

**P.G. SEM - II**  
**CC - VIII ( CORPORATE LEGAL FRAMEWORK)**  
**TOPIC - TYPES OF COMPANIES**

### **Types of Companies**

A company is a voluntary association of persons formed and registered under the Companies Act to carry on business with a separate legal identity. Under the corporate legal framework, companies can be classified on various bases such as incorporation, liability, ownership, control, and domicile.

#### **1. On the Basis of Incorporation**

**Chartered Company:** Formed by a special charter granted by the monarch or government (e.g., East India Company).

**Statutory Company:** Established by a special Act of Parliament or State Legislature (e.g., LIC, RBI).

**Registered Company:** Incorporated under the Companies Act, 2013. Most modern companies fall under this category.

#### **2. On the Basis of Liability**

**Company Limited by Shares:** Liability of members is limited to the unpaid amount on shares.

**Company Limited by Guarantee:** Liability is limited to the amount guaranteed by members; generally used for non-profit organizations.

**Unlimited Company:** Members have unlimited liability for company debts.

#### **3. On the Basis of Number of Members**

**Private Company:** Minimum 2 and maximum 200 members; restricts transfer of shares.

**Public Company:** Minimum 7 members; no maximum limit; shares are freely transferable.

**One Person Company (OPC):** Formed by a single individual with limited liability.

#### **4. On the Basis of Control**

**Holding Company:** Controls another company by holding majority shares or controlling the board.

**Subsidiary Company:** A company controlled by a holding company.

**Associate Company:** A company in which another company has significant influence but not full control.

#### 5. On the Basis of Ownership

Government Company: At least 51% of paid-up share capital is held by the Central or State Government.

Non-Government Company: Owned and managed by private individuals or institutions.

#### 6. On the Basis of Listing

Listed Company: Shares are listed on a recognized stock exchange.

Unlisted Company: Shares are not listed on any stock exchange.

#### 7. On the Basis of Domicile

Indian Company: Incorporated in India under Indian law.

Foreign Company: Incorporated outside India but conducts business in India.

Understanding the types of companies is essential for comprehending the corporate legal framework. Each type has distinct legal features relating to liability, ownership, control, and management, which influence its formation, functioning, and regulatory requirements.