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Order No. - 6319

Unit number - 1

Paper Name - Advance Company Law and Practice

Q.1. it's moreover layman language you have used.. need to enhance your answering pattern... being a student of

(a) Professional level.. you should start with the definition quoted in section 2 (69)..

Promoters :- Promoters means The persons who are engaged in incorporation of company, develop a & idea, induce it.

Promoter are person whose names are written on the memorandum of association, as subscriber to the memorandum.

promoter means person on whose advice company are custom to act expect professionals.

(b) OP One Person Company :-

According to section 2(62) of Companies act, 2013 OPC means a company which has one person as a member. It is a sub-domain of private company.



A person who is complete the sentences:

Citizen of India

Resident in India for 180 days or more in financial year. Can incorporate an OPC.

Paid up share capital should be 50,00,000 or less
Turnover should be 1,00,00,000 or less.

In one person company, there is minimum and maximum one member, minimum one director and maximum can be fifteen directors.

One person company also appoint nominee for sole member in INC - 3 with consent of that nominee.

OPC can not change status within 2 years of its incorporation.

(C) Application of Securities premium account :-

When shares are issued for more than face value or above par value, then that extra amount is called premium.

Securities premium can be utilize in follow way. gap of changing para should not be more than half inch (1-1.5 cms).

(i) To issue unissued shares as fully paid shares or bonus shares.

(ii) To writing off preliminary expenses.



(iii) To writing off discount, interest allowed.

(iv) To purchase its own shares under buy-back U/S (68)

(v) To issue bonus shares.

↓ (d) Nidhi Company :- **spacing.. refer my earlier remark..**

Nidhi Company means a company incorporated as, nidhi company for mutual benefit of its members, to cultivate the habit of thrift and saving among its members.

Nidhi Company have minimum 200 members.

Nidhi Company have net owned fund of minimum ₹ 10,00,000

Ratio of net owned fund to deposit should not be more than 1:20.

Nidhi Companies provide fund to its members only, name of company should be ended with words 'Nidhi Ltd.'

follow any one pattern either paragraph form or point format.. don't mix them... for answering short notes .. it would be better if you attempt in para form.. it helps you to secure more marks..



not required.. in final level.. examiner is only interested in what is been asked ... your answer should be to the point ...

2 (a) Public Company

According to Sec. 2(71) public Company means a company having paid-up share Capital as may be prescribed.

Steps for incorporation of Public Company :-

DIN :- no more requirement to apply for DIN separately.. you can get DIN through SPICE form now.. go through with the provisions and get updated yourself with the amendments. ~~Directors or person who wants to become director apply for Director Identification number.~~

DSC

firstly digital signature needed..

obtain name of Company.

Memorandum and article of association drafted

Dating and stamping of MOA and AOA

Printing of MOA & AOA

Approval from sectoral regulator

need to elaborate these points....



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it's a case law.. you have to start with the provisions.. and discuss your case with it...

2(b) issue of sweat equity shares :-

According to sec

2(80) of Companies act, 2013. Sweat equity shares means share issued to director and employees for providing know-how and intellectual property right for discounted price or consideration other than cash.

~~Sweat eq. shares not issued to independent director or who hold more than 10% of eq. share or securities in company.~~



4 (a) Change of name of Company is not to reform or re-incorporate the Company :-

spacing .. refer

my previous remark..

Company can change its name but changing the name does not effect the Constitution of a Company.

The right and obligation of a Company can not be change by changing name, either rights and obligation of Company continue.

Default made by Company in old name and any suit proceeding against Company also continue in new name.

Constitution of Company can not be changed by change name of Company.

Thus name of Company if changed, then it is not reform or re-incorporate Company.

explanation could be more better .. refer suggested answer sheet for better contents...

4(b)

Bonus Shares :-

According to sec. 63 of Companies act, 2013

bonus shares means shares issued by company to its shareholder for free or without consideration, without increasing its authorised share capital.

Sources of bonus shares :-

is it asked??
read the question carefully...

Free reserve

Capital redemption reserve

Securities premium a/c.

III

Condition to be followed for issue of bonus shares :-

Held the board meeting **from here your answer actually started...**

Pass the notice, circular of bonus issue.

To approve notice of general meeting.

To authorise company secretary to issue notice of general meeting **this is the main & important points.. u need to elaborate**

To decide place, time, date of general meeting. **these... avoid writing extra contents which is not asked...**



Held The general meeting and pass special resolution
Company has to check that Company not defaulted in
Payment of interest and principal.
Company not defaulted in Payment of workmen dues.
Revaluation reserve is not utilise for issuing bonus share
Company not default in Payment of dividend.
Company can not issue bonus share in lieu of dividend.

go through the sections properly... u need to quote the correct
time limit of allotment and refund part... it's one of the important
& recurring section in which a CS deal Generally..

4(c) Allotment of Securities :-

When Company make a
Public offer of securities than after receiving application
Company have to make allotment of securities
within 60 days from issue.

For IFSC Companies limit for
allotment of securities is 90 days instead of 60 days
After 60 or 90 days if Company can not
allot securities than interest will be charged at
12% per annum.

If securities not allotted within time limit :-
Company
can not utilise the amount receive on application



If Company can not make allotment then

Re-pay the amount to holders.

Adjust against allotment.

5(b) Forfeiture of shares :-

Where a person can not pay due calls on time then company can forfeit the shares. It is legal under Companies Act, 2013. It is reduction of share capital.

Forfeited shares can be re-issued to another person.

Surrender of shares :-

Companies Act does not have any provision of surrender of shares, when a person has ability to pay the calls but want to surrender shares then Companies Act does not allow this.

Transferring shares in name of other person does not amount to surrender and there is no reduction of share capital.

explanation could be more better..

Forfeiture is done against the wishes of person and surrender is voluntary.

also you can use tabular form to present your answer. for distinguish between questions.. tabular presentation with the basis of difference heading would be appropriate..



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5 (a) Deemed prospectus :- When any document is issued for inviting public, for issue of shares, then that document is deemed to be prospectus.



not required... go through the sections carefully...

(7) Private placement :-

Private placement means when shares are issued to 50 or such higher number as may be prescribed under Rule -14 through private placement offer letter.

Now limit of person is 200 in rule 14.

Under private placement name of person to whom offer is given is written in register, if private placement is made after breaching any condition it will be deemed as public offer.

Under given situation XYZ is a private company, so private company is restricted to invite public for subscription.

and private placement can not be made on discount price should be equal for all.

So, XYZ Pvt. Ltd. cannot issue shares to Mr. shyam below face value through private placement.

this is what is asked ...
u have to write section 53 only....

read the question carefully.
. where it is written share are issuing to public??



first & foremost thing is whether the articles of the company contain any provisions.. if not amend the articles...

(6) "Cancellation of Shares"

Cancellation of shares means Cancel the unissued shares of Company. It does not amount to reduction of share capital. It is a type of alteration of share capital.

Compliances To Cancel shares :-

Hold The board meeting :-

Issue notice, circular, agenda of general meeting

Decide day, date, time and venue

approve notice of general meeting

Authorise Company Secretary To Issue notice.

Hold The general meeting and pass special resolution.

Conclusion of meeting shall be send To Stock exchange where securities of Company are listed.

If Company is listed, rules of securities Exchange board of India should be followed.

file MGT-14 To ROC with explanatory statement within 30 days of meeting.

explanation could be more better.. refer suggested answer sheet for better clarification..

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Cancel The Unissued shares
file SH-7 with Roc.



A. (3)

Resolution for converting public Co. To private

RESOLVED THAT,

According to prescribed rules of Companies act, 2013 public Company be and here by converted in private Company.

Article of Company shall be altered to include restriction, prohibition of private.

There is a lot of work on answer. To do, so new set of article and for Company.

Mr. X Company secretary of Company is appointed for compliance under act.

Resolution - special resolution
meeting - general meeting.

need to work really hard on the basics.. go through the concepts thoroughly.. read the sections amendments.. work on answer writing and presentation... hope my remarks/suggestions help you to understand where u r lacking..

start with the type of meeting & type of resolution need to be passed ... also you need to work on answer drafting and for presentation..

