

from Section 2 of the Companies Act, 2013, in the same format:



ICAI Original Definition



Story-style Explanation



Memory Tip

created by rebel saiye





## 1. Company [Section 2(20)]



### ICAI Original Definition:

> “Company” means a company incorporated under this Act or under any previous company law.



### Storyline:

In Companyland, every child (company) born under current or old laws gets a legal identity. Whether the Companies Act, 2013 or any previous version — if it's legally born, it's a “Company.”



### Memory Tip:

Company = Legally born (old or new Act)





## 2. Associate Company [Section 2(6)]



### ICAI Original Definition:

> “Associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: “Significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.





### Storyline:

Imagine Company A as a close friend of Company B. It holds 20% shares and gives suggestions—but doesn't fully control B like a parent. They work together, like partners in a project.



### Memory Tip:

Associate = 20% voting friend (not a child)





### 3. Body Corporate [Section 2(11)]



#### ICAI Original Definition:

> “Body corporate” or “corporation” includes a company incorporated outside India, but does not include—  
(i) a co-operative society; and  
(ii) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.



#### Storyline:

Picture a grand international company party. All companies are welcome—even foreign ones. But Co-op Societies? Sorry! You're not on the guest list.



#### Memory Tip:

Body Corporate = Global company  
(No co-ops)





## 4. Control [Section 2(27)]



### ICAI Original Definition:

> “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.



### Storyline:

You may not own the company fully, but if you can control how it runs or who manages it—you’re the real boss. The puppet master doesn’t need a throne.



### Memory Tip:

Control = Power to run or direct decisions



## ✅ 5. Financial Year [Section 2(41)]

### 📖 ICAI Original Definition:

> "Financial year", in relation to any company or body corporate, means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year.

### 📖 Storyline:

Every company in Companyland celebrates its "year-end festival" on 31st March. But if a new company is born after January 1st, it gets extra time — till next March.

### 🧠 Memory Tip:

Financial Year = Always ends 31st March  
(Except newly born after Jan 1 → next March)





## 6. Holding Company [Section 2(46)]



### ICAI Original Definition:

> A holding company, in relation to one or more other companies, means a company of which such companies are subsidiary companies.



### Storyline:

Imagine a giant elephant (holding company) holding ropes tied to baby elephants (subsidiaries). If one company controls another through directors or shares — it's the "holder."



### Memory Tip:

Holding = Company that holds/control subsidiaries



## ✔ 7. Key Managerial Personnel (KMP) [Section 2(51)]

### 📖 ICAI Original Definition:

> “Key Managerial Personnel”, in relation to a company, means—  
(i) the Chief Executive Officer or the Managing Director or the Manager;  
(ii) the Company Secretary;  
(iii) the Whole-time Director;  
(iv) the Chief Financial Officer; and  
(v) such other officer as may be prescribed.

### 📖 Storyline:

Meet the Avengers of a company — MD leads, CS handles law, CFO guards treasure, and others play vital supporting roles. Together, they steer the ship.

### 🧠 Memory Tip:

KMP = CEO/MD + CS + CFO + WTD



## ✅ 8. Member [Section 2(55)]

### 📘 ICAI Original Definition:

> “Member”, in relation to a company, means—

- (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become a member, and on its registration, shall be entered as member in its register of members;
- (ii) every other person who agrees in writing to become a member and whose name is entered in the register of members;
- (iii) every person holding shares of the company and whose name is entered as a beneficial

### 📖 Storyline:

Imagine joining a secret club. You can either sign up in the beginning (MOA), later apply, or be listed through a depository. If your name is in the register, you're in!

### 🧠 Memory Tip:

Member = MOA + Agreement + Register

## ✅ 9. One Person Company (OPC) [Section 2(62)]

### 📘 ICAI Original Definition:

> “One Person Company” means a company which has only one person as a member.

### 📖 Storyline:

Mr. Solo starts his own kingdom (company). He's the lone ruler but must nominate a backup knight (nominee) in case anything happens.

### 🧠 Memory Tip:

OPC = 1 person + 1 nominee



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## ✅ 10. Private Company [Section 2(68)]

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### 📘 ICAI Original Definition:

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> “Private company” means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,—

- (i) restricts the right to transfer its shares;
- (ii) limits the number of its members to two hundred; and
- (iii) prohibits any invitation to the public to subscribe for any securities of the company.

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### 📖 Storyline:

A private birthday party: max 200 guests, no public invites, and you can't pass your invite (share) freely. Only close ones are allowed.

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### 🧠 Memory Tip:

Private = Max 200 + No Public + Shares Locked

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## ✅ 11. Public Company [Section 2(71)]

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### 📘 ICAI Original Definition:

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> “Public company” means a company which—

- (a) is not a private company;
- (b) has a minimum paid-up share capital as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be a public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.

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### 📖 Storyline:

Imagine a mela (public fair). Anyone can join. There are no limits on members. Even if a child company tries to stay private, if its parent is public — the child is public too.

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### 🧠 Memory Tip:

Public = Not Private + Subsidiary of public = public too

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## ✓ 12. Small Company [Section 2(85)]

### 📘 ICAI Original Definition:

> “Small company” means a company, other than a public company,—  
(i) paid-up share capital of which does not exceed ₹4 crores or such higher amount as may be prescribed; and  
(ii) turnover of which as per its last profit and loss account does not exceed ₹40 crores or such higher amount as may be prescribed.

! Provided that nothing in this clause shall apply to—  
(A) a holding company or a subsidiary company;  
(B) a company registered under section 8; or  
(C) a company or body corporate governed by any special Act.

### 📖 Storyline:

Picture a cozy café instead of a big restaurant. It makes limited profit and has limited capital. But it enjoys special benefits because it's small and simple.

### 🧠 Memory Tip:

Small = Capital  $\leq$  ₹4 Cr + Turnover  $\leq$  ₹40 Cr (Not public, holding, section 8)





### 13. Subsidiary Company [Section 2(87)]



#### ICAI Original Definition:

> “Subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors;

or

(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Explanation: A company shall be deemed to be a subsidiary even



#### Storyline:

The holding company is the parent, and the subsidiary is the child. Even if the parent uses a middle-child to control the youngest, the youngest is still a part of the same family tree.



#### Memory Tip:

Subsidiary = Controlled via Directors or >50% shares (even indirectly)



## ✅ 14. Turnover [Section 2(91)]

### 📖 ICAI Original Definition:

> “Turnover” means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

### 📖 Storyline:

At year-end, the company counts all its sales — goods and services. This total earning from business is called turnover.

### 🧠 Memory Tip:

Turnover = Total sales/services value in ₹





## 15. Officer in Default [Section 2(60)]



### ICAI Original Definition:

> “Officer who is in default”, for the purpose of any provision which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:—

- (i) Whole-time director;
- (ii) KMPs (CEO, CS, CFO, MD, etc.);
- (iii) Any director aware of the contravention;
- (iv) Any person authorized to give directions;
- (v) Share transfer agents, depository participants, etc., involved in non-compliance.



### Storyline:

If something goes wrong in Companyland, the law says “Find the guilty one.” This is the Officer in Default — the one who should’ve prevented the mistake but didn’t.



### Memory Tip:

Officer in Default = Person responsible = One who didn’t stop the wrong





## 16. Officer [Section 2(59)]



### ICAI Original Definition:

> “Officer” includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act.



### Storyline:

You may not be seen on stage, but if you're pulling the strings from backstage, you're still the officer. Anyone whose commands the directors follow becomes one.



### Memory Tip:

Officer = Anyone in



## ✅ 17. Promoter [Section 2(69)]

### 📖 ICAI Original Definition:

> “Promoter” means a person—

(a) who has been named as such in a prospectus or is identified by the company in the annual return; or

(b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

(c) in accordance with whose advice, directions or instructions the Board of

Directors is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who

### 📖 Storyline:

The one who gives birth to a company — like a parent. Whether they named themselves, controlled decisions, or got the board to follow their directions, they’re a Promoter — unless they’re just doing their job as a professional.

### 🧠 Memory Tip:

Promoter = Named / Controls / Influences (Not just a CA or Lawyer)



## 18. Registrar [Section 2(75)]

### ICAI Original Definition:

> “Registrar” means a Registrar, an Additional Registrar, a Joint Registrar, a Deputy Registrar or an Assistant Registrar, having the duty of registering companies and discharging various functions under the Companies Act, 2013, appointed under section 396.

### Storyline:

Think of the Registrar as the official librarian of Companyland. Every company’s birth certificate, name change, and important record goes through them.

### Memory Tip:

Registrar = Company record keeper under Sec 396

## 19. Related Party [Section 2(76)]

### ICAI Original Definition:

> “Related party”, with reference to a company, means

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- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with relatives, more than 2% of its paid-up share capital;



(vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice or directions of a director or manager;


(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;

(viii) any company which is—


(A) a holding, subsidiary or associate company of such company;

(B) a subsidiary of a holding company to which it is also a subsidiary;

(C) an investing company or the venturer of the company;

 Storyline:

It's a family web — relatives, business partners, companies where directors have links, and firms connected by control. Even distant cousins (associate or investing companies) count.


 Memory Tip:

Related Party = Relatives + Business ties + Influence link


## 20. Remuneration [Section 2(78)]

 ICAI Original Definition:

> “Remuneration” means any money or its equivalent given or passed to any person for services rendered and includes perquisites as defined under the Income-tax Act, 1961.

 Storyline:

Whether it's salary, bonus, or other benefits — if you're rewarded for work, it's remuneration. Like a soldier's pay + gifts.

 Memory Tip:

Remuneration = Money + Perks for services



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## ✅ 21. Share [Section 2(84)]

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### 📘 ICAI Original Definition:

> “Share” means a share in the share capital of a company and includes stock.

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### 📖 Storyline:

Imagine a giant pizza (company’s capital). Each person gets one slice – that slice is a share. All the slices together make up the company.

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### 🧠 Memory Tip:

Share = Slice of the company capital

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## ✅ 22. Share Capital [Section 2(86)]

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### 📘 ICAI Original Definition:

> “Share capital” means the share capital authorized by the memorandum of a company to be the maximum amount of share capital of the company.

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### 📖 Storyline:

The company’s treasure chest has a limit, written in its charter (MOA). This limit – the total value of all possible shares – is its share capital.

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### 🧠 Memory Tip:

Share Capital = Max capital allowed via shares (MOA)

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## 23. Signing [Section 2(87A)]



### ICAI Original Definition:

> “Signing” in relation to any document, includes signing by means of any electronic mode.



### Storyline:

Whether you sign with a pen or click “e-sign” online, if you’re approving the document — that’s signing.



### Memory Tip:

Signing = Physical or digital approval





## 24. Subsidiary Company [Section 2(87)]

> (Already covered earlier at No. 13, but repeated for clarity.)



### ICAI Original Definition:

> “Subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary compan

Explanation: A company shall be deemed to be a subsidiary even if control is exercised through another subsidiary.



### Storyline:

A company is like a parent with children. Even if the parent controls the child through another child (indirectly), it's still the boss.



### Memory Tip:

Subsidiary = >50% shares or board control (even via another)



## 25. Turnover [Section 2(91)]

> (Also repeated from No. 14 earlier for completeness)



ICAI Original Definition:

> “Turnover” means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.



Storyline:

At the end of the year, the company counts up all the money it made from selling its goods or services — that’s its turnover.



Memory Tip:

Turnover = Total



## ✓ 26. Company Limited by Guarantee [Section 2(21)]

### 📘 ICAI Original Definition:

> “Company limited by guarantee” means a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.

### 📖 Storyline:

Think of members saying: “If the company is ever in trouble and shuts down, I promise to pay ₹X.” No shares, just a written promise to help when needed.

### 🧠 Memory Tip:

Guarantee = I'll pay only if company winds up (as promised in MOA)

## ✓ 27. Company Limited by Shares [Section 2(22)]

### 📘 ICAI Original Definition:

> “Company limited by shares” means a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.

### 📖 Storyline:

You bought a ₹100 share and paid ₹80. You're only liable to pay the ₹20 balance — nothing more. That's a company limited by shares.

### 🧠 Memory Tip:

Limited by Shares = You only pay what's unpaid on your shares



## ✓ 28. Government Company [Section 2(45)]

### 📖 ICAI Original Definition:

> “Government company” means any company in which not less than fifty-one percent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

### 📖 Storyline:

If the government owns 51% or more of your company, it's not just a company — it's a Government Company. Even its child (subsidiary) becomes part of the family.

### 🧠 Memory Tip:

Govt. Company = 51% or more owned by Govt (Central/State/Both)