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Introduction of Companies Act 2013

Companies Bill 2012

Received assent by President
↓
Aug 29, 2013

Notified in Official Gazettee
↓
Aug, 30, 2013

Companies Act, 2013 has undergone amendments various times.

Meaning and Definition of Company:

The word (Co) Latin word

Com — Together

panis — bread

So, it referred to an association of persons who took their meals together.

Pursuant to Section 2(20) of Companies Act 2013, a "company" means a company incorporated under this Act or under any previous company law.

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Nature and characteristics of a Company.

Since a Corporate body (ie. a Company) is the creation of law, it is not a human being, it is an artificial judicial person (ie. created by law)

and

it is clothed with many rights, obligations, powers and duties prescribed by law.

1.) Seperate Legal Entity: It is seperate from its members, have its own name, acts, undername, has a seal of its own and its assets are seperate from its member.

Case: Salmon v. Saloman and Co. Ltd (1897)

2.) Company is an Artificial person: It is considered as a legal person created by law. It can enter into contracts, possess properties in its own name, sue and can be sued by others etc.

Case: Union Bank of India v. Khader International Construction and other (2001)

3.) Company is not a citizen:

As company is a legal person, is not a citizen under Citizenship Act 1955 or the Constitution of India.

Case: State Trading Corporation of India Ltd v C.T.O. A.I.R. 1963 S.C (1811)

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4.) Company has Nationality and Residence:

5.) Limited liability: Company having Share Capital, the liability of member / shareholder extends to the contribution to the Capital of the Company up to the nominal value of shares held & not paid by him.

Case: Buckley, J. in Re London and Globe finance Corp. (1903)

6.) Perpetual Succession: Company never dies except when it is wound up as per the law.

" Members may come and go, but the company can go on forever".

7.) Transferability of Shares:

Company's capital is divided into parts, called shares.

Share are movable property and subject to certain conditions → freely transferable, so that no shareholder is permanently or neccessarily wedded to the company.

8.) Capacity to sue and be sued:

A Co. being a body corporate, can sue and be sued in its own name.

∴ To sue, means to institute legal proceedings against a person or to bring a suit in a court of law.

It can seek damages where a defamatory material published.

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9.) Seperate Management:

Members may derive profits w/o being burdened with the management of the company. In other words, company is administred and managed by its managerial personnel.

10.) Termination of Existence:

Existence of Co. is terminated by means of winding up. However, to avoid winding up, sometimes companies adopt strategies like Re-organisation, reconstruct-ion, and amalgmation.