

Companies Act, 1956

Section 3 - Definitions of "company", Existing Company" "private Company" and "public Company"

(1) In this Act, unless the context otherwise requires, the expressions "company", "existing company", "private company" and "public company" shall, subject to the provisions of sub-section (2), have the meanings specified below:--

(i) "company" means a company formed and registered under this Act or an existing company as defined in clause (ii);

(ii) "existing company" means a company formed and registered under any of the previous companies laws specified below:

(a) Any Act or Acts relating to companies in force before the Indian Companies Act, 1866 (10 of 1866) and repealed by the Act;

(b) The Indian Companies Act, 1866 (10 of 1866);

(c) The Indian Companies Act, 1882 (6 of 1882);

(d) The Indian Companies Act, 1913 (7 of 1913);

(e) The Registration of Transferred Companies Ordinance 1942 (54 of 1942); and

1[(f) Any law corresponding to any of the Acts or the Ordinance aforesaid and in force--

(1) 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

(2) 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),2[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) insofar as other corporations are concerned];]

3[(g) the Portuguese Commercial Code4[***], in so far as it relates to "sociedades anonimas";]

(iii) "private company"5[means a company which has a minimum paid-up capital of one lakh rupees or such higher paid-up capital as may be prescribed, and by its articles,--]

(a) restricts the right to transfer its shares, if any;

(b) limits the number of its members to fifty not including--

(i) persons who are in the employment of the company, and

(ii) 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; and

(c) prohibits any invitation to the public to subscribe for any shares in, or debentures of, the company:

6[(d) prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives:]

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

7[(iv) "public company" means a company which--

(a) is not a private company;

(b) has a minimum paid-up capital of five lakh rupees or such higher paid-up capital, as may be prescribed.

(c) is a private company which is a subsidiary of a company which is not a private company;]

(2) Unless the context otherwise requires, the following companies shall not be included within the scope of any of the expressions defined in clauses (i) to (iv) of sub-section (1), and such companies shall be deemed, for the purposes of this Act, to have been formed and registered outside India:--

(a) a company the registered office whereof is in Burma, Aden or Pakistan and which immediately before the separation of that country from India was a company as defined in clause (i) of sub-section (1);

8[***]

6(3) Every private company, existing on the commencement of Act 53 of 2000, with a paid-up capital of less than one lakh rupees, shall, within a period of two years from such commencement, enhance its paid-up capital to one lakh rupees.

(4) Every public company, existing on the commencement of Act 53 of 2000, with a paid-up capital of less than five lakh rupees, shall within a period of two years from such commencement, enhance its paid-up capital to five lakh rupees.

(5) Where a private company or a public company fails to enhance its paid-up capital in the manner specified in sub-section (3) or sub-section (4), such company shall be deemed to be a defunct company within the meaning of section 560 and its name shall be struck off from the register by the Registrar.

(6) A company registered under section 25 before or after the commencement of Companies (Amendment) Act, 2000 shall not be required to have minimum paid-up capital specified in this section.]

1. Substituted by Act 62 of 1956, Section 2 and Schedule, for clause (f) w.e.f. 1-11-1956.

2. Inserted by Act 25 of 1968 Section 2 and Schedule w.e.f. 15-8-1968.

3. Inserted by Goa, Daman and Diu (Laws) No. 2 Regulation, 1963.

4. The words "Carta Lei of the 11th April, 1901" omitted by Act 52 of 1964, Section 3 and Schedule II (w.e.f. 29-12-1964).

5. Substituted by Act 53 of 2000, Section 3, for "means a company which, by its articles, -" (.w.e.f. 13-12-2000).

6. Inserted by the Companies (Amendment) Act, 2000, Section 3, for "means a company which, by its articles,

7. Substituted by the Companies (Amendment) Act, 2000, Section 3.

8. Clause (b) omitted by Act 62 of 1956, Section 2 and Schedule (w.e.f. 1-11-1956).

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com