

In common usage, the term "company" is taken to mean a group of persons who have associated themselves together with a view to achieving some common purpose which may be economic gain or otherwise. In this context, every partnership firm may be named and styled as "company". For example, a partnership firm with four partners carrying on trade in electronic goods may choose its name and style as

'Modern Electronic Company'. However, it is not a 'company' in the legal sense of term.

It at best indicates towards an association of some individuals carrying on business of electronic goods.

Definitions of a Company -

Section 2(20) of Company Act, 2013 defines

"Company means a company incorporated under this Act or under any previous Company Law"

The above definition brings out only one feature of a company that it exists only in the eyes of the law and its corporate personality is granted to it by the law, through it does not exist physically.

Chief Justice Marshall (U.S.A) — "Company is a person, artificial, invisible, intangible and existing only in the eyes of the law. Being a mere creature of law, it possesses only those properties which the teacher of its creation confers upon it, either expressly or as indicated to its very existence"

L.H. Haney — "A company is an incorporated association, which is an artificial person created by law, having a separate entity, with a perpetual succession and a common seal"

It may be noted here that the definition as given by Haney is the most comprehensive legal definition of a company, which describes all the essential characteristics of a company.

In a nutshell, a company is a voluntary association of persons for a common purpose assuming the status of an artificial person after its incorporation and having an independent legal entity separate from its members, with a perpetual succession and a common seal and with a common capital divided into transferable shares, and carrying limited liability.

Characteristics of a company -

