



The Indian Journal for Research in Law and Management

Open Access Law Journal – Copyright © 2026

Editor-in-Chief – Dr. Muktai Deb Chavan; Publisher – Alden Vas; ISSN: 2583-9896

This is an Open Access article distributed under the terms of the Creative Commons Attribution-Non-Commercial-Share Alike 4.0 International (CC-BY-NC-SA 4.0) License, which permits unrestricted non-commercial use, distribution, and reproduction in any medium provided the original work is properly cited.

THE COMPANIES ACT: KEY PROVISIONS

-Kanav Gupta

The Companies Act, 2013 is the main legal system that controls companies in India. This law was created to replace the Companies Act, 1956. It shows a change towards modern rules, fairness and matching global standards as to how companies are run.¹ Even though the older law was good for its time, it was insufficient to handle the situations in a quickly changing economy.² This economy has global connections, more technology and more people wanting to invest. So, the 2013 law was created to make sure companies are run better and are more open. Protect the rights of people like investors people who lend money, workers and the public.³

The law has new ideas. For example, it makes companies do good for society, have people who are not connected to the company run some parts of it and share information with others.⁴ It also makes the process of starting a company and following the rules easier by using computers and making things simpler. This helps companies to work better and also be responsible. The Companies Act 2013 is very important for how companies are run in India and helps people trust the economy more.⁵

A company according to the Companies Act 2013 is like a person made by law. It has its identity that is different from the people who own it.⁶ This idea allows the company to own things, get into debts, sign contracts and go to court on its own. This idea, called legal identity is very important in company law and helps businesses work better by making sure the people who own the company are not responsible for the company's problems.⁷

The law groups companies in different ways. Based on how much a person can lose companies can be limited by shares, limited by guarantee or unlimited.⁸ Companies that are limited by

¹ Companies Act, 2013, No. 18 of 2013, § 1, Acts of Parliament, 2013 (India)

² Id. pmb1

³ Id. § 1(3)

⁴ Id. §§ 135, 149

⁵ Id. § 166

⁶ Id. § 2(20)

⁷ Id.

⁸ Id. § 2(68)

shares have people who own shares only lose what they have not paid for those shares.⁹ Companies that are limited by guarantee are often for -profit reasons and the people who own them only have to pay a set amount if the company ends. Unlimited companies are rare. The people who own them can lose all their money.¹⁰

The law also splits companies into public and one person companies. A private company limits who can own shares and limits how many people can own it. It stays close. A public company allows the public to buy shares and has rules. One person company is an idea that lets one person run a company with limited loss.

Incorporating a company under the Companies Act 2013 follows an open process to make sure it is legal and real. The first step is to choose a name for the company. The name must be unique and not confusing. The name is saved by applying to the person who keeps track of companies.¹¹

Then the people who start the company have to make and file the Memorandum of Association (MOA) and the Articles of Association (AOA). These are the documents for the company. They must be with proof that everything's legal, details of people who run the company and a place where the company is based. The process has become much easier because of computer systems that let people apply for things at once.¹²

When the papers are checked, the person in charge gives a certificate that proves the company exists. This certificate is the proof that the company's real. The process has helped make it easier to start a business in India and encouraged more people to try to run companies.

The Memorandum of Association is like the rulebook for the company. It elucidates what the company can do and how it deals with the world. It has parts like the name part, the place where it is based the purpose of the company the part about responsibility and the money part. The purpose part is very important because it says what the company is allowed to do. Anything the company does outside of that part is not allowed.¹³

The Articles of Association control how the company runs inside. They have the rules about meetings, who runs the company how votes work, how to get money and other things. While the Memorandum says what the company can do the Articles say how to do it. Together they are the rules for the company.¹⁴

The rules about money and debt are important in the Companies Act, 2013 because they control how companies get and use money. Money from shares is part of what a company uses. The law has types of money like the money that the company is allowed to have, the money it has given out the money people have agreed to take and the money people have paid.

⁹ Id. § 2(71)

¹⁰ Id. § 3

¹¹ Id. § 3–7

¹² Id. § 7(2)

¹³ Id. §§ 4–5

¹⁴ Id. § 5

The law has rules for how to give out shares to make sure it is fair and clear. It controls how to give shares to people, how to get shares and how to give more shares to people who already have some. Rules about moving shares help people sell them and protect the people who own them.¹⁵

Debt is another way for companies to get money. The law says a company must have a person who protects the people who lend money. It also says the company must save some money to pay back the debt. These rules help keep the company in financial shape and make people who lend money feel safe.^{16 17}

The Companies Act, 2013 makes sure companies are run properly. It says companies must keep records of their work keep money records and send their money reports and other reports to the person who keeps track of companies.¹⁸ These rules help make sure the company is honest. It allows people who check on companies to see what is happening.

The law also controls how meetings work, like the ones that happen every year and others that happen when needed. It answers as to how to intimate people about meetings, how many people need to be present, how to vote and how to keep records. Using computers to vote and email has made it easier for people to take part in decisions.¹⁹

The board of directors is the group of people who make decisions for the company. The Companies Act 2013 says what people who are directors must be able to do and what they must do. It says that being honest working hard and being responsible is very important.²⁰

One big change in the law is that some companies must have directors who're not part of the company. These directors help make sure decisions are fair and protect the people who own parts of the company. The law says some companies must have least one woman on the board. This shows the law wants more women to be in roles.²¹

Directors must act in the interest of the company do their job carefully and not have problems where they are not fair. The law has punishments for not doing these things. This helps make sure people in charge are fair and work well.²²

One of the important parts of the Companies Act 2013 is the part about corporate social responsibility (CSR). This part says some companies that make an amount of money must use some of their profits to help people. The idea of responsibility shows that companies should help society.²³

Social responsibility activities can be things like helping with education, health, the environment, helping people and making sure the countryside is better. Companies must create

¹⁵ Id. §§ 43–72

¹⁶ Id. § 62

¹⁷ Id. § 71

¹⁸ Id. §§ 88–122

¹⁹ Id. §§ 96, 100

²⁰ Id. § 149

²¹ Id. §§ 149–172

²² Id. § 166

²³ Id. § 135

a group to manage these activities, write a plan for them and tell people about these activities in their reports. This way people know what the company is doing for society.²⁴

The law has a system for money reports and checking. Companies must keep money records and make reports that show the company's money situation. These reports must show the fair picture of the company's money.^{25 26}

People who check the money for the company called auditors are very important. The law explains who these people are, how long they work and that they are not connected to the company. This helps make sure they can do their job without problems. The law also has punishments if people do bad things with money. Having groups that check the money and people who check the money inside the company makes sure everything is done right.²⁷

The Companies Act 2013 has rules to protect people who own parts of a company. Shareholders who think the company is not being run in a way can ask the National Company Law Tribunal for help.

The tribunal can make rules to make sure the company is run properly, take away directors or help in ways. These rules help stop the people who own most of the company from using their power in a way and make sure that everyone is treated fairly in company decisions.²⁸

The law has steps to close a company. This can happen when the people who own it decide to stop or when the people who lend money decide to stop or when a court says to stop because the company can't pay its debts or is doing things.²⁹

The process has people who take care of the company's money and make sure it is all paid. The people who manage the closing take all the money and pay off the company's debt. What is left is given to the people who own the company. The rules for closing a company help protect the people who lend money and make sure the company is ended in a way.³⁰

The Companies Act 2013 is a new system that controls companies in India. By having rules, about how companies are run, being fair and helping society it tries to balance the needs of companies with the needs of people who own parts of them and the people who work for them. This law has helped make people trust companies more has made sure that companies act in a way and has helped the economy grow.

The business world keeps changing the Act keeps changing. This shows how important it is to have rules to keep the business world in good shape. In the end, the Companies Act 2013 controls how companies act. It also helps shape how businesses work in India. It makes sure that money making follows rules, about being fair taking responsibility and helping society.

²⁴ Id. § 135(5)

²⁵ Id. §§ 128–138

²⁶ Id. § 129

²⁷ Id. §§ 139–148

²⁸ Id. §§ 241–242

²⁹ Id. § 271

³⁰ Id