

# [Formation of a company under companies act, 1956](https://assignbuster.com/formation-of-a-company-under-companies-act-1956/)

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A company is an association of both individual and natural persond incorporated under the existing law of a country. in ters of the companies act, 1956 it is defined as: " a company means a company formed and registered under this act or any existing Company" sec 3(1). procedure for formation: ahy seven or more persons or where the company to be formed is a private company, any two or more persons associated for any lawful purpose may by subscribing their names to a memorandum of association and otherwise complying with the requirements of the companies act, 1956 in respect of registration, form an incorporated companywith or without limited liability.(sec12) The following ingredients are required for the formation of a company: 1. promoters of the company 2. lawful objective for which they associate themselves. 3. promoters must subscribe their names to the memorandum of the company 4. promoters must comply with the requirements of the companies act, 1956in respect of registration which is as follows: a. declaration of compliance in Form1as prescribed in Companies(central Governments)general Rules and Forms1956 executed by any one of the following persons: advocte of a high court or a supreme court, attorney or a pleader entitled to sppear before a high court, a company secretary or a chartered ccountant in whole time practice. b. a stamped and signed copy of memorandum and articles of association. c. notice of situation of registered office in form18 d. formno. 32containing particulars of a person th act as managing/wholetime director of the company. e. particulars in favour of one of the subscribers to the memorandum duly executed on a non judicial stamp paper of the requisite value. f. any agreement which the company proposes to enter into with any person g. original true copy of the Registrar of Companies letter intimating about the availability of name. 5. minimum paid up capital must be one lakh rupees for a private company and rupees five lakh for a public limited company. A private ltd company can immediately commence its business after a Certificate of registration is issued by the Registrat after due verification of the documents and on payment of the prescribed fee as specified in ScheduleX., apublic company having a share capital can commence its operations after getting the Certificate of Commencement of business from the registrar.