

COMPANY LAW

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1 Define the term Company

A company is a legal entity formed by a group of individuals to engage in and operate a business. A company may be organized in various ways for tax and financial liability purposes depending on the corporate law of its jurisdiction.

2 What is Mean By Body Corporate

Body corporate broadly means a corporate entity which has a legal existence. The term "body corporate" is defined in section 2(11) of the Companies Act, 2013. This includes a private company, public company, One person company, Small company, Limited Liability Partnership, Foreign company etc...

3 What is Mean by Certificate of Incorporation

A certificate of incorporation is a legal

document relating to the formation of a Company or Corporation. It is a License to form a Corporation issued by State Government or in some Jurisdiction, by Non-Governmental entity.

It depends upon the legal system in which it is used.

4 What do you mean holding company

The term holding company means, the company is deemed to be the holding company of another if that other company is subsidiary of a company has the separate legal entity having separate seal with a separate corporate veil

5 Define Government company

Sec 2(45) of the Companies Act, 2013, defines "Government company" as the company in which not less than 51% of the paid up share capital is held by the Central Government or any State Government, It includes a company which is a subsidiary company of a government company

6 What is Mean By Memorandum of Association?

Memorandum of Association of Company is the fundamental document of the company. It is the charter of the company and define its power. It lays down the area of operation of the company with fundamental conditions on which the company is incorporated. In other words "It define the relationship of the company with the outside world.

7 Statement of Lieu of Prospectus?

The Statement in Lieu of Prospectus is a document filed with the Registrar of the Companies (ROC) when the company has not issued prospectus to the public for inviting them to subscribe for shares... It is similar to a prospectus but contains brief information.

8 What do you understand by the doctrine of Ultra Vires

Ultra Vires is a Latin phrase means beyond the power companies and other legal persons

Sometimes have limited legal capacity to act and attempts to engage in activities beyond their legal capacity may be Ultra vires.

9 Define Article?

Section 5 of the Companies Act, 2013 deals with "Articles of Association". The 'Articles' of a company contains the Regulations for Management of the Company. The articles also contains other prescribed Matters.

10 What is Prospectus

Section 2(10) of the Companies Act, 2013 defines "Prospectus" as any document describe or issued as a Prospectus and it includes any notice, circular, advertisement or other documents inviting offers from the Public for the Subscription or purchase of any Securities of a body corporate.

11 Define Debentures

Debentures is an abstract term and difficult to define it is a certificate of loan issued by the company as a security for the recovery of the loan. It includes Stock, bond or any other security of company.

12 What is Cumulative Preference Share.

In Cumulative preference Share the dividends are added with shares. The Accumulate and are fully Paid up. The arrears of any year's dividend are forwarded as a charge upon the Subsequent year's profit. The Company Pays dividend only if it has Sufficient Profits available for Distribution.

13 What is Subscribed capital?

If any Notice, advertisement or other official Publications of a company contains the Statement of The amount of the authorised Capital of the company They should also contain Statement in an equally prominent position of the amount of the Capital which has been Subscribed and the amount paid-up.

14 Equity Shares

Equity Share Capital (equity share) means all share Capital which is not preference Share Capital

There are two types of Equity Shares

- * Equity Shares with Voting Rights
- * Equity Shares with differential Rights as to dividend Voting or as Per Prescribed Rules and Conditions

15 Statutory Meeting

Statutory Meeting is the first Meeting of the Company and is conducted once during the life time of the company

A company limited by shares and a company limited by guarantee & having share capital are the companies which can hold Statutory Meeting.

16 What is Mean By Ordinary Resolution.

In Business or Commercial Law in certain common law jurisdictions, an Ordinary Resolution is a Resolution Passed by the shareholders of a company by a simple or bare majority either at a convened Meeting of shareholders or by circulating a Resolution for signature.

17 What is Quorum for an AGM

Quorum for Annual General Meeting (AGM)

For a Quorum, 5 Members personally present in the case of Public limited company and 2 members personally present in the case of Private limited company shall be the Quorum for the Meeting. Unless the Article of Association Provides for a Large Quorum.

18 What are the types of Resolution?

⇒ Ordinary Resolutions - passed by a Simple Majority of Shareholders votes

⇒ Special Resolutions - Passed by a 75% Majority of Shareholders votes at a general Meeting

⇒ Written Resolutions - Used when a general Meeting is not. Required to pass an Ordinary Resolutions or Special Resolutions

19 Define Minutes

The official written Record of a Meeting. The official Record of decisions made at a Meeting. They are crucial meeting documents without which the Group has no formal Memory, especially for corporations for which they constitute the formal Record.

20 What do you Mean by Winding up of a Company?

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 by any remaining assets to partners or Shareholders. The term is used primarily.

21 What is Creditors Voluntary Winding up?

A Creditors Voluntary Winding up is the Winding up of a Company by a Special resolution of the Shareholders under the Sanction of the Company's Creditors. This will occur when Company is Insolvent.

22 Define Declaration of Solvency:

The declaration of Solvency is prepared before Solvent Liquidation - providing information on the Company finances upto five weeks before the Winding Up Resolutions and it is split into three parts

⇒ Statement of Assets

⇒ Liabilities of Company

⇒ The endorsement of the proposed Liquidators.

23 Define term Contributory

The member of a Company on the commencement of winding up are termed as Contributory.

As per Sec 498 of the Companies Act Contributory Means "Every person liable to contribute to the assets of the Company in the event of its being wound up and includes holder of any shares which are fully paid-up."

24

Give any 4 powers of Company Liquidators

To verify claims of all the creditors and consolidate them

To take into his custody or control all the assets, property, effects and actionable claims of the Corporate Debtor.

To evaluate the assets and property of the Corporate Debtor in the Manner and prepare a Report.

25

What is Share Capital and State its kind.

Share Capital refers to the funds that a company raises in exchange for issuing an ownership interest in the company in the form of shares. They have two general types of share capital they are.

- * The Stock and preferred Stock
- * The types and preferred Stock

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