



VIT[®]

Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

Legal Aspects of Business

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The Companies Act, 2013

Module 4

- Introduction
- Characteristics
- Classification of companies
- Formation procedure
- Memorandum of Association
- Articles of Association
- Membership
- Meetings
- Resolutions
- Winding up

The Companies Act, 2013

Objectives of the Companies Act, 2013

- To encourage investments
- To ensure proper administration
- To protect from malpractices
- To arrange for investigation in case of dishonesty and fraud in the corporate sector

The Companies Act, 2013

Introduction

- Company is an artificial person created by law with a perpetual succession and a common seal.
- It came into existence by law.
- It is an artificial being as it is not made of blood and flesh.
- It does not die as a natural person dies, but it can be wound up.

The Companies Act, 2013

Definition

According to **Lord Justice Lindley**, company is defined as, A Voluntary association of many persons who contribute money or money's worth to a common stock, and employ it in some common trade or business (i.e., for a common purpose), and who share the profit or loss (as the case may be) arising therefrom.

The Companies Act, 2013

The following companies and bodies corporate includes under the provision of Companies Act, 2013;

- Companies incorporated under this Act or under any previous company law;
- **Insurance companies**, except in so far as the said provisions are inconsistent with the provisions of the Insurance Act, 1938 or the Insurance Regulatory and Development Authority Act, 1999;
- **Banking companies**, except in so far as the said provisions are inconsistent with the provisions of the Banking Regulation Act, 1949;
- Companies engaged in the **generation or supply of electricity**, except in so far as the said provisions are inconsistent with the provisions of the Electricity Act, 2003;
- Central Government may, by notification, specify in this behalf, subject to such exceptions, modifications or adaptation, as may be specified in the notification.

Review Questions

1. Banking and Insurance companies should also register under the provision of the companies Act, 2013. **True or False.**
2. What are the objectives of the companies Act, 2013?
 - a. To protect the stakeholders
 - b. To encourage entrepreneurship
 - c. To ensure proper administration
 - d. All of the above
3. Company also dies like a natural person. **True or False.**

Answer

1. Banking and Insurance companies should also register under the provision of the companies Act, 2013.

Answer: True

2. What are the objectives of the companies Act, 2013?

Answer: d. All of the above

3. Company also dies like a natural person.

Answer: False