

unit Test

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What are the kinds of company?

There are various kinds of companies. Here, we can make the classification with help of the following basis:

1) On the Basis of Incorporation :-

1) Chartered company :-

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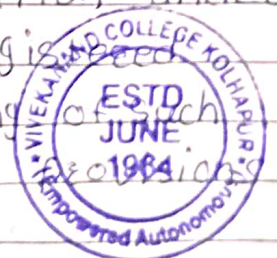
This company is established only with the order of Royal charter granted by king or queen of England. e.g. East India company, Bank of India. Today, such types of companies are not available.

2) Statutory company

A company formed by a special Act passed either by the central or state legislature is called a statutory corporation. Such company or corporations are governed by their respective Acts & are not required to have any Memorandum or Articles of Association. e.g. Reserve Bank of India, State Bank of India, Life Insurance Corporation of India.

3) Registered company :-

Company formed by registration under the Companies Act are known as registered companies. The working of such companies is regulated by the Companies Act.



Memorandum of Association & Articles of Association

A registered company may either be a private company or company. These companies may be company limited by liability, company limited by guarantee or unlimited company.

B) on the Basis of Liability :-

1) company limited by shares :-

A company having liability of its members limited by the amount, if any unpaid amount on the shares held by them, is called as company limited by shares. The liability of the members of these companies is limited upto the unpaid amount on the shares which they hold.

2) company limited by guarantee :-

companies whose objective is not as guaranteed company. The liability of the members is limited upto the certain amount which is guaranteed by them & which is payable at the time of winding up of the company.

3) unlimited companies :-

A company not having any limit on the liability of its members, is called as an unlimited company. The members of an unlimited company are fully liable for the debts of the company.



by the company like partners of a partnership firm.

c) on the basis of number of members :-

1) Private company :- According to section 2(68) -

A private company means a company which has a minimum paid up capital as may be prescribed & which by its articles :

i) restricts the right to transfer its shares in any

ii) limits the numbers of its members to 200 members : &

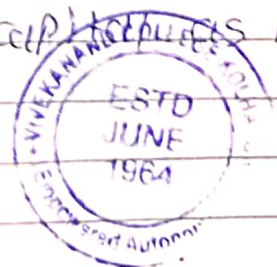
iii) prohibits any securities of the company. The members does not include past & present employees of the company, & if two or more persons who have taken the shares in the company jointly, the ownership of shares is taken single ownership.

2) Public company :-

According to section 2(68) - A public company means a company which -

a) is not a private company, &

b) Has a minimum paid up share capital which may be prescribed.



* A company which is a subsidiary of public company shall be deemed to be public company even where such subsidiary company is a private company in its articles.

3) one person company :- section 2 (62) defines one person company means a company which has only one person as a member.

In the year 2005, J.J. Jeevi commi-
ttee submitted its report on company law. The
report pointed out the need for a framework for
small companies & their contribution to the economy.
It further states that because of their size they
couldn't be burdened with the same level of
compliance requirements as large public-listed enter-
prises. Based on these recommendations, the concept
in the companies Act, 2013.

b) on the basis of ~~of~~ control :-

Holding & subsidiary company :-

The company which has the control over other
company is called holding company & the company
which is under the control of that holding company
is called subsidiary company. A company shall be
deemed to control another company in each
of the following cases.

1) If it controls the composition of
of director of another company.



2) If it controls the composition

2) If it exercises or controls more than one half of the total voting power either at its own or together with one or more of its subsidiary companies.

3) 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.

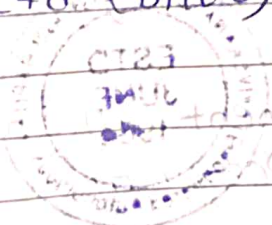
4) A company shall be deemed to be a subsidiary company of the holding company even if the control is of another subsidiary of the holding company.

Ex. A Ltd has control over B Ltd & B Ltd has control over C Ltd. Here C Ltd is considered as subsidiary company even though B Ltd is subsidiary of A Ltd.

F) Other types :-

Government companies :-

A company of which not less than 51% of the paid up share capital is held by the central government or by the state government or by any two or more of them together shall be a government company. Ex. Bharat Heavy Electricals Ltd. (BHEL), Bharat Sanchar Nigam Ltd. (BSNL).



2) Foreign companies :- Foreign company means any company or body corporate incorporated outside India which -
 a) Has a place of thorough an agent physically or through electronic mode i.e.
 b) conducts any business activity in India in any other manner.

3) company with charitable objects :-
 section 8 provides this new form of company. The central government has to be satisfied regarding the objects of the proposed company for registration are of the promotion of commerce, arts, science, sports, education, research, social welfare, religion, charity, protection of environment. In that case, the central government may by issuing license with terms & conditions allow the person or association of persons to be registered as a company with charitable objects without the addition to its name of word Limited or private Limited."

4) Producer company :-
 chapter XXIIA - Producer companies
 This new chapter was inserted by the companies (Amendment) act, 2020 for producer companies. Producer company means a body corporate having objects or activities mainly like -

a) production, harvesting, processing, storing, pooling, handling, marketing, selling, export of primary



produce of members or import of goods or services for their benefit,

b) processing including preserving, drying, distilling, brewing, vinting, canning & packaging of produce of its members.

c) manufacture, sale or supply of machinery equipment or conservation of land & water resources to its members.

d) generation, transmission & distribution of power, revitalization of land & water resources, their use, conservation & communications relating to primary produce.



Q2] Explain the power & duties of director.

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Powers of the director :-

1. The Board of directors of a company shall be entitled to exercise all such powers & to do all such acts & things as the company is authorised to exercise & do subject to the provisions contained in that behalf in this Act or in the memorandum or articles or in any regulations not inconsistent therewith & duty made thereunder, including regulations made by the company in general meeting.

2] The Board of directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely -

- a) to make calls on shareholders in respect of money unpaid on their shares;
- b) to authorise buy-back of securities under Section 68;
- c) to issue securities including debentures whether in or outside India;
- d) to borrow money;
- e) to invest the funds of the company;
- f) to grant loans or give guarantee or to provide security in respect of loans;
- g) to approve financial statements of the Board's report;
- h) to diversify the business of the company.



• Duties of Directors:-

Section 166 of the Companies Act 2013 provides general duties:-

Act in accordance with the Articles of Association of the Company:-

subject to the provisions of this Act a director of a company shall act in accordance with the articles of the company.

Duty of good faith:-

The directors must act in the best interest of the company. Interest of the company implies the interests of present & future members of the company on the footing that the company would be continued as a going concern.

• 3) Act in best interest of the company & its stakeholders:-

A director of a company shall act of good faith & endeavour to promote the objects of the company for the benefit of its members as a whole & in the best interests of the company, its employees, the shareholders, the community & for the protection of environment.



Exercise duties with due & reasonable care -

A director of a company shall exercise his duties with due & reasonable care, skill & diligence & shall exercise independent judgment. A director must display care in him. He is however, not expected to display an extraordinary care but that much care only which an ordinary prudent man would take in his own case.

5) Duty not to delegate the powers:-

Director must perform his functions personally. A director of a company shall not assign his office & any assignment so agent is bound by maxim *Delegatus non potest delegare* which means a delegate cannot further delegate.

6) A director must perform his

A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts or possibly may conflict with the interest of the company.

7) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates & if such director is found guilty of making any undue gain he shall be liable to pay an amount equal to that gain to the company.

Roll No.	Name of Student	Sign.
48	Snehal Vijaykumar Patil	<u>Snehal</u>
47	Sayali Sanjay Patil	<u>Ssayali</u>
56.	Mahima Vikas Soeragade.	<u>Mahima</u>
13.	Pallavi Dhanaji Desai	<u>Aesai</u>
57	Jyoti Sanjay Satwekar	<u>Jalukar</u>
45	Prachi Nitin Patil	<u>Prachip</u>
12	Ujjwala Maruti Chougule	<u>Urchougule</u>
18	Rutuja Anil Ingale	<u>Rutuja</u>
11	Swati Sanjay Chougule	<u>Chougule</u>
10	Siddhesh Manesh Chavan.	<u>Siddhesh</u>
9.	Samiksha Anil Chauhan	<u>Samiksha</u>
10	Pooja Pandit Sutar	<u>Pooja</u>
11	Prasanna Prashant Mule	<u>Prashant</u>
12	Sudashan Sachin Yadav	<u>Sudashan</u>
13	Aditya Balaso Samkarpal.	<u>Aditya</u>
14.	Swarnik Baban Pant	<u>Swarnik</u>
15	Atharv Pandit Ichat	<u>Atharv</u>
16]	Roshan Ramesh Name	<u>Roshan</u>
17)	Sourabh Ravindra Bhosale	<u>SBhosale</u>
18)	Rutuja Tatyasaheb Mali	<u>Rutuja</u>
19)	Manohama Mahesh Powar	<u>M.M. Powar</u>
20)	Kunal Kiran Bhosale	<u>K.Bhosale</u>
21)	Yash Sandip Pahl	<u>Yash</u>
22)	Roham Raskumar Aidd	<u>Roham</u>
23)	Prasad Bhalwant Chavan	<u>Prasad</u>
24)	Amrutesh Prakash Tingade.	<u>Amrutesh</u>
25)	Pranav Jeevan Mane.	<u>Pranav</u>
26)	Sudesh Kiran Dhume	<u>Sudesh</u>
27)	Prasad Santosh Sutar	<u>Prasad</u>
28)	Pranav Umesh Misal	<u>Pranav</u>



28) Aditya Sanjay Nalawade

Nalawade

