



Some Important Terms and Definitions

Company

As per Section 2(20) of the Companies Act 2013, **company** means a company incorporated under this Act or under any previous company law;

Private Company

As per section 2(68) of the Companies Act, 2013, **private company** means a company having a minimum paid-up share capital*** as may be prescribed, and which by its articles, —

(i) restricts the right to transfer its shares;

(ii) except in case of One Person Company, limits the number of its members to two hundred:

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that—

(A) persons who are in the employment of the company; and

(B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and

(iii) prohibits any invitation to the public to subscribe for any securities of the company;

***The words —of one lakh rupees or such higher paid-up share capital|| omitted by Act 21 of 2015, s. 2 (w.e.f. 29-5-2015).

Public Company

As per section 2(71) of the Companies Act, 2013, **public company** means a company which—

(a) is not a private company and;

(b) has a minimum paid-up share capital** as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles;

** The words —of five lakh rupees or such higher paid-up share capital, || omitted by Act 21 of 2015, s. 2 (w.e.f. 29-5-2015).

Listed Company

As per section 2(52) of the Companies Act, 2013, **listed company** means a company which has any of its securities listed on any recognized stock exchange.



Foreign Company

As per section 2(42) of the Companies Act, 2013, **foreign company** means any company or body corporate incorporated outside India which—

- (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- (b) conducts any business activity in India in any other manner.

One Person Company

As per section 2(62) of the Companies Act, 2013, One Person Company means a company which has only one person as a member.

Small Company

As per section 2(85) of the Companies Act, 2013, small company means a company, other than a public company, —

- (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than Ten crore rupees; and
- (ii) turnover of which as per last profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act.

Unlimited Company

As per section 2(92) of the Companies Act, 2013, unlimited company means a company not having any limit on the liability of its member.

Associate Company

As per section 2(6) of the Companies Act, 2013, Associate Company in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation. —For the purpose of this clause—

- (a) The expression “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;



(b) The expression “joint venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Subsidiary Company or Subsidiary

As per section 2(87) of the Companies Act, 2013, subsidiary company or subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or
(ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation. —For the purposes of this clause, —

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) The expression —company includes anybody corporate;

(d) —layer in relation to a holding company means its subsidiary or subsidiaries.

Government Company

As per section 2(45) of the Companies Act, 2013, Government company means any company in which not less than fifty-one percent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

Director

As per section 2(34) of the Companies Act, 2013, director means a director appointed to the Board of a company.

Whole-Time Director

As per section 2(94) of the Companies Act, 2013, whole-time director includes a director in the whole-time employment of the company.



Board of Directors or Board

As per section 2(10) of the Companies Act, 2013, Board of Directors or Board, in relation to a company, means the collective body of the directors of the company;

As per section 2(11) of the Companies Act, 2013, body corporate or corporation includes a company incorporated outside India, but does not include—

- (i) a co-operative society registered under any law relating to co-operative societies; and
- (ii) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.

Chief Executive Officer

As per section 2(18) of the Companies Act, 2013, Chief Executive Officer means an officer of a company, who has been designated as such by it.

Chief Financial Officer

As per section 2(19) of the Companies Act, 2013, Chief Financial Officer means a person appointed as the Chief Financial Officer of a company.

Company Secretary or Secretary

As per section 2(24) of the Companies Act, 2013, company secretary or secretary means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under this Act.

Key Managerial Personnel

As per section 2(51) of the Companies Act, 2013, key managerial personnel, in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.



Manager

As per section 2(53) of the Companies Act, 2013, manager means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

Managing Director

As per section 2(54) of the Companies Act, 2013, managing director means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Member

As per section 2(55) of the Companies Act, 2013, member, in relation to a company, means—

- (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members.
- (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
- (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository.

Promoter

As per section 2(69) of the Companies Act, 2013, promoter means a person—

- (a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or
- (b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- (c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

Registrar

As per section 2(75) of the Companies Act, 2013, **Registrar** means a Registrar, an Additional Registrar, a Joint Registrar, a Deputy Registrar or an Assistant Registrar, having the duty of registering companies and discharging various functions under this Act.



Company Liquidator

As per section 2(23) of the Companies Act, 2013, Company Liquidator, in so far as it relates to the winding up of a company, means a person appointed by—

- (a) the Tribunal in case of winding up by the Tribunal; or
- (b) the company or creditors in case of voluntary winding up,

as a Company Liquidator from a panel of professionals maintained by the Central Government under sub-section (2) of section 275.

Document

As per section 2(36) of the Companies Act, 2013, document includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

Register of Companies

As per section 2(74) of the Companies Act, 2013, register of companies means the register of companies maintained by the Registrar on paper or in any electronic mode under this Act.

Financial Statement

As per section 2(40) of the Companies Act, 2013, financial statement in relation to a company, includes—

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to one-person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement.



Memorandum

As per section 2(56) of the Companies Act, 2013, memorandum means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of any previous company law or of this Act.

Books of Account

As per section 2(13) of the Companies Act, 2013, books of account include records maintained in respect of—

- (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;
- (ii) all sales and purchases of goods and services by the company;
- (iii) the assets and liabilities of the company; and
- (iv) the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section.

Financial Year

As per section 2(41) of the Companies Act, 2013, financial year, in relation to any company or body corporate, means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company or body corporate is made up:

Provided that on an application made by a company or body corporate, which is a holding company or a subsidiary or associate of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts outside India, the Tribunal may, if it is satisfied, allow any period as its financial year, whether or not that period is a year:

Provided further that a company or body corporate, existing on the commencement of this Act, shall, within a period of two years from such commencement, align its financial year as per the provisions of this clause.

Net Worth

As per section 2(57) of the Companies Act, 2013, net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;



Paid-Up Share Capital or Share Capital Paid-Up

As per section 2(64) of the Companies Act, 2013, paid-up share capital or share capital paid-up means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.

Previous Company Law

As per section 2(67) of the Companies Act, 2013, previous company law means any of the laws specified below: —

- (i) Acts relating to companies in force before the Indian Companies Act, 1866 (10 of 1866);
- (ii) the Indian Companies Act, 1866 (10 of 1866);
- (iii) the Indian Companies Act, 1882 (6 of 1882);
- (iv) the Indian Companies Act, 1913 (7 of 1913);
- (v) the Registration of Transferred Companies Ordinance, 1942 (Ord. 54 of 1942);
- (vi) the Companies Act, 1956 (1 of 1956); and
- (vii) any law corresponding to any of the aforesaid Acts or the Ordinances and in force—
 - (A) in the merged territories or in a Part B State (other than the State of Jammu and Kashmir), or any part thereof, before the extension thereto of the Indian Companies Act, 1913 (7 of 1913); or
 - (B) in the State of Jammu and Kashmir, or any part thereof, before the commencement of the Jammu and Kashmir (Extension of Laws) Act, 1956 (62 of 1956), in so far as banking, insurance and financial corporations are concerned, and before the commencement of the Central Laws (Extension to Jammu and Kashmir) Act, 1968 (25 of 1968), in so far as other corporations are
- (viii) the Portuguese Commercial Code, in so far as it relates to *sociedades anonimas*; and
- (ix) the Registration of Companies (Sikkim) Act, 1961 (Sikkim Act 8 of 1961).

Securities and Exchange Board

As per section 2(82) of the Companies Act, 2013, Securities and Exchange Board of India means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).



Tribunal

As per section 2(90) of the Companies Act, 2013, Tribunal means the National Company Law Tribunal constituted under section 408.

Financial Institution

As per section 2(39) of the Companies Act, 2013, financial institution includes a scheduled bank, and any other financial institution defined or notified under the Reserve Bank of India Act, 1934 (2 of 1934).

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