Module 1 · The Companies Act, 2013

P13 · Section A (Corporate Laws)

SM pp. 3–157 + exercise 158–172. **The heaviest module in P13: 381 marks in 7 papers, about 54 a paper.** One notes PDF per topic; this page is the map.

Topic (PDF)	SM pp.	J23	D23	J24	D24	J25	D25	J26	Total	Dec'26
1.5 Directors and KMP	82–115	13	21	13	11	8	7	14	**87**	A · 9–14
1.4 Accounts and Audit	51–81	12	10	–	7	2	15	18	**64**	A · 9–16
1.6 Board Meetings	116–132	6	7	9	–	21	14	–	**57**	A · 7–14
1.1 Formation and Conversion	3–33	4	9	9	9	–	9	13	**53**	A · 7–13
1.2 Loans, Investments, Deposits	34–43	–	7	7	2	14	9	–	**39**	A · 7–9
1.8 Compromises, Amalgamations	141–149	4	7	–	7	–	7	7	**32**	A · 7
1.9 Oppression and Mismanagement	150–157	4	–	7	7	7	2	2	**29**	B · 2–9
1.3 Dividends	44–50	5	2	–	–	–	–	7	**14**	B · 2–7
1.7 Inspection, Investigation	133–140	4	2	–	–	–	–	–	**6**	C · 0–2
Module 1		**52**	**65**	**45**	**43**	**52**	**63**	**61**	**381**	

HOW MODULE 1 IS EXAMINED (P13 ANALYSIS, 5 OCT)

- **Q2, Q3, Q4 and Q5(a): seven 7-mark halves are Companies Act**, and the topic in each position rotates. You choose 5 of the 7 long questions, so Module 1 alone can carry most of your long-answer marks.
- **Q1 MCQs:** a **4-MCQ case set on one Companies Act area** (Board meetings 100%, mergers 80%, directors 60%, audit 60% in our model), plus **2 single Companies Act MCQs**.
- **Due back: 1.6 Board meetings** (0 in Jun'26 after 3 + 2 halves) and **1.2 deposits / inter-corporate loans** (0 in Jun'26). **Overdue:** managerial remuneration (1.5; last long Jun'23).
- **The SM is outdated in places**: OPC rules, the conversion approval authority, fraud reporting, political contributions, small company. Each pack has ⚠ boxes; write the current law with one line on the SM version.

STUDY ORDER (2 HOURS A DAY)

1. **1.5** Directors (12 pp) · **1.6** Board meetings (8 pp)
2. **1.4** Accounts and audit (11 pp)
3. **1.1** Formation (10 pp) · **1.2** Loans and deposits (6 pp)
4. **1.8** Mergers (6 pp) · **1.9** Oppression (4 pp)
5. **1.3** Dividends (3 pp) · **1.7** Inspection (2 pp)
6. Before each mock: every pack's **revision page + model answers**

HOW TO USE EACH PACK

- **Page 1** of each pack: what was asked, the prediction, the map.
- Learn the **tables and flows**; they are the answer structure.
- **Model answers** show the layout: provision → facts → conclusion, in numbered points.
- ⚠ **boxes** = where the SM is wrong or outdated. **SM WORDS** = learn word for word.
- Small grey **[SM nn]** = study-material page, to look up anything.

M1 Mind map: the Companies Act on one page

1.1 Formation (53)

- public 7 / private 2–200 / OPC 1 · small company ₹10 cr / ₹100 cr
- OPC: Indian citizen, nominee, no minor (2021: residency dropped)
- RO: same city → Board · other State → special resolution + CG
- doctrines: constructive notice · indoor management (Turquand) · ultra vires
- conversions: special resolution; public → private needs CG (RD); LLP → co s.366
- s.8: licence, no dividend, ₹10 lakh–₹1 cr penalty

1.2 Loans and deposits (39)

- s.186: 60% (PUC+FR+SP) or 100% (FR+SP), higher → else special resolution
- interest ≥ G-sec yield closest to tenor (1/3/5/10 yrs)
- s.187: own name; nominee for the subsidiary minimum; 4 exemptions
- deposits: members 10% / public 25% / 6–36 months / DRRA 20% by 30 April
- eligible co: NW ₹100 cr or turnover ₹500 cr

1.3 Dividends (14)

- out of profits after depreciation; free reserves only
- from reserves: 3-yr average · 1/10 · losses first · 15% left
- separate account in 5 days · pay in 30 days · 18% interest (s.127)
- unpaid 7 yrs → IEPF (90 days, DIV-5)

Companies Act, 2013
Module 1

29 chapters · 470 sections · 7 schedules

≈ 54 marks a paper

1.4 Accounts and audit (64)

- books at RO, 8 yrs, e-form backup in India; any director inspects
- s.134: FS signed by chairperson / 2 directors incl. MD + CFO + CS · Board's report list · DRS
- auditor: Board 30 days / 1st AGM–6th AGM / ADT-1 15 days / rotation 5 or 2×5
- removal: special resolution + CG (ADT-2) · resignation ADT-3 in 30 days
- s.141 bars: debt > ₹5 lakh, relative's shares > ₹1 lakh, > 20 audits · s.144 services
- fraud s.143(12): 45 + 15 days, ADT-4 e-form

1.5 Directors and KMP (87)

- IDs: listed ⅓ · public ₹10 cr / ₹100 cr / ₹50 cr → 2 · woman: listed / ₹100 cr / ₹300 cr
- s.160: 14 days, ₹1 lakh, 25% · not for Govt / pvt / ballot companies
- s.161: additional till AGM · alternate 3 months abroad · nominee · casual
- remuneration: 11 / 5 / 10 / 1 / 3% · sitting fee ₹1 lakh
- removal: ordinary resolution + special notice · s.164 disqualification · s.167 vacation
- KMP: listed or ₹10 cr; one company + subsidiary · RPT s.188 + omnibus

1.6 Board meetings (57)

- first in 30 days · 4 a year · gap ≤ 120 days
- notice 7 days · shorter: 1 ID present or ratifies · video counts
- quorum ⅓ or 2 (round up; vacancies out; interested out; ≥ ⅔ interested → disinterested ≥ 2)
- circulation: majority; ⅓ can demand a meeting · minutes in 30 days
- audit committee: 3, majority IDs; recommendations not binding but reasons disclosed
- political contributions: Board meeting; 3 yrs old; ⚠ 7.5% cap restored 2024

1.8 Mergers (32)

- s.230: NCLT → meetings → ¾ in value → sanction → ROC in 30 days
- objection: ≥ 10% shares / ≥ 5% debt · dispense if 90% creditors agree
- s.233 fast track: small / holding + WOS / start-ups: 90% members, 9/10 creditors
- s.237: CG order in public interest; compensation; appeal in 30 days

1.9 Oppression (29) · 1.7 Inspection (6)

- s.244: 100 or 1/10 members (lower), or 1/10 capital; waiver by NCLT
- withdrawal after filing does not defeat the petition (Rajahmundry)
- Foss v. Harbottle + 6 exceptions · class action s.245
- 1.7: ROC inquiry s.206(4) · SFIO s.212 · s.213 NCLT: 100 / 1/10