

Patrician College of Arts and Science

Department of Commerce

Company Law

CPZ4B

Even Semester

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UNIT 1 – JOINT STOCK COMPANY

- ACCORDING TO LORD LINDLEY “A COMPANY IS AN ASSOCIATION OF MANY PERSONS WHO CONTRIBUTE MONEY OR MONEYS WORTH TO A COMMON STOCK AND EMPLOY IT IN SOME TRADE OR BUSINESS AND WHO SHARE THE PROFITS AND LOSS AS THE CASE MAYBE ARISING THEREFROM . THE COMMON STOCK SO CONTRIBUTED IS DENOTED IN MONEY AND IS THE CAPITAL OF THE COMPANY . THE PERSON WHO CONTRIBUTE IT, OR TO WHOM IT BELONGS ARE MEMBERS . THE PROPORTION OF CAPITAL TO WHICH EACH MEMBER IS ENTITLED IS HIS SHARE.

TYPES OF COMPANIES

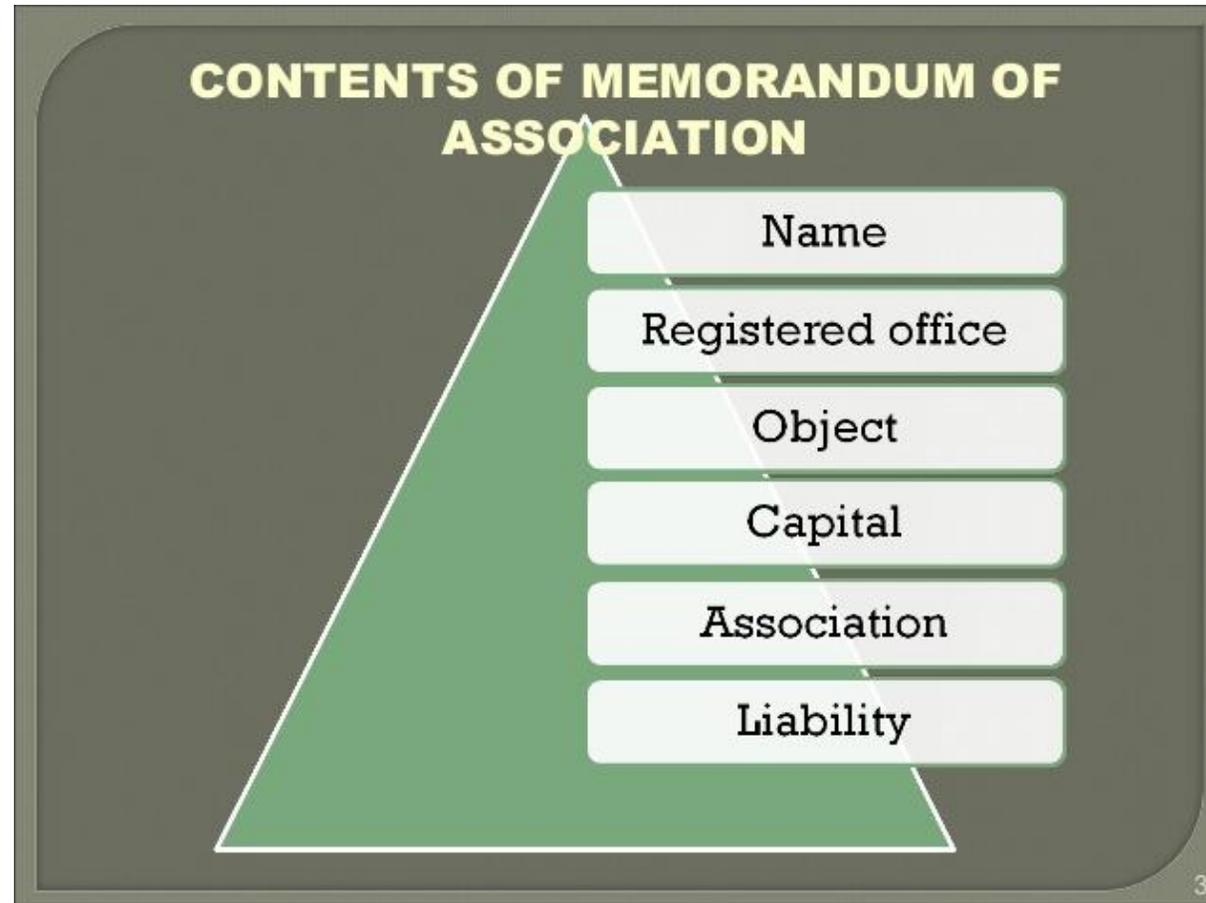
- PRIVATE COMPANY
 1. ONE PERSON COMPANY
 2. SMALL COMPANY
- PUBLIC COMPANIES



MEMORANDUM OF ASSOCIATION

- **A Memorandum of Association (MOA)** is a legal document prepared in the formation and registration process of a limited liability company to define its relationship with shareholders

COMPONENTS OF MOA



ARTICLES OF ASSOCIATION

- **Articles of association** are a document that specifies the regulations for a company's operations and defines the company's purpose. The document lays out how tasks are to be accomplished within the organization, including the process for appointing directors and the handling of financial records

COMPONENTS OF ARTICLES OF ASSOCIATION

- ADOPTION OF PRELIMINARY CONTRACTS
- EXCLUSION WHOLLY OR IN PART OF TABLE F
- NUMBER AND VALUE OF SHARES
- ISSUE OF PREFERENCE SHARES
- ALLOTMENT OF SHARES
- CALLS ON SHARES
- LIEN ON SHARES
- SHARE CAPITAL, RIGHTS OF SHARE HOLDERS
- TRANSFER OF SHARES
- TRANSMISSION OF SHARES
- FORFEITURE OF SHARES.
- ISSUE OF DEBENTURES AND STOCK

COMPONENTS (CONTINUATION)

- ISSUE OF DEBENTURES AND STOCK
- CONVERSION OF STOCK IN TO SHARES
- SHARE WARRANTS
- ALTERATION OF CAPITAL
- BUY BACK OF SHARES
- GENERAL MEETINGS
- DIRECTORS MEETING
- BORROWING POWERS
- AND ALL THE ACTIVITES RELATING TO THE COMPANY.

PROSPECTUS AND TYPES OF PROSPECTUS

- A **prospectus** is a document issued by the **company** inviting the public and investors for the subscription of its securities

- **TYPES OF PROSPECTUS**

1. RED HERRING PROSPECTUS
2. SHELF PROSPECTUS
3. ABRIDGED PROSPECTUS

UNIT II : SHARE CAPITAL AND DEBENTURES

- MEANING OF SHARES : **Shares** are units of ownership interest in a corporation or financial asset that provide for an equal distribution in any profits, if any are declared, in the form of dividends. The two main types of **shares** are common and preferred **shares**.
- MEANING OF DEBENTURES: In corporate finance, a debenture is a medium- to long-term debt instrument used by large companies to borrow money, at a fixed rate of interest

TYPES OF SHARES

- Ordinary shares. These carry no special rights or restrictions.
- Deferred ordinary shares.
- Non-voting ordinary shares.
- Redeemable shares.
- Preference shares.
- Cumulative preference shares.
- Redeemable preference shares.

TYPES OF DEBENTURES

- REDEEMABLE AND IRREDEEMABLE (PERPETUAL) DEBENTURES.
- CONVERTIBLE AND NON-CONVERTIBLE DEBENTURES.
- FULLY AND PARTLY CONVERTIBLE DEBENTURES.
- SECURED (MORTGAGE) AND UNSECURED (NAKED) DEBENTURES.
- FIRST MORTGAGED AND SECOND MORTGAGED DEBENTURES.
- REGISTERED UNREGISTERED DEBENTURES (BEARER) DEBENTURE

UNIT III : MANAGER PERSONNEL

- **MEANING OF DIRECTOR** : A director is the head of an organization, either elected or appointed, who generally has certain powers and duties relating to management or administration. A corporation's board of directors is composed of a group of people who are elected by the shareholders to make important company policy decisions.

TYPES OF DIRECTORS

- EXECUTIVE DIRECTOR.
- NON-EXECUTIVE DIRECTORS.
- MANAGING DIRECTORS.
- INDEPENDENT DIRECTORS.
- RESIDENTIAL DIRECTOR.
- SMALL SHAREHOLDER DIRECTORS.
- WOMEN DIRECTORS.
- ADDITIONAL DIRECTORS.
- NOMINEE DIRECTORS.

UNIT :IV MEETINGS AND RESOLUTIONS

- **MEANING OF MEETING:** company may be defined as gathering, assembling or coming together of two or more persons (by previous notice or by mutual arrangement) for discussion and transaction of some lawful business.
- **MEANING OF STATUTORY MEETING :** Statutory Meeting is the first meeting of the shareholders of a public company. It must be held within a period of not less than one month nor more than 6 months from the date at which the company is entitled to commence business. It is held only once in the lifetime of a company

- **ANNUAL GENERAL MEETING** :An annual general meeting is a meeting of the general membership of an organization. These organizations include membership associations and companies with shareholders. These meetings may be required by law or by the constitution, charter, or by-laws governing the body.



- **BOARD OF DIRECTORS MEETING :** A MEETING OF THE BOARD OF DIRECTORS OF A COMPANY AT WHICH THE POLICY OF THE COMPANY AND MAJOR DECISIONS AS TO ITS FUTURE ACTIONS ARE DISCUSSED. THE POWERS OF THE BOARD ARE USUALLY SET OUT IN THE COMPANY'S ARTICLES OF ASSOCIATION.



- **COMMITTEE MEANING** : Individual or a group, appointed by an agency, authority, or larger assembly, to whom a matter is referred, or is committed for attention, investigation, analysis, or resolution.
- **MEANING OF AUDIT COMMITTEE:** An audit committee is a committee of an organization's board of directors which is responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit results both internal and external.

- **STAKE HOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholder Relationship Committee (hereinafter referred as the “Committee”) is a committee of the Board of Directors (hereinafter referred as the “Board”) established in accordance with the Company’s constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities.

- TYPES OF STAKE HOLDERS RELATIONSHIP COMMITTEE :

CSR Committee, Activities and Expenses. **Corporate social responsibility** refers to the initiative and contribution of an enterprise towards the economic, environmental and social welfare of the general community. In this article, we look at some of the major aspects of **CSR committee**, **CSR** activities and **CSR** expenses.



- **RESOLUTION MEANING :**

- Resolution is a legally binding decision made by limited company directors or shareholders. If a majority vote is achieved in favour of the decision, a resolution is 'passed'. Shareholders can pass ordinary resolutions or special resolutions at general meetings, or they can pass written resolutions.

- **TYPES OF RESOLUTIONS :**

1. **ORDINARY RESOLUTION**

2. **SPECIAL RESOLUTION**

3. **WRITTEN RESOLUTION**

Ordinary Resolutions

A special resolution is one passed at a general meeting of a company when:

- Not less than twenty one days notice has been given
- The notice specifies the intension to propose the resolution as special resolution
- By a majority of the three fourth of such members entitled to vote as are present as proxy

Some special resolutions:

- Alteration of object clause of memorandum
- Change of name of a company with consent of central govt.
- Alteration of the articles of a company.
- Variation of shareholders rights.
- Payment of interest out of capital.

UNIT V : WINDING UP A COMPANY

MEANING :

WINDING UP IS THE PROCESS OF DISSOLVING A COMPANY. WHILE WINDING UP, A COMPANY CEASES TO DO BUSINESS AS USUAL. ITS SOLE PURPOSE IS TO SELL OFF STOCK, PAY OFF CREDITORS, AND DISTRIBUTE ANY REMAINING ASSETS TO PARTNERS OR SHAREHOLDERS

TYPES OF WINDING UP

- Special resolution of the company: If the company has by a special resolution resolved that it may be wound up by the court.
- Default in holding statutory meeting.
- Failure to commence or suspension of business.
- Reduction of members below minimum.
- Inability to pay debts.
- Just and equitable

NATIONAL COMPANY LAW TRIBUNAL

- The National Company Law Tribunal is a quasi-judicial body in India that adjudicates issues relating to Indian companies





Thank you

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