



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore - 641 107**

**An Autonomous Institution**

**Accredited by NBA - AICTE and Accredited by NAAC - UGC with 'A' Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS**

**I YEAR / I SEMESTER**

**Unit - 4 : COMPANY LAW 2013 & IPR**

**TOPIC: Introduction to Company Law**



## Introduction to Company Law

The Companies Act, 2013 was enacted to consolidate and amend the law relating to the companies.

- The Companies Act, 2013 was preceded by the Companies Act, 1956.
- Due to changes in the national and international economic environment and to facilitate expansion and growth of our economy, the Central Government decided to replace the Companies Act, 1956 with a new legislation.
- The Companies Act, 2013 contains 470 sections and seven schedules. The entire Act has been divided into 29 chapters.
- It received the assent of President on 29th August, 2013 and came into force on 12th September, 2013. (98 sections).
- A substantial part of this Act is in the form of Companies Rules.
- The Companies Act, 2013 aims to improve corporate governance, simplify regulations, strengthen the interests of minority investors and for the first time legislates the role of whistle-blowers. Thus, this enactment seeks to make our corporate regulations more contemporary.



## Applicability of the Companies Act, 2013:

- Companies incorporated under this Act or under any previous company law.
- Insurance companies (except where the provisions of the said Act are inconsistent with the provisions of the Insurance Act, 1938 or the IRDA Act, 1999)
- Banking companies (except where the provisions of the said Act are inconsistent with the provisions of the Banking Regulation Act, 1949)
- Companies engaged in the generation or supply of electricity (except where the provisions of the above Act are inconsistent with the provisions of the Electricity Act, 2003)
- Any other company governed by any special Act for the time being in force.
- Such body corporate which are incorporated by any Act for time being in force, and as the Central Government may by notification specify in this behalf



## DEFINITION AND MEANING OF A COMPANY

### STATUTORY DEFINITION

As per Sec. 2(20) of the Companies Act, 2013, 'company' means a company incorporated

- Under this Act or
- Any of the previous Companies laws

### Meaning of company

For the purpose of Companies Act, 'company' means a company incorporated under the Companies Act, 2013 or any Companies Act enacted prior to the Companies Act, 2013 [Sec. 2(20) of the Companies Act, 2013].



## CHARACTERISTICS/FEATURES OF A COMPANY



**1.Incorporated Association** - A company is formed and registered by complying with the prescribed formalities prescribed under the Act.

**2.Artificial Person** - A company is an artificial person. But it is not a fictitious person. A company does exist but only in the eyes of law. In other words, a company exists only in contemplation of law. A company can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it.

**3.Separate Legal Entity** : A Company is legal person in the eyes of law distinct from its members. A company is a separate person having its own rights and obligations.

**4.Perpetual Succession** : **Death, insolvency, insanity etc. of members does not affect the continuity of the** Company. Thus, the life of the company does not depend upon the life of its members. Members may come and go, but the company goes on forever'. Thus a company never dies.

**5.Limited Liability** : For the debts of the company, its creditors can sue it and not its members whose liability is limited to the unpaid amount on shares held by them or the guarantees provided by them to contribute on the winding up of the company, depending on the type of company.



**6.Common Seal** :Common seal is the official signature of the Company. Any document, on which the common seal is affixed, is deemed to be signed by the Company.

In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

**7.Transferability Shares** : Shares are movable property (Sec. 44 of the companies Act, 2013) Shares are transferable in the manner provided in the Articles (Sec. 44 of the Companies Act, 2013).

- In a Private company - the right to transfer the shares is restricted.
- In a Public company – shares are freely transferable.

**8. Ownership separate from management :**

- The members do not participate in the day-to-day affairs of the Company.

The directors are appointed as well as removed by the members. Thus, the Act has ensured the ultimate control of members over the company.

**9.Separate property :**

A Company can own and enjoy property in its own name.

- Members are not owners or co-owner of the company's property.
- Members have no insurable interest in the property of the company.



## Kinds of Companies

### 1. On the basis of Members -

- (a) Private Company [Sec.2(68)]
- (b) Public Company [Sec.2(71)]

### 3. On the basis of control -

- (a) Holding Company [Sec.2(46)]
- (b) Subsidiary Company [Sec.2(87)]
- (c) Associate Company [Sec.2(6)]

### 5. Other companies -

- a) Foreign company [Sec. 2(42)]
- (b) Government company [Sec.2(45)]
- (c) Companies with charitable objects etc. (Non-profit companies ) (Sec. 8)
- (d) Dormant company[Sec 455]
- (e) Nidhi Companies.[Sec 406]
- (f) Public financial Institutions.[Sec 2(72)]

### 2. On the basis of Liability -

- (a) Limited Company
- (b) Unlimited Company[Sec. 2(92)]

### 4. On the basis of access to capital -

- (a) Listed company [Sec. 2(52)]
- (b) Unlisted company



**RECAP**

**QUESTIONS???**

**THANK YOU**