



PRESENTED BY

Dr. Renu Sharma

COMPANY LAW

TABLE OF CONTENTS

- What is a company
- Meaning and Definition of a company
- Companies Act 1956
- Nature & Characteristics of a company
- Objectives of company
- Types of company
- Winding up of a company
- Dissolution of a company
- Difference between Partnership firm& Company
- Difference between MOA&AOA
- Difference between Shares & Debentures
- Merger & Amalgamation of a company.
- Corporate social responsibility
- Key highlights on New Indian companies act



What is a company

- A company is a separate legal entity that is created by law.
- A company is the association of a group of people, such as shareholders who work together to attain common interests.
- A company is also termed as an association of both natural and artificial persons and is incorporated under the existing law of a particular country.
- The definition of the existing company means a company registered and formed under any of the earlier Company Laws.



Meaning and Definition of a company

- The word company is originated from the Latin word in which 'Com' stands for with or together; 'panis' means bread.
- It originally referred to an association of persons who discuss and take their business matters together.
- It is also called a body of corporate because the persons composing it are made into one body by incorporating it according to the law with legal personality.
- The word 'corporation' is derived from the Latin word ('corpus'= body)

- Hence, the definition of 'corporation' means it is a legal person created by a process other than natural birth.
- Therefore, it is known as an artificial legal person in which a corporation is capable of enjoying many rights but also incurring many liabilities of a natural person.
- So it can be said that the company form of organization has assumed greater importance as a company is for the attainment of a combined political, social, economic, and legal institution



Companies Act 1956

- **The Companies act 1956** is the act of parliament of India, came into force on 1st April 1956 which entitles the laws relating to companies and certain other associations.
- This Act was termed as the longest piece of legislation ever passed by our Parliament.
- The Companies Act, 1956 was enacted with the object to enabled the companies to be formed by registration and organizes the responsibilities of companies, directors, and secretaries.
- Since its commencement, it has undergone changes in which amendments of 1988, 1990, 1996, 2000, and 2011 are considered to be notable.

Companies Act 2013

- Companies Act 2013 came into force on 1st April 2013 after the replacement of the Companies Act 1956.
- The act has been divided into 29 chapters containing 470 sections as against 658 Sections in the Companies Act 1956. This act has also entitled to 7 schedules.
- This Act has been termed as the Act of the parliament of India which regulates incorporation of the company, directors of a company, responsibilities of a company, dissolution of a company.

Nature and Characteristics of a company

- Separate Legal Entity
- Corporate Personality.
- Artificial Person
- Limited Liability
- Separate Property
- Perpetual Succession
- Separate Property
- Transferability of Shares
- Capacity to Sue and Be Sued
- Contractual Rights
- Requires Compulsory



Objectives of company

- To focus on profitability and stability
- To ensure growth and efficiency
- To conduct business activities
- To encourage survival of company
- To adopt fair trade practices
- To meet customer service goals
- To bring regular innovations
- To success sales
- To meet financial goals
- To make best possible use of resources



Types of company

- Private Company
- Public Company
- Limited Company
- Unlimited Company
- Small Company
- Foreign Company
- Government Company
- Associate Company
- Investment Company
- Producer Company



Winding up of a company

- Winding up a company is done by passing the special resolution.
- It can be defined as the process under which the life of a company came to an end.
- The property of the winded company is administrated for the benefit of its members and creditors.
- This is the position in which a company is a failure to commence the business and other activities.
- The liquidator is the person appointed to take the control of the company, manages the activities, collect its assets, pays the debts, and distribute the surplus among the members of the winded company.



Dissolution of a company

- Dissolution of a company is the process lead by an administrator who is called the liquidator under the Tribunal of laws.
- This process is purely defined as the administrative function.
- This is considered the last step of the disclosure of the company.
- This can also be defined as the process in which a company ceases to exist as a corporate entity.
- This process is mainly to be declared by the court.
- The liquidator has to forward the order to the Registrar of the companies within 30 days from the dissolution.

Difference between Partnership firm& Company

Partnership firm	Company
A Partnership firm is not the separate legal entity.	A company can be defined as the separate legal entity.
The members within partnership firm are called partners and they have unlimited liability.	The members of the company are called shareholders and have limited liability.
In partnership, the property of the firm is determined on the basis of Individual property.	In a company, the property belongs to the members of the company not to the Individual.
Partnership firm does not require any type of Registration.	A company Registration is mandatory.
Partners are agent of the firm and they cannot contract with their firm.	Members of the company are not agents and can contract with their company.
In case of death or insolvency of a partner, the firm gets dissolved.	In case of death or insolvency of a shareholder, no affect is observed on the company.
The compulsory document in case of partnership firm is Partnership deed.	The compulsory document in case of company is MOA&AOA.

Difference between MOA&AOA

Memorandum of Association	Article of Association
It describes the aims and objectives of the company.	It describes the rules and regulations for the implementation in the company.
There are mainly six clause under Memorandum of Association.	Article of Association can be draft according to the need of the company.
It defines relationship between company and outsiders.	It defines relationship between company and it's members.
The MOA is subordinate under the Companies Act.	The AOA is subordinate under the Memorandum.
It is not easy to amend the aims and other objectives of Memorandum of Association.	A special resolution is passed in the case of Article of Association to amend the rules.
Memorandum of Association is compulsory for all the companies.	A public share company can use Table A in place of Article of Association
The provision given in the MOA should be under the scope of Companies Act.	The rules given in the AOA should be under the Companies Act and MOA.

Difference between Shares & Debentures

Shares	Debentures
It can be defined as the part of the capital of the company.	It can be defined as the borrowed capital of the company.
The person who holds and manages the ownership of the share are called as Shareholders.	The person who holds and manages the ownership of the debentures are called as Debenture Holders.
Shareholders are the owners of the company.	Debenture holders are the creditors of the company.
Shareholders gets the dividend at the varying rate.	Debenture holders gets the interest at a fixed rate.
Shareholders have the freedom to enjoy the voting rights.	Debenture holders do not have any voting rights.
Shares cannot be converted into the debentures easily.	Debentures can be converted into the shares easily.
Shares cannot be issued at the discount rate.	Debentures can be issued at discount rate without any restrictions.

Merger & Amalgamation of a company

- A merger can be defined as the process in which assets and liabilities of the company get mixed or vested in another company, the merged lose its identity and the shareholder of the merged company become the shareholder of the other company.
- E.g. A is the already existing company, gets merged with another company called B, where all the assets and liabilities of company A get merged or vests with B. This is a clear example of a merger where company A has no longer exists and shareholders of company A become the shareholders of company B.

Amalgamation is defined as the agreement where the assets and liabilities of two or more companies get mixed or vests into another company. In simple language, it is the process of merger of two or more companies. The controlling power and the stake are always with the acquire and the target company is the minority shareholder in it.

E.g. Company A and B are operating the business and they came to an agreement, that due to some reasons the assets and liabilities of both the companies should be merged in the new company C. In this case, shareholders of companies A and B, become the shareholders of the company's newly incorporated company C.

Corporate social responsibility

While living in the dynamic world, it has been observed that social, cultural, and economic issues have become an important part of our daily life.

Corporate Social Responsibility is the new concept by the way companies manage to produce an overall positive impact on society through environmental, economic, and social actions. This is the important strategy adopted by the companies to maintain the trust of the consumers. This can be termed as the new business tool to reduce the investment risk and maximize the profits by taking all the stakeholders into confidence. This also helps in increasing advertising and social marketing initiatives and maintains the reputation of the company in the eyes of society.

Key highlights on New Indian companies act

- Introduction of one person company
- Immediate change in letter head
- Commencement of business
- Women's Director
- Financial year
- Article of Association
- Independent Directors
- Board Meetings
- Appointment of Statutory Auditors
- Disqualification of Directors
- Key managerial personnel
- Loans to director
- Corporate Social Responsibilities



THANK
YOU

