	Commencement of business etc.	21	Authentication of Documents,
12	Registered Office of Company		Proceedings and Contracts
13	Alteration of Memorandum	22	Execution of Bills of Exchange, etc.
14	Alteration of Articles		

Understanding Promoter

Promoter [Sec 2(69)] means a person:

- who has been named as such in a prospectus or is identified by company in annual return u/s 92,
- who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- in accordance with whose advice, directions or instructions the Board of the company is accustomed to act (except where such person is acting merely in professional capacity)

General meaning of promoter:

- A person who initiates promotion of a company is usually called as Promoter.
- A promoter is one who undertakes to form a company w.r.t. a given project, and to set it going, and who takes the necessary steps to accomplish that purpose.
- To be a promoter, one need not necessarily be associated with the initial formation of the company; one who subsequently helps to arrange floating of its capital will equally be regarded as a promoter.
- Hence, "promoter" denotes any individual, association, partnership or a company that takes all the necessary steps to incorporate a company and set it going, in a fiduciary position.

[Example – RIL currently has approx. 46 shareholders who are promoters or part of promoter group.]

Section 3 – Formation of Company:

A company may be formed for any lawful purpose by:

(a) 7 or more persons in case of a public company;

(b) 2 or more persons in case of a private company; or

(c) 1 person, where the company to be formed is to be an OPC,

by subscribing to a memorandum and complying with the requirements of this Act.

Such company may be either a company limited by shares, or a company limited by guarantee, or an unlimited company.

Formation of One Person Company (OPC):



1. One Person Company [Sec 2(62)] means a company which has only one person as a member;

2. In case of OPCs, the name shall have the suffix (OPC) Private Limited.

3. Nominee of OPC: In case of OPC, the MoA shall indicate:
   - the name of the other person,
   - with his prior written consent in the prescribed form,
   - who shall, in the event of the subscriber's death or his incapacity to contract
   - become the member of the company

   The written consent so obtained shall also be filed with the Registrar at the time of incorporation of the OPC along with its MoA and AoA.

4. Eligibility of nominee and member:
   - Only a natural person who is an Indian citizen whether resident in India or otherwise:
     a. shall be eligible to incorporate OPC;
     b. shall be a nominee for the sole member of OPC.

     "Resident in India" means a person who has stayed in India for not less than 120 days during immediately preceding FY.

     Note: Even a Non-Resident Indian, who is Indian Citizen, can form OPC.

   - A natural person shall not be a member of more than 1 OPC at any point in time and the said person shall not be a nominee of more than 1 OPC at the same time.

5. Where a member in OPC becomes member in another OPC by virtue of his being a nominee in that OPC, such person shall meet eligibility criteria (as given in point above) within 180 days.

6. When such nominee becomes member (in case of death or incapacity):
   - He shall appoint a new nominee within 15 days of becoming member.
   - OPC to inform RoC in Form INC-4 within 30 days of becoming member.

7. Withdrawal of consent by nominee:
   - Nominee may withdraw consent by giving a notice in writing to the sole member and to OPC.
   - Sole member shall nominate another person within 15 days of such withdrawal.
   - Send intimation of such nomination + written consent
   - OPC to inform RoC in Form INC-4 within 30 days of withdrawal of nomination.

8. Replacement of Nominee:

   Member of OPC may, at any time, change the name of Nominee by:
   - Member to obtain written consent of new nominee.
   - Intimate the company about such change.
   - OPC to inform RoC in Form INC-4 within 30 days of intimation of change of nominee from member.
   - Change of such name shall NOT be deemed as Alteration of MoA.

9. Conversion of OPC:
   - OPC cannot be incorporated as or converted into a section 8 company.
   - OPC may be converted to private or public companies in certain cases. (as per Rules)

10. No minor shall become member or nominee of the OPC or can hold share with beneficial interest.
11. OPC cannot carry out NBFC Investment activities including investment in securities of any BC.

12. Relaxations available to OPC (as well as Small companies):

Section	Relaxation for OPC
2(40)	Not required to prepare CFS.
92	Annual Return can be signed by Director (CS not mandatory).
96	AGMs not applicable to OPCs
98, 100-111	Sec 98 and 100 to 111 – not applicable.
134	FS and BoD Report can be signed by 1 director.
137	FS can be filed within 6m from close of FY (instead of 30 days).
143(3)	Reporting on adequacy of IFC – Not applicable to OPCs
173	Only 1 BoD meeting in each half of calendar year. Gap between 2 BM >= 90 days.

Section 3A – Members severally liable in certain cases:



If at any time, the no. of members is reduced below prescribed limit i.e., 7 (public) or 2 (private) + Company carries on business for more than 6m while no. of members is so reduced

Every person who is a member during the time that it so carries on business after those 6m and is cognizant of the fact that business is carried on by reduced member, such members shall be severally liable for payment of whole debts contracted during that time, and may be severally sued therefor.

*Note: Such members shall be severally liable for whole debts contracted after the lapse of 6 months.

Section 4 – Memorandum of Association:

Understanding Memorandum of Association:

- Base document for the formation of the company (MoA + AoA = Constitutional Document)
- Content of MoA need to be in compliance with Companies Act, 2013
- MoA contains object for formation of company beyond which its actions cannot go.
- MoA is a public document u/s 399 of the Companies Act, 2013. Consequently, every person entering into a contract with the company is presumed to have knowledge of conditions contained therein.
- Shareholders must know the purposes for which his money can be used by the company and what risks he is taking in making the investment.
- Company cannot depart from provisions contained in MoA – Otherwise, ultra vires Act.

1. The MoA of a company shall state:

Name of company with last word "Limited" or "Private Limited"*;	State in which Registered office of company is to be situated	Objects for which the company is proposed to be incorporated and any matter incidental thereto

the Liability of members of company, whether limited or unlimited**	In case of company having SC: a. Amount of registered SC (divided into amount and no. of shares) b. the no. of shares each subscriber intends to take opposite to his name	Name of nominee (in case of OPC)

* In case of Govt company & Section 8 company, suffix such as "Pvt Ltd" or "Ltd" is N.A.

** Liability clause: State that liability is limited to

- unpaid amt of shares (in case of company limited by shares) or
- amt upto which member undertake to contribute in event of winding up (ltd. by Guarantee).

2. Name Clause:

The name stated in the memorandum shall:

(a) NOT be identical with or resemble too nearly the name of an existing company under this Act or previous companies Act;

(b) NOT be such that its use by the company:

(i) will constitute an offence under any law for the time being in force; or

(ii) is undesirable in the opinion of the CG (power delegated to RoC).

A name is said to "resemble" when difference is only of:

Plural or Singular	Spacing between letter or punctuation marks	Use of different tenses	Slight variation of spelling (Disc Ltd vs Disk Ltd.)

Different phonetic spellings (Jay Kay Ltd. and JK Ltd)	Complete translation in Hindi or English (National Service Ltd vs. Rashtriya Seva Ltd)
Use of www. or ".net" etc. (SS Ltd vs SS.com Ltd)	Order of words is similar (Ravi Builders and Teacher Ltd. vs Ravi Teacher and Builder Ltd)
Addition of name of place	Addition or deletion of numerals (unless numerals represent brand)

3. A company shall not be registered with a name which contains:

a. any word or expression which is likely to give the impression that the company is in any way connected with, or having the patronage of, the CG, any SG, or any local authority, corporation or body constituted by the CG or SG under any law for the time being in force; or

b. such word or expression, as may be prescribed,

unless the previous approval of CG has been obtained for the use of any such word or expression.

Rule 8B of Companies (Incorporation) Rules, 2014: 

Following words and combinations thereof shall not be used in the name of a company in English or any of the languages depicting the same meaning unless the previous approval of the CG has been obtained:

• Board;	• National;	• Authority;	• Forest corporation;	• Development Authority;
• Union;	• Republic;	• Municipal;	• Development Scheme;	• Small Scale Industries;
• Nation;	• President	• Panchayat;	• Court or Judiciary;	• Financial Corporation and the like;
• Central;	• Minister;	• Commission;	• Statute or Statutory;	• Khadi and Village Industries Corporation;
• Federal;	• Governor;	• Undertaking;		
• Bureau	• Rashtrapati;			
	• PM or CM;			

- The use of word of Scheme with the name of Government (s), State, India, Bharat or any Government authority or in any manner resembling with the schemes launched by CG/SG or local Governments/authority.

4. A person may make an application (SPICe+/RUN form) to Registrar for reservation of a name as:

(a) the name of the proposed company; or

(b) the name to which the company proposes to change its name.

Resubmission may be allowed within 15 days, in case of any defect.

5. Reservation of Name:

i. Upon receipt of application u/s (4), the Registrar may, on the basis of information and documents furnished with application, reserve the name:

For 20 days	From approval or such other prescribed period in case of New company
For 60 days	From approval in case of Existing company.

Rule 9A  (only for new companies)

Application for extension of time can be made before expiry of 20 days as follows:

Another 20 days (Total 40 days)	Fees Rs. 1,000
Further 20 days (Total 60 days)	Fees Rs. 2,000
40 days in one go (Total 60 days)	Fees Rs. 3,000

ii. Where after reservation, it is found that name was applied by furnishing wrong or incorrect information, then:

Co. is not incorporated	Cancel reserved name + Applicant liable for penalty upto Rs. 1L
If company is incorporated	Registrar may, after giving the company an OOBH,:
	a. direct company to change name within 3m, after passing an OR;
	b. take action for striking off name of company from register; or
	c. make a petition for winding up of the company.

6. MoA shall be in respective forms specified in Tables A, B, C, D and E in Sch I as may be applicable.

7. In case of company limited by guarantee and not having a share capital - Any provision in MoA/AoA purporting to give any person a right to participate in divisible profits of company otherwise than as a member, shall be void.

Note: CG directed Registrar that while allotting names to companies or LLPs, the RoC concerned should exercise due care to ensure that the names are not in contravention of the provisions of the "Emblems and Names (Prevention of Improper Use) Act, 1950".

Section 5 – Article of Association: 26-27

1. AoA shall contain the regulations for management of the company (internal rules and regulations)

2. AoA to include such matters, as may be prescribed.
Provided that company may include additional matters in AoA as considered necessary for management.

Entrenchment Provision:

3. AoA may contain provisions for entrenchment
Effect of such provision - AoA may be altered only if conditions or procedures as that are more restrictive than those applicable in case of special resolution, are met or complied with.

4. Provisions for entrenchment shall only be made:
   - either on formation of a company, or
   - by an amendment in AoA agreed to by:
     a. all members (in case of private company) or
     b. by a special resolution (in case of public company)

5. Where AoA contain provision for entrenchment, company shall give notice to RoC of such provision in:
   - SPICe+ (for entrenchment provision made on formation of companies) or
   - MGT-14 (within 30 days if such provision made by amendment to AoA of existing company)

6. AoA shall be in respective forms specified in Tables, F, G, H, I and J in Schedule I.
7. A co. may adopt all or any of the regulations contained in the model articles applicable to such co.

8. Where registered AoA do not exclude or modify regulation contained in model AoA applicable to such company, the regulations (in model AoA) shall be deemed to be regulation of such company as if they were contained in duly registered AoA of the company.

Section 6 – Act to Override Memorandum, Articles, etc.

Save as otherwise expressly provided in this Act:

a. the provisions of this Act shall have effect notwithstanding anything to the contrary contained in:
   MoA/AoA | any agreement executed by co. | BoD resolution or SH resolution

b. any provision contained in the memorandum, articles, agreement or resolution shall, to the extent to which it is repugnant to the provisions of this Act, become or be void, as the case may be.

Relevant Doctrines

Doctrine of Ultra Vires

- Whatever is not stated in MoA as objects of the company is prohibited by doctrine of ultra vires.
- An act which is ultra vires is void and does not bind the company.
- Neither the company nor the contracting party can sue on it.
- The co. cannot make it valid, even if every member assents to it (i.e., such act cannot be ratified)

Important Case Laws:

Case Name	Case Scenario	Court Decision
Rajendra Nath Dutta vs. Shailendra Nath Mukherjee (1982)	Directors acted beyond their authority, but the act itself was within the company's main purpose (MoA).	Intra vires to the company and hence ratification by shareholders is possible.
Ashbury Railway Carriage and Iron Co. Ltd. v. Riche (1878)	Company having object of making railway engines financed construction of a railway line (which is outside its main purpose in MoA).	Ultra vires to the company and hence no ratification allowed. It is void ab initio.

Doctrine of Indoor Management [Turquand Rule]:

- Persons dealing with the co. cannot be assumed to have knowledge of internal problems of the co.
- Stakeholders need not enquire whether the necessary meeting was convened and held properly or whether necessary resolution was passed properly. They are entitled to take it for granted that it is all done.
- The doctrine helps protect external members from the company and states that the people are entitled to presume that internal proceedings are as per documents submitted with the RoC.

Doctrine of Indoor Management (DIM) vs Doctrine of Constructive Notice (DCN)

The DIM evolved around 150 years ago in the context of the DCN. The role of DIM is opposed to the role of DCN. Whereas the DCN protects a company against outsiders, the DIM protects outsiders against the actions of a company. This doctrine also is a possible safeguard against the possibility of abusing the DCN.

Relevant case law:

Name	Analysis	Conclusion
Royal British Bank v. Turquand (1856)	Company's directors borrowed money without the required resolution of the GM. Whether the company was bound by this act.	The company was held liable, and the DIM was recognized as an exception to DCN

Basis for Doctrine of Indoor Management

- What happens internal to a company is not a matter of public knowledge. An outsider can only presume the intentions of a company, but cannot know the information he/she is not privy to.
- If not for the doctrine, the company could escape creditors by denying the authority of officials to act on its behalf.

Exceptions to DIM (i.e., Applicability of DCN):

a. Knowledge of irregularity: In case the 'outsider' has actual knowledge of irregularity within the company, the benefit under DIM would no longer be available. In fact, he/she may well be considered part of the irregularity.

b. Negligence: If with a minimum of effort, the irregularities within a company could be discovered, the benefit of the DIM would not apply. The protection of the rule is also not available where the circumstances surrounding the contract are so suspicious as to invite inquiry, and the outsider dealing with the company does not make proper inquiry.

c. Forgery: The rule does not apply where a person relies upon a document that turns out to be forged since nothing can validate forgery. A company can never be held bound for forgeries committed by its officers.

d. Where the question is in regard to the very existence of an agency.

E.g.: Suppose a person claims to be a company's director and enters into a contract. Later, it turns out he was never appointed as a director at all. Here, an outsider cannot be protected under DIM. Since there was no agency in existence, the company cannot be bound.

e. Where the act is ultra vires to the company itself.

E.g.: If objects clause says it can do textile business only, but BoD enter into a contract for real estate, it is an ultra vires act. Outsiders cannot enforce such a contract on co. by relying on DIM.

Section 7 – Incorporation of Company 28 33

1. File the following documents and information with the Registrar within whose jurisdiction the Registered Office (RO) of a company is proposed to be situated:

MoA (eMoA in INC-33) & AoA (eAOA in INC-34) duly signed by subscribers	Declaration (INC-8), that requirement of Act w.r.t., incorporation is complied with, by: 1. Advocate, CA, Cost Accountant, CS in practice engaged in formation of company, AND 2. Person named in AoA (director, manager or secretary)	Address for correspondence till RO is established

Particulars (name, residential address, nationality and others) of every subscriber along with Proof of identity	Particulars of first directors Names, DIN, residential address, nationality and other particulars + Proof of identity	Related to first directors: Interest in other firms/BC + consent (DIR -2) to act as directors filed with RoC in DIR-12

Declaration from each Subscribers and First Directors (INC 9) that:

a. he is not convicted of offence w.r.t., promotion, formation or management of any company, or
b. that he has not been found guilty of any fraud/misfeasance or breach of duty to any company during preceding 5 years AND
c. all documents filed with RoC for registration contain correct, complete and true information to best of his knowledge and belief.

Additional Points:

- Above documents shall be filed along with application for incorporation in SPICe+ form (INC-32). SPICE means Simplified Proforma for Incorporating a Company Electronically. It is mandatory application form for incorporating ALL companies.
- In case of OPC, written consent of nominee shall also be sent in addition to above docs.
- If a company's objects require prior approval from a sectoral regulator (e.g., RBI, SEBI, etc.), such approval must be obtained and attached with the declaration at incorporation.
- In case of incorporation of Nidhi Company, declaration u/s 406 from CG must be obtained before commencing business and must be filed at incorporation stage.

Rule 13: MoA and AoA shall be duly signed by the subscribers in the following manner:

Subscriber	Manner of signature/authentication
Individual	Subscriber must add name, address, description, occupation. Sign in presence of at least 1 witness who attests. Witness must also sign and add same details.
Illiterate	Thumb impression/mark affixed. A writer must write illiterate subscriber's name near mark, authenticate with his signature, & state no. of shares taken.
Body Corporate	Signed by director/officer/employee authorized by Board Resolution. The person so authorized shall not himself be a subscriber.
LLP	Signed by a partner duly authorized by resolution of all partners. The person so authorized shall not himself be a subscriber.
Foreign national (residing abroad)	Signature, address and ID proof must be notarized by Notary Public.
Foreign national (visiting India)	Allowed if having a valid Business Visa. Business Visa N.A. for Person of Indian Origin (PIO) / Overseas Citizen of India (OCI).

2. Issue of Certificate of incorporation ("CoI"):
RoC shall, on basis of above document and information, register and issue a CoI in Form INC -11.

3. Allotment of Corporate Identity Number (CIN) - RoC shall allot to the company a CIN, which shall be a distinct identity for the company and which shall also be included in the CoI.

Decoding CIN of Infosys Limited is L85110KA1981PLC013115:

L	Status – Listed or Unlisted	1981	Year of incorporation
85110	Industry code	PLC	Public/Private /NPL (Not for profit)
KA	State of incorporation	013115	Registration no. with RoC

4. Co. shall maintain & preserve at its RO copies of all docs & info. as originally filed u/ss (1) till dissolution.

5. If person furnishes any false or incorrect particulars of information or suppresses any material info., of which he is aware in any of docs filed with RoC above, such person shall be liable u/s 447.

6. If after incorporation, it is proved that company is incorporated by furnishing false or incorrect info. or by suppressing any material info. for incorporating such company, or by any fraudulent action:
   a. promoters, first directors & persons making declaration above shall each be liable u/s 447
   b. Tribunal (NCLT) may, on an application made to it [MR. LOW]:
      - pass orders for regulation of Management of company including changes in its MoA or AoA, in public interest or in the interest of company and its members and creditors; or

- direct that Liability of the members shall be unlimited; or
- direct Removal of the name of the company from the register of companies; or
- pass an order for the Winding up of the company; or
- pass such Other orders as it may deem fit.

Before making such orders, company shall be given reasonable opportunity of being heard (OOBH) and NCLT shall take into consideration transaction entered into by company.

Section 8 - Formation of companies with charitable objects:

Section 8 companies can be formed by:

- Incorporating a new company, or
- Conversion of an existing company into a section 8 company [except OPC]

Legal Provision:

1. Where CG (RoC) is satisfied that a person/AoP proposed to be registered as limited co (i.e., new company) or that an existing limited company:
   a. Has its objects to promote:

• Education	• Sports	• Charity
• Art	• Social Welfare	• Religion
• Commerce	• Research	• Other Object
• Science	• Protection of environment	

   b. intends to apply its profits, if any, or other income in promoting its objects; and
   c. intends to prohibit the payment of any dividend to its members,

   CG may issue a license and thereupon the RoC shall register such company as limited company.

Note: The suffix "Limited" or "Pvt. Ltd" need not be added to Sec 8 companies.

E.g: Tata Foundation and Azim Premji Foundation (CIN U93090KA2001NPL028740).

Rule 19: Steps to incorporate a section 8 company (new company):

1. Application to RoC in SPICe+ form along with prescribed fees.
2. Documents to be attached to such application:
   a. MoA (INC -13) and AoA (INC – 31)
   b. Estimated for income and expense of future 3 years
   c. Declaration by advocate, CA, CS, Cost Accountant in practice (INC-14) and by each person making application (INC-15) that:
      i. MoA/AoA is in conformity with provision of section 8
      ii. All requirements of Act w.r.t. registration of section 8 company is complied with.

2. Sec 8 company shall enjoy privileges and obligations of limited company.
3. A firm can be member of a section 8 company.

4. Restrictions on section 8 companies:

- It shall not alter MoA without prior approval of CG (RD), or AoA without prior approval of CG (RoC).
- It may be converted to any other kind of company after complying with provision given below.

Rule 21 and 22: Conversion of Section 8 company into other kind: 

- Pass SR at GM. Explanatory statement of such notice to set out details of conversion.

- The company should have filed FS and AR upto last FY.
  Additional FS – Where application is made after 3 months from end of last FY, attach a FS made upto date not more than 30 days of filing such application duly signed by CA.

- Serve a notice of such conversion to the following for representation, if any:

Income Tax Authority	Charity Commissioner	Chief Secretary of State where RO is situated	CG/SG department having jurisdiction

  Above authorities may make representations to RD within 60 days after OOBH to company.

- Apply to RD (INC-18) with fee + certified copy of resolution + proof of delivery of above notice.
- Forward a copy of the above application to RoC.
- Within a week of such application to RD, publish a notice (Form INC-19) at its own expense in 2 newspaper (vernacular + english) and its website.
- If RD is satisfied, approve conversion subject to terms and conditions imposed.
- Before rejecting application or imposing conditions – RD to give OOBH to such company.
- On receipt of such approval – Pass SR at GM for alteration of AoA/MoA.
- Copy of altered AoA/MoA to be filed with RoC. RoC to issue fresh CoI.

5. Existing company may also make an application to be converted into section 8 company u/ss (1).
Moreover, CG (RoC) may suo-motu issue license u/s 8 to existing companies.

6. Revocation of License and conversion to normal company:
Where the company:

a. contravenes any requirements of this section or
b. contravenes any conditions subject to which a license is issued or
c. the affairs of co. are conducted fraudulently/in manner violative of objects of co. to public int., CG (RD) may, by order (after reasonable OOBH):
   - revoke license
   - direct the company to convert its status and
   - change its name to add the word" Limited" or "Private Limited", as the case may be, to its name and thereupon the Registrar shall register the company accordingly

7. Where license is revoked, CG may, in public interest, order (reasonable OOBH):
   - winding up under this Act, or
   - amalgamate such company with other company registered under this section and having similar objects, constitution, powers, rights, etc. to be defined by CG

8. If on winding up, after satisfaction of its liabilities, there remains any asset, it may be:
   - transferred to another sec 8 co. having similar objects subject to T&C imposed by Tribunal, or
   - sold and proceeds thereof credited to Insolvency and Bankruptcy Fund formed u/s 224 of IBC

9. Section 8 company shall amalgamate only with another Sec 8 company having similar objectives

10. Punishment for default in complying with this section:

If a co. makes any default in complying with requirements of this section, the co. shall be punishable with fine which shall not be < Rs. 10 lakhs but which may extend to Rs. 1 crore AND directors and every OID shall be punishable with fine which shall not be < Rs. 25,000 but which may extend to Rs. 25L. Provided that if it is proved that affairs of co. were conducted fraudulently, every OID liable u/s 447.

Concept Clarity Check:

1. Can a Sec 8 co. be incorporated with unlimited liability? – No. Sec 8 co. only be a limited company
2. Can an existing co. seek license u/s 8? – Yes. In such case, it will drop the suffix Ltd or pvt ltd.
3. Can a firm become member in a normal public co.– No. Partnership firm is not separate legal entity.

4. Exemptions to section 8 companies:

Section No.	Exemption / Relaxation
2(68) & 2(71)	No requirement of minimum PUSC for private / public cos. incorporated u/s 8.
2(85)	Definition of Small Company does not apply to Section 8 company
96(2)	Date, time & place of AGM may be decided by Board having regard to the direction given by members in its GM.
101(1)	Notice period for GM can be 14 clear days (instead of 21 days).
118	Sec 118 not fully applicable. Minutes may be recorded within 30 days if Articles provide for confirmation by circulation.
136(1)	Circulation of FS – Allowed 14 days before AGM (instead of 21 days).

Section 9 - Effect of Registration:

From the date of incorporation mentioned in CoI, such subscribers to MoA and all other persons, as may, from time to time, become members of the company, shall be:

- a body corporate by the name contained in the memorandum,
- capable of exercising all the functions of an incorporated company under this Act and
- having perpetual succession with power to acquire, hold and dispose of property, both movable and immovable, tangible and intangible, to contract and to sue and be sued, by the said name.

Section 10 - Effect of Memorandum and Articles

1. Subject to the provisions of this Act, the MoA and AoA shall, when registered bind the company and the members thereof to the same extent as respectively signed by them and contained covenants on its and his part to observe all the provisions of the MoA/AoA.
2. All monies payable by any member to the company under MoA/AoA shall be a debt due from him to company (i.e., company can recover calls in arrears from members as if it a loan recovery)

Note: Company is liable to members and vice-versa. But members are not liable to each other.

Section 10A: Commencement of business etc.

1. A co. having a share capital shall not commence any business or exercise any borrowing powers unless:

declaration by a director, within 180 days of incorporation is filed with RoC that - As on date of declaration, every subscriber has paid the value of shares agreed to be taken	The company has filed with RoC a verification of RO provided u/s 12(2)

2. If any default under this section: Company – Rs. 50,000 and every OID – Rs. 1,000/day upto Rs. 1 lakh

3. If no declaration within 180 days AND RoC has reasonable ground to believe (RGTB) that company is not carrying on any business, RoC may initiate action for removal of name of company from register.

Rules 23A of Companies (Incorporation) Rules, 2014:

- Declaration u/s 10A by a director shall be in Form INC-20A and contents of the said form shall be verified by a CA or CS or Cost Accountant, in practice.
- In case of a company pursuing objects requiring registration or approval from any sectoral regulators such as RBI, SEBI, etc., the registration or approval from such regulator shall also be obtained and attached with the declaration.

Section 12: Registered Office of Company

1. Within 30 days of incorporation and at all times thereafter, a company shall have a RO capable of receiving communication and notices.
2. Company to furnish to RoC verification of RO within 30 days of incorporation.
3. Every company shall:
   a. paint or affix its name, address of its RO on the outside of every office/place in which its business is carried on, in a conspicuous position, in legible letters in languages in general use in that locality.
   b. have its name engraved in legible characters on its seal; if any
   c. get its name, address of its RO and the CIN along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications; and
   d. have its name printed on hundies, promissory notes, bills of exchange and other prescribed docs.

Note: In case name change during the last 2 years, print or affix the former name as well.

4. Change in RO:
   - Notice of change in RO shall be sent to RoC within 30 days of change (INC-22).
   - The RO of a company shall not be changed outside the local limits of any city, town or village where such office is situated, unless a SR is passed by the company to authorise such change.

5. Step in case RO is shifting from jurisdiction of one RoC to another within same state:
   - No company shall change RO from jurisdiction of one RoC to another RoC within the same State unless confirmed by RD on application made in this behalf.
   - On above application, RD to communicate confirmation within 30 days from receipt thereof.
   - On such confirmation, company to file the same with RoC within 60 days of date of confirmation.
   - RoC shall register the same and certify the registration within 30 days from filing such confirmation.
   - Such certificate shall be conclusive evidence that all requirement of this Act w.r.t., change of RO is complied with and such change shall be effective from date of certificate.

6. If any default is made in complying with this section: Company and every OID shall be liable to penalty of Rs. 1,000/day during which the default continues but not exceeding Rs. 1 lakh.

7. If RoC has RGTB that company is not carrying on any business or operations, he may cause a physical verification of the RO in prescribed manner and if any default is found to be made in complying with requirements of sub-section (1): Initiate action for the removal of the name of the company from register of companies.

Illustration to understand change in RO clause (Sec 12 and 13):

Ajeeb Ltd. has current Registered office at Dadar, Mumbai, Maharashtra under Mumbai RoC. It is considering changing the location of RO. Discuss the approvals required for such shifting of RO.

Proposed RO	RoC	Sec	BR	SR	CG (RD) Approval	Time for Compliances
Bandra (local Limits)	Mumbai	12	Yes	No	No	• Intimate RoC : 30 days
Thane	Mumbai	12	Yes	Yes	No	• Intimate RoC : 30 days
Pune, MH	Pune	12	Yes	Yes	Yes	• RD approval : 30 days
						• Submit to RoC : 60 days
						• RoC to register : 30 days
						(30-60-30)
Ahmedabad,	Gujarat	13	Yes	Yes	Yes	• RD approve : 60 days
						• RoC register : 30 days
						• Fresh CoI : 30 days
						(60-30-30)

Note: Can RO be different from Head Office or Corporate office? – Yes

Section 13 - Alteration of Memorandum (14) (16) (17)

1. Company may alter provisions of MoA by a SR + complying with procedure of this section.

Filing with RoC: Company shall, in relation to any alteration of its MoA, file with the Registrar:
(a) the SR passed by the company above;
(b) the approval of CG u/ss (2), if alteration involves any change in the name of the company.

2. Name clause:
   - Change in name shall be effective only on approval of CG (RoC) in writing (INC-24) + Fee.
     Note: No approval if the only change is addition/deletion of word "Private" on conversion.
   - On change of name – RoC shall enter the new name in register of companies and issue new CoI.
     Name change effective from issue of fresh CoI (INC -25).

Restriction:
Change of name is not allowed if company has subsisting default in filing AR or FS or repayment of deposits or debentures or interest thereon.

3. Registered office (RO) clause [State change]:
Step 1: Approval of CG:
Alteration of RO from one state to another shall be effective only on approval of CG (RD) on application (INC-23).

Such application to CG (RD) shall be accompanied with:
- Copy of MoA with proposed alteration
- Copy of minutes of GM at which resolution authorizing such alteration was passed
- Copy of board resolution
- List of creditor and debenture holder
- Acknowledgement of service of copy of application to – RoC, Chief secretary of RO state.

On such application to CG for approval of change in state of RO:
a. CG to dispose application within 60 days.
b. Before passing order, may satisfy itself that:
   i. Alteration has the consent of creditors, DH and other persons concerned with company, or
   ii. sufficient provision has been made by co. for due discharge of all its debts & obligations or
   iii. adequate security has been provided for such discharge.

Note: Not more than 30 days before such application to CG, company to advertise in INC-26 in 2 newspapers (English and vernacular language of current RO).

Step 2: CG approval to be forwarded to RoC and registration thereof:

- Certified copy of CG order approving such change shall be filed with RoC of each of the States. (INC-28 within 30 days of receipt of CG order)
- Such RoCs shall register the same, and
- Registrar of the State where the RO is being shifted to shall issue a fresh CoI

4. Change in object for which money raised from Public:

Company which has raised money from public through prospectus and has any unutilised amount, shall not change its objects for which it raised such money unless a SR (postal ballot) is passed and:

a. prescribed details (same as mentioned in sec 27) of such resolution shall be:
   - published in newspapers (English + vernacular which is circulation at RO) and
   - placed on website of the company, if any,

   indicating the justification for such change;
b. the dissenting shareholders shall be given an opportunity to exit by the promoters and shareholders having control in accordance with regulations to be specified by the SEBI.

5. Object clause: The RoC shall register any alteration of MoA w.r.t., objects of the company and certify the registration within 30 days from the date of filing of the SR to RoC.

6. No alteration made under this section shall have any effect until it is registered as per this section.

7. Any alteration in MoA of a co. ltd by guarantee and not having a share capital, purporting to give any person a right to participate in divisible profits of the co. otherwise than as a member, shall be void.

Section 14 – Alteration of articles

1. Company may, by SR, alter its AoA.

Alteration due to conversion:

Alteration of AoA includes conversion of:

a. Private company to public company
b. Public company to Private company (subject to approval of CG as given below)

An alteration having effect of converting public company to private shall not have effect unless approved by CG on application within 60 days from passing SR to RD in Form RD-1 with following docs:

- Draft MoA and AoA with proposed alteration
- Copy of minutes of GM in which such SR was passed
- Copy of Board resolution
- Declaration by KMP regarding compliances.

Note: Where a private co. alters its AoA such that it does not include restriction which a private co. is required to include in AoA as per Act, such co. shall cease to be private from date of alteration.

2. Following shall be filed with RoC (INC 27), within 15 days of alteration, for registration:
   - Every Alteration of AoA
   - Approval of CG for such alteration
   - Printed copy of the altered articles,

3. Any alteration of AoA registered u/ss (2) shall be valid as if it were originally in the articles.

Relevant case law:

Andrews vs Gas Meter Company	Power to alter AoA vests with the Company. A company cannot divest itself of this power.

Section 15 – Alteration of MoA or AoA to be noted in every copy.

1. Every alteration in MoA or AoA shall be noted in every copy thereof.
2. Default: Company + OID shall be liable to penalty of Rs. 1,000 for every copy issued without alteration.

Section 16 – Rectification of Name of Company

1. If, through inadvertence or otherwise, a company on its first registration or on its registration by a new name, is registered by a name which:
   a. in opinion of CG, is identical with or too nearly resembles the name by which a company in existence had been previously registered, it may:
      - direct the company to change its name and
      - the company shall change its name within 3 months from such direction, after passing an OR;

   b. on an application:
      - by a registered proprietor of a trade mark
      - made to CG within 3 years of incorporation or registration or change of name of the company
      - that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999,
      - in the opinion of CG, is identical with or too nearly resembles to an existing trade mark,
      - CG may direct the company to change its name and
      - the company shall change its name within 3m from such direction, after passing an OR;

2. Where a company changes its name or obtains a new name u/ss (1), it shall, within 15 days from date of such change, give notice of the change to Registrar along with CG's order, who shall carry out necessary changes in the CoI and memorandum.

3. If a company is in default in complying with any direction given u/ss (1):
   - CG shall allot a new name to the company in prescribed manner and
   - Registrar shall enter the new name in register of companies in place of the old name and
   - Issue a fresh CoI with the new name, which the company shall use thereafter.

Note: Company may subsequently change its name u/s 13.

Section 17 – Copies of memorandum, articles, etc., to be given to members.

1. Company shall, on being so requested by a member and on payment of prescribed fees, send to him within 7 days of request, a copy of following documents:
   Memorandum | Articles | agreement and resolutions u/s 117(1) not so included in MoA/AoA

2. If default u/s 17: Company + OID - Liable for each default - Rs. 1,000/day upto a max Rs. 1 lakh

Section 18 – Conversion of Companies Already Registered:

1. A company of any class registered under this Act may convert itself as a company of other class under this Act by alteration of its MoA and AoA as per the provisions of this Chapter.

2. Application to RoC for fresh CoI:
   On such conversion, RoC shall, on an application made by company, after satisfying himself that provisions of this Chapter is complied with:
   - close the former registration of the company and
   - after registering required docs, issue a CoI (as its first registration)

3. The registration of a company under this section shall not affect any debts, liabilities, obligations or contracts incurred or entered into, by or on behalf of the company before conversion and it may be enforced in the manner as if such registration had not been done.

Section 19 – Subsidiary Company not to hold Shares in its Holding Company



1. Restriction:
   - No company shall (itself/nominees) hold any shares in its holding company, and
   - No holding company shall allot or transfer its shares to any of its subsy company and
   - any such allotment or transfer of shares to its subsy shall be void

   Provided that nothing above shall apply to a case:
   a. where subsy co. holds such shares as legal representative of a deceased member of holding co.;
   b. where the subsy company holds such shares as a trustee; or
   c. where subsy company is a SH even before it became a subsy company of the holding company

   Provided further that subsy co. referred to in the above proviso shall have a right to vote at a meeting of holding co. only w.r.t., the shares held by it as a LR or trustee. No right to vote in any other case.

2. Reference in this section to shares of a holding company which is a company not having share cap (ltd. by guarantee or unlimited), shall be construed as reference to interest of its members.

Summary da summary:

	Legal Representative	Trustee	SH before subsidiary
Voting Rights	Yes	Yes	No
Bonus shares	Yes	Yes	Yes
Right issue	No	No	No

Example 1:

HDFC Securities Ltd. holds 3% shares in HDFC Bank Ltd. (as of Jan 2026).

In April 2026, HDFC Bank gains majority stake in HDFC Securities, making it a subsidiary.

Q1 At HDFC Bank's AGM in Aug 2026, can HDFC Securities vote? - No. A subsidiary cannot exercise voting rights in its holding company except when shares are held as a LR or Trustee.

Q2 HDFC Bank Ltd. issue bonus shares to all its shareholders (1:1). Can HDFC Securities Ltd. be allotted such bonus shares? - Yes (there is no restriction for this in sec 19)

Example 2: A Ltd. has invested 51% in the shares of B Pvt. Ltd. on 31st March 2026. B Pvt. Ltd. have been holding 2% equity of A Ltd. since 2013. B Pvt. Ltd. cannot increase its equity beyond that 2% on or after 31st March 2026. However, it could continue to hold or reduce its initial 2% stake.

Relevant case law:

Himachal Telematics Ltd v Himachal Futuristic Communications Ltd, (1996)	Subsy can buy shares in its holding co. where it is a part of a scheme of amalgamation sanctioned by the court or tribunal

Section 20 – Service of Documents

Particulars	Document served on a co. or its officer	Document served on RoC or any member
Send it to	RO of company	Office or address
Mode of delivery	~~Post (ordinary post) or~~ Registered post or by speed post or by courier* or by leaving it at its RO or by other prescribed e-mode.	Post (ordinary post) or by registered post or by speed post or by courier* or by delivering at his office or address, or by other prescribed e-mode.
Additional Points	Where securities are held with a depository, records of beneficial ownership may be served by such depository on the company by e-mode.	Member may request for delivery through a particular mode, for which he shall pay such fees as determined in AGM**

*Courier means a courier that has proof of delivery.

**Author's Note – Law only provides for an option to pay extra fees and decide an alternate mode for receiving notice. However, the notice will still be sent at the registered address of the member only. Company is not responsible for sending the notice to any other address (even if extra fees is paid).

Rule 35 of Companies (Incorporation) Rules, 2014

- Electronic transmission means a communication that creates a record that is capable of retention, retrieval and review (RRR), and which may later be rendered into legible tangible form. It includes:

fax	email	posting of electronic message board or network	other mode capable of verifying the sender

- In case of delivery by post, such service shall be deemed to have been effected:
  (i) in case of notice of meeting, at expiry of 48 hours after letter is posted; and
  (ii) in any other case, at time at which the letter would be delivered in the ordinary course of post

Exception to Nidhis:

In case of Nidhi Company, u/s 20 (2), docs may be served only on members who hold shares more than:

- Rs. 1,000 in face value or
- 1% of the total PUSC whichever is less.

For other shareholders, docs may be served by a public notice in newspaper circulated in the district where the RO of Nidhi is situated; and publication of the same on the notice board of the Nidhi.

Section 21 – Authentication of documents, proceedings and contracts

Save as otherwise provided in this Act,

a. a document or proceeding requiring authentication by a company; or

b. contracts made by or on behalf of a company,

may be signed by any KMP or an officer or employee of company duly authorised by Board.

Section 22 – Execution of bills of exchange (BOE), etc.

1. Negotiable instruments:

BOE, hundi or promissory note shall be deemed to have been made, accepted, drawn or endorsed on behalf of company if it is made or drawn by any person acting under its authority, express or implied.

2. Other formal deeds:

- A company may, by writing under its common seal, if any, authorise any person as its attorney to execute other deeds on its behalf in any place (India/outside India).
- If the company has no common seal, such authorisation shall be made by 2 directors or by director + CS, wherever the company has appointed a CS.
- Deeds signed by such an attorney on behalf of the company and under his seal shall bind the co.

The End

"Do something today that your future self will thank you for"