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B.Com Honours | Semester IV | Calicut University

CORPORATE REGULATIONS AND GOVERNANCE

Course Code: COM4CJ203 • Module 1 Notes

Module I: Introduction to Companies Act 2013

The Companies Act, 2013 provides the legal architecture for corporate governance, investor protection, and enterprise regulation in India.

Unit 1: Companies Act 2013 – Objects & Key Features

Replaced the Companies Act 1956 to modernize corporate law. Key features: Introduction of One Person Company (OPC), mandatory CSR (Sec 135), National Company Law Tribunal (NCLT), Independent Directors, and enhanced financial reporting.

Unit 2: Meaning & Essential Characteristics of a Company

An artificial legal person created by law, possessing separate legal entity (Salomon v. Salomon & Co. Ltd.), perpetual succession, limited liability, and common seal.

Unit 3: Kinds of Companies under Companies Act 2013

Private Company (Sec 2(68)): Min 2, Max 200 members, restricts share transfers.
Public Company (Sec 2(71)): Min 7 members, no maximum limit, freely transferable shares.
One Person Company (OPC - Sec 2(62)): Single natural Indian citizen member.
Small Company (Sec 2(85)): Paid-up capital ≤ Rs. 4 Cr & Turnover ≤ Rs. 40 Cr.
Other Types: Associate (20%+ voting power), Dormant, Government (51%+ state shareholding), Producer Company, and Limited Liability Partnership (LLP Act 2008).

Unit 4: Lifting or Piercing of the Corporate Veil

Disregarding the separate corporate entity to hold individual directors/shareholders personally liable.
Judicial Grounds: Tax evasion (Dinshaw Maneckjee Petit case), fraudulent trading, sham companies, or protecting national interest in times of war.

Practical Case Framework (Classification Matrix of Corporate Entities): Compare legal attributes across major corporate forms under Indian law.

Corporate Entity Classification Matrix:

Company Category	Min / Max Members	Min / Max Directors	Share Transferability & Public Offer
Private Limited Company	Min 2 / Max 200	Min 2 / Max 15	Restricted share transfer; Public invitation prohibited
Public Limited Company	Min 7 / No Maximum Limit	Min 3 / Max 15	Freely transferable shares; Public prospectus allowed
One Person Company (OPC)	Exactly 1 Member	Min 1 / Max 15	Non-transferable; Sole member appoints nominee
Small Company (Sec 2(85))	Private Co threshold	Min 2 Directors	Paid-up ≤ 4 Cr & Turnover ≤ 40 Cr; Reduced compliance