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E-GOVERNANCE, E-FILING AND XBRL

ORGANISATION OF ROC OFFICES UNDER MCA-21

Front Office

The Front Office represents the interface of the corporate and public user with the MCA21 system. This comprises of Virtual Front Office and Physical Front Office.

(i) Virtual front office

Virtual front office is one of the various channels available to stakeholders (companies and the professionals) to enable them to do the statutory filing with ROC Offices across the country. Virtual Front Office facilitates online filing of the e-Forms using Internet. It merely represents a computer facility for filing of digitally signed eForms by accessing the MCA portal through Internet. It also pre-supposes availability of related facilities to convert documents into PDF format and scanning of documents wherever required. When a company or user does not have these computer facilities, it can avail of these facilities at the designated facilitation centers, known as the Physical Front Offices.

(ii) Physical Front Office (PFO)

To facilitate the change over from Physical Document Filing to Digital Document Filing, the Ministry of Corporate Affairs had established 53 Physical Front Offices known as facilitation centers for an initial period of three years. As on date only 4 facilitation centers are operational in the four metro cities i.e. Delhi, Mumbai, Kolkata and Chennai. PFOs have all facilities which will be required for online filing of e-forms including trained manpower, broadband connectivity, scanner, printer and related computer accessories. All the services for scanning and uploading of eForms are available free of cost at these Physical Front Offices.

Back Office

Back Office represents the offices of Registrar of Companies, Regional Directors and Headquarters' and takes care of internal processing of the forms filed by the corporate user as per MCA norms and guidelines.

E-form

An e-form is the electronic equivalent of the paper form. The e-governance initiative of the Ministry of Corporate Affairs, MCA 21 envisages that all company related documents would be filed electronically. The e-forms are devised and notified by the Ministry for this purpose, from time to time.

Digital Signature Certificates (DSC)

Digital Signature Certificates (DSC) are the digital equivalent (that is electronic format) of physical or paper certificates. Examples of physical certificates are drivers' licenses, passports or membership cards. Certificates serve as proof of identity of an individual for a certain purpose; for example, a driver's license identifies someone who can legally drive in a particular country. Likewise, a digital certificate can be presented electronically to prove your identity, to access information or services on the Internet or to sign certain documents digitally. Physical documents are signed manually. Similarly, electronic

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documents, for example e-forms are required to be signed digitally using a Digital Signature Certificate. The different types of Digital Signature Certificates are:

Class 2: Here, the identity of a person is verified against a trusted, pre-verified database.

Class 3: This is the highest level where the person needs to present himself or herself in front of a Registration Authority (RA) and prove his/ her identity.

Pre-scrutiny of forms

Once you have filled up the eForm and done "Check Form", you are required to click the "Pre-Scrutiny" button on the eForm. Please ensure that when you click this button, your computer is connected to the internet. In case the MCA system finds some inconsistency in data, it will throw an error and advise the user to do the necessary rectifications. In case you have filled up the eForm correctly, the system will "lock" the e-Form.

Corporate Identity Number (CIN) based Search of Companies

Every company has been allocated a Corporate Identity Number (CIN). CIN can be found from the MCA 21 portal through search based on:

- ROC Registration No.
- Existing Company Name
- Old Name of Company (in case of change of name, user is required to enter old name and the system displays corresponding current name).
- Inactive CIN [In case of change of CIN, the user is required to enter previous (inactive) CIN Number.

Foreign Company Registration Number (FCRN)

Every foreign company has been allocated a Foreign Company Registration Number (FCRN) which is a unique identifier of that company registration in India.

DIGITAL SIGNATURE CERTIFICATE

The e-forms are required to be authenticated by the authorized signatories using digital signatures as defined under the Information Technology Act, 2000. A digital signature is the electronic signature duly issued by a certifying authority that shows the authority of the person signing the same. It is an electronic analogue of a written signature. Every user who is required to sign an e-form for submission with MCA is required to obtain a Digital Signature Certificate. Under the MCA-21 system the following four types of users are identified as users of Digital Signatures and are required to obtain digital signature certificate:

1. MCA (Government) Employees.
2. Professionals (Company Secretaries, Chartered Accountants, Cost Accountants and Lawyers) who interact with MCA and companies in the context of Companies Act.
3. Authorized signatories of the Company including Managing Director, Directors, Manager or Secretary.
4. Representatives of Banks and Financial Institutions.

A person requiring a Digital Signature Certificate can approach any of the Certifying authorities identified by the MCA for issuance of Digital Signature Certificate.

OTHER FEATURES OF E-FILING OF DOCUMENTS UNDER THE MCA-21 SYSTEM

Certified Filing Centre (CFC)

CFC is an extended arm of the Ministry which is manned by professionals from three core areas i.e., Company Secretaries, Chartered Accountants and Cost Accountants. It is one of the various channels available to the stakeholders to enable them to do the statutory filing with ROC Offices across the country. These are managed and operated by professionals on user charge basis.

Infrastructure for e-filing

The Minimum system requirements for e-filing are:

- P-4 computer with printer;
- Windows 2000/Windows XP/Windows Vista/Windows 7;
- Internet Explorer 6.0 version and above; Mozilla Firefox
- Adobe Acrobat Reader from version 9.4 to version 10.1.4;
- Scanner; and
- Java Runtime Environment (JRE) 1.6 updated version 30.

Mode of payment of statutory fee under Companies Act

MCA-21 system provides for the facility of payment of statutory fees through multiple modes i.e.

(i) Off-line payment through a challan generated by the system and payment of fees at the counter of the notified bank branches through DDs/Cash;

(ii) on-line payments through Internet Banking and Credit Cards [Master Card/VISA]. In case a stakeholder chooses to pay through the off-line method (i.e. over the counter in a bank branch), it takes about two to three days time for the bank to intimate the realisation of payment to the MCA-21 system and the transaction gets passed on to the back office for processing only after payment is recognised by the banking system. On the other hand, the on-line payment through Internet banking/ Credit Card is instants. The transaction gets passed on the same day. Payments upto Rs. 50000/- can only be made via on-line method. Amount over and above 50000/- can be paid either by on-line method or off-line method. This has improved the service delivery time and lead to speedier disposal of an application/e-form leading to convenience of stakeholders.

Service Request Number (SRN)

Each transaction under e-filing is uniquely identified by a Service Request Number (SRN). On filing of an e-form, the system will generate and provide a Service Request Number (SRN). A user can check the status of the document/ transaction, by entering the SRN.

Payment of Stamp Duty

Stamp duty is a state subject. It is payable on Memorandum and Articles of Association of every Company. In some states, duty is also payable on the authorized capital mentioned in the Memorandum of Association of the Company. Some states have authorized MCA to collect the stamp duty on their behalf and to remit the same to them.

Physical submission of certain documents

In view of practical constraints, certain documents requiring stamp paper or Stamp fees like stamped memorandum of association, declaration on stamp paper, original certified

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copy of the Company Law Board/Court order are required to be sent by the Companies in the physical form to the ROCs. The user will be providing SRN while sending these forms/documents to MCA. This would ensure the authenticity and reliability of such key documents and enable the MCA authorities to further act upon the same.

PRE-CERTIFICATION OF E-FORMS

Apart from authentication of e-forms by authorized signatories using digital signatures, some e-forms are also required to be pre-certified by practising professionals. Pre-certification means certification of correctness of any document by a professional before the same is filed with the Registrar. This pre-certification is to be carried out by *inter-alia*, Company Secretaries, Chartered Accountants, Cost Accountants, in whole-time practice, Advocates at some place.

TERMS USED WHILE E-FILING THE FORMS

Pre-fill

Pre-fill is functionality in an e-Form that is used for filling automatically, the requisite data from the system without repeatedly entering the same. For example, by entering the CIN of the company, the name and registered office address of the company shall automatically be pre-filled by the system without any fresh entry.

Attachment

An attachment refers to a document that is sent as an enclosure with an e-Form by means of an attached file. The objective of the attachment is to provide details relevant to the e-Form for processing. While some attachments are optional some are mandatory in nature. The attachments to an e-Form will be only in Adobe PDF format. MCA portal shall not accept attachment file of more than 2.5MB and the user is advised to keep the attachment size to minimum.

Check Form

By clicking "Check Form", the user will be in a position to find out whether the mandatory fields in an e-Form are duly filled-in. For example, if the user enters alphabets in "Date of Appointment of Director" field, he/she will be asked to correct the entered information.

Modify

Once the user has done 'Check Form', the form gets locked and it cannot be edited. If the user wishes to make any alterations, the form can be overwritten by clicking "Modify" button.

Pre-Scrutiny

Pre-scrutiny is a functionality that is used for checking whether certain core aspects are properly filled in the e-Form. The user has to login on MCA portal to perform the pre-scrutiny of e-form. The necessary attachments and digital signatures should be affixed before submitting the e-Form for pre-scrutiny.

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The difference between check form and pre-scrutiny is that the Check form is done by internal features of the form which ensure that all the mandatory and required field are filled up and attachment are made to the e-form, while Pre-Scrutiny is a complete legal and technical scrutiny of an e-form done by the MCA portal before accepting the form.

Addendum to e-Form

The user may have to submit some additional supporting documents that are not submitted during the e-Form (application) filing but are required for the processing of the e-Form. MCA may also ask the applicant to provide some additional documents in support of the e-Form already filed so as to expedite the processing of the same. The user can initiate this on their own by checking the track transaction status on MCA portal or on being notified by MCA through email. Payment of fees is not required for filing an addendum. The supporting documents that the applicant uploads, as an addendum, gets duly associated with the e-Form that was submitted earlier with the given SRN.

Online Inspection of Documents

The documents filed online, once taken on record by ROC Offices shall be available for public viewing on payment of requisite fees. These documents, which shall be in the domain of public documents, include documents relating to incorporation, charges, annual returns and balance sheets and change in directors. A certified copy of the documents can also be obtained by anyone so interested. Registrars of Companies have to ensure that proper stamp duty is paid on the instruments registered with their office. Accordingly, physical submission of documents is necessary to ascertain that applicable stamp duty has been paid. In the MCA-21 system, even though the eForm is submitted instantly, the RoC office has to wait for receipt of physical stamp papers to initiate necessary processing.

KEY BENEFITS OF MCA 21 PROJECT

MCA 21 seeks to fulfill the requirements of the various stakeholders including the Corporates, Professionals, Public Financial Institutions and Banks, Government and the MCA employees. The key benefits of MCA 21 project are as follows:

1. On-line incorporation of companies.
2. Simplified and easy mode of filing of Forms/Returns.
3. Registration as well as verification of charges anytime and from anywhere.
4. Inspection of public documents of companies anytime from anywhere.
5. Corporate-centric approach.
6. Building up a centralized database repository of Corporates operating in India.
7. Enhanced service level fulfillment and customer relationship building.
8. Total transparency through e-Governance.
9. Timely redressal of investor grievances.
10. Time Saving

XBRL

XBRL stands for eXtensible Business Reporting Language. XBRL is a language for the electronic communication of business and financial data which has revolutionized business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater

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efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

XBRL is a data-rich dialect of XML (Extensible Markup Language), the universally preferred language for transmitting information via the Internet. It was developed specifically to communicate information between businesses and other users of financial information, such as analysts, investors and regulators. XBRL provides a common, electronic format for business reporting. It does not change what is being reported. It only changes how it is reported.

BENEFITS OF XBRL

XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis and in better quality of information and decision-making. All types of organisations can use XBRL to save costs and improve efficiency in handling business and financial information. Because XBRL is extensible and flexible, it can be adapted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data. XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are able to concentrate effort on analysis, aided by software which can validate and manipulate XBRL information.