

Formation of a company under companies act, 1956

[Business](#), [Company](#)



A company is an association of both individual and natural persons incorporated under the existing law of a country. In terms 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: Any 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 company with or without limited liability. (sec 12) 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, 1956 in respect of registration which is as follows: a. declaration of compliance in Form 1 as prescribed in Companies (Central Government) General Rules and Forms 1956 executed by any one of the following persons: advocate of a high court or a supreme court, attorney or a pleader entitled to appear before a high court, a company secretary or a chartered accountant in whole time practice. b. a stamped and signed copy of memorandum and articles of association. c. notice of situation of registered office in Form 18 d. Form No. 32 containing particulars of a person who acts as managing/whole time 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 Registrar after due verification of the documents and on payment of the prescribed fee as specified in Schedule X., a public company having a share capital can commence its operations after getting the Certificate of Commencement of business from the registrar.