LAWSTUDENTS · BARE ACT OVERVIEW

The Companies Act, 2013

Corporate Law · Company Law

1. Objective and Scope

The Companies Act, 2013 is the primary legislation governing the incorporation, regulation, and dissolution of companies in India, replacing the Companies Act, 1956. It introduced concepts such as the one-person company, corporate social responsibility, and enhanced corporate governance norms.

2. Incorporation of a Company

- **Section 3** — types of companies: private, public, and one-person company (OPC).
- **Sections 7–10** — incorporation procedure, memorandum and articles of association, and effect of registration.
- **Section 12** — registered office of the company.

3. Corporate Governance

- **Section 149** — composition of the Board of Directors, including mandatory independent directors for certain classes of companies.
- **Section 166** — duties of directors, codifying fiduciary duties owed to the company.
- **Section 135** — Corporate Social Responsibility (CSR), requiring qualifying companies to spend at least 2% of average net profits on CSR activities.
- **Sections 177–178** — Audit Committee and Nomination and Remuneration Committee.

4. Key Case Reference

> **Salomon v. Salomon & Co. Ltd. (1897)** — though an English case, foundational to Indian company law for the principle that a company is a separate legal entity distinct from its shareholders (the doctrine of corporate personality).

5. Exam-Focused Summary

- List the types of companies recognised under Section 3.
- Explain the doctrine of separate legal personality and at least one exception (lifting the corporate veil).
- State the CSR spending obligation and which companies it applies to.