

Topic-**Meaning and Definitions of a Company**

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## **MEANING AND DEFINITIONS OF A COMPANY**

In common parlance, company means an association of two or more persons formed for some common object or objects such as the economic gain of its members. However, in law any association of persons for any common object can be registered as a company. In other words, a company is a voluntary association of persons recognised by law having a distinctive name and common seal, formed to carry on business for profit, with capital divisible into transferable shares, limited liability, a corporate body and perpetual succession. Literary meaning of the word, 'A joint stock company is an incorporated and voluntary association of individuals for the purpose of carrying on some lawful activity in common. It is an artificial person created by law having a separate entity with perpetual succession and common seal. It has usually a capital divided into transferable shares of a fixed denomination and the liability of members is generally limited. In simple words, company is a voluntary association of two or

more persons formed for purpose or objects of business, having a distinct name and limited liability. Thus, it can say regarding the word 'company', is a legal entity formed by a group of individuals to engage in and operate a business. Definitions of a company by some popular authors or experts are:

{1} According to **Kimball and Kimball**, "A corporation is by nature an artificial person created or authorised by the legal statute for some specific purpose."

{2} According to **Justice James**," A company is an association of persons united for a common object."

{3}In the words of **Professor L.H.Haney**," A company is an artificial persons created by law having a separate entity with a perpetual succession and a common seal."

{4} In the words of **Justice Lindley**," By a company is meant an association of many persons who contribute money or money's worth to a common stock and employ it for a common purpose. The common stock so contributed is denoted in money, and is the capital of the company .The persons who contributed it or to whom it belongs are members. The proportion

of capital to which each member is entitled is his share. Shares are always transferable, although the right to transfer them is often more or less restricted.”

{5} Under the Companies Act, 1956, a joint stock company has been defined as “a company limited by shares having permanent paid up or nominal share capital of fixed amount divided into shares, also of fixed amount, held and transferable as stock and formed on the principle of having in its members only the holders of those shares or stock and no other persons.”

{6} According to **section-2[20] of Indian Companies Act, 2013,**” Company “ means a company incorporated under this Act or under any previous company law.[i.e. all companies existing as on first day of April, 2014]. Even section-3 of the Companies Act, 1956 defined a company in similar manner.

{7}In the words of Govind Kumar, “A company is an association of two or more persons for the purpose of business, and they are known by common seal.”