



Chanda Shikshan Prasarak Mandal's

JANATA MAHAVIDYALAYA,
CHANDRAPUR
Department of Commerce

Power point Presentation On Company Law

(B.Com Semester
III)

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M.Com., L.L.B., B.Ed., M.Phil., Ph.D.

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- **FORMATION OF A COMPANY**
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 - > Stages in formation of a Company
- **DOCUMENTS OF COMPANIES**
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 - > Article of Association (AoA)
 - > Prospectus of Association

What do you mean by Formation of a Company ?

A Company comes into existence when a group of people comes together with a view of forming an association to explore the business opportunities by bringing together men, material, money and management.





STAGES OF FORMATION OF A COMPANY

- ♣ Promotion Stage
- ♣ Selection of Name
- ♣ Incorporation (Registration Stage).
- ♣ Raising the Share Capital Stage.



1. PROMOTION STAGE INCLUDES

- ♣ Discovery of Business opportunities.
- ♣ Detailed Investigation.
- ♣ Assembling necessary requirements.
- ♣ Financing of proposition.

2. SELECTING COMPANY

_____ To be identified for legal and business purpose (i.e. ^{NAM} _E “Ltd” or “Pvt Ltd”). The name should not be similar to the existing.



3. INCORPORATION

♣ A company is said to be incorporated when it fulfills the formalities of registration and obtain **“CERTIFICATE OF INCORPORATION”** by submitting the MoA, AoA and written consent of all the Directors.

♣ A public to commence business, should raise the required capital and obtain the

“CERTIFICATE OF BUSINESS”





प्रारूप 1
पंजीकरण प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U70100AP2010PLC070972 2010 - 2011

मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स

VISWASGOLD INFRASTRUCTURES INDIA LIMITED

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज किया जाता है और यह कम्पनी लिमिटेड है।

यह निगमन-पत्र आज दिनांक सत्ताईस अक्टूबर दो हजार दस को मेरे हस्ताक्षर से हैदराबाद में जारी किया जाता है।

Form 1
Certificate of Incorporation

Corporate Identity Number : U70100AP2010PLC070972 2010 - 2011

I hereby certify that VISWASGOLD INFRASTRUCTURES INDIA LIMITED is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is limited.

Given under my hand at Hyderabad this Twenty Seventh day of October Two Thousand Ten .



Satyajit Roul
(SATYAJIT ROUL)

सहायक कम्पनी रजिस्ट्रार / Assistant Registrar of Companies

आंध्र प्रदेश
Andhra Pradesh

कम्पनी रजिस्ट्रार, आंध्र प्रदेश अभिलेख में उपलब्ध पत्राचार का पता :
Mailing Address as per record available in Registrar of Companies office:
VISWASGOLD INFRASTRUCTURES INDIA LIMITED
H.NO.1-90/12, GROUND FLOOR, OPP:CCMB, HABSIGUDA 'X' ROAD,
HYDERABAD - 500007,
Andhra Pradesh, INDIA

For Example:

CERTIFICATE OF INCORPORATION OF VISWASGOLD INFRASTRUCTURES



व्यापार प्रारंभ करने का प्रमाण-पत्र
कम्पनी अधिनियम 1956 की धारा 149(3) के अनुसरण में

कॉर्पोरेट पहचान संख्या : U70100AP2010PLC070972

मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स
VISWASGOLD INFRASTRUCTURES INDIA LIMITED

जिसका निगमन, कम्पनी अधिनियम, 1956(1956 का 1) के अंतर्गत दिनांक सत्ताईस अक्टूबर दो हजार दस को किया गया था और जिसने निर्धारित प्रपत्र में घोषणा प्रस्तुत की है या विधिवत सत्यापित किया है कि उक्त कम्पनी ने, अधिनियम की धारा 149(2) (क) से (ग) तक की शर्तों का अनुपालन कर लिया है और व्यापार करने के लिए हकदार है।

यह प्रमाण-पत्र आज दिनांक तीन नवम्बर दो हजार दस को मेरे हस्ताक्षर से हैदराबाद में जारी किया जाता है।

Certificate for Commencement of Business

Pursuant of Section 149(3) of the Companies Act, 1956

Corporate Identity Number : U70100AP2010PLC070972

I hereby certify that the VISWASGOLD INFRASTRUCTURES INDIA LIMITED which was incorporated under the Companies Act, 1956(No. 1 of 1956) on the Twenty Seventh day of October Two Thousand Ten, and which has this day filed or duly verified declaration in the prescribed form that the conditions of the Section 149(2)(a) to (c) of the said act, have been complied with and is entitled to commence business.

Given under my hand at Hyderabad this Third day of November Two Thousand Ten.



(SHASHI RAJ DAR) 

उप कम्पनी रजिस्ट्रार / Deputy Registrar of Companies
आंध्र प्रदेश
Andhra Pradesh

हस्ताक्षर/सिग्नेचर के साथ ही तय उम्हिले 11/11/2010 को जारी का गया।
At the address as provided available in Registrar of Companies office:
VISWASGOLD INFRASTRUCTURES INDIA LIMITED
H.NO.1-90/12, GROUND FLOOR, OPP:CCMB, HABSIGUDA 'X' ROAD,
HYDERABAD - 500007,
Andhra Pradesh, INDIA

For Example: CERTIFICATE OF
OF
BUSINESS OF VISWASGOLD INFRASTRUCTURES

4. RAISING OF SHARE CAPITAL

- ♣ Entering into an agreement with underwriters.
- ♣ Applying to the stock exchange for listing of shares.
- ♣ Issue of prospectus inviting public to subscribe.
- ♣ Allotting shares.



PROMOTERS OF A COMPANY

A promoter is one “ who undertakes to form a company with reference to a given object and to set it going who takes the necessary steps to accomplish that purpose”.

♣ Liability of promoters:

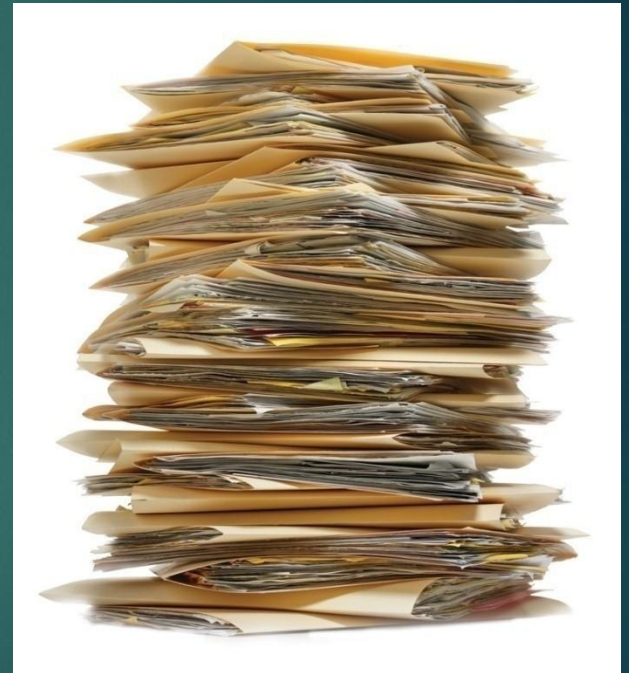
- Liable to hand over any secret profits and to disclose his interest in dealings.
- Liable to untrue statement in the prospectus.

♣ Remuneration to promoters: If person is not paid for promotion.



DOCUMENTS OF COMPANIES

- ♣ Memorandum of Association(MoA)
- ♣ Article of Association (AoA)
- ♣ Prospectus of Association



THE MEMORANDUM OF ASSOCIATION

(MOA)

- ♣ The MoA is a document which contains the Fundamental Rules regarding the Constitution and activities of the company.
- ♣ It is the charter of the company and defines its raison d'être (reason for existence).
- ♣ It lays down the area of operation of the company.
- ♣ It also regulates the External Affairs of the company.

CONTENTS OF MoA :

- ♣ THE NAME CLAUSE. ^{Sec. 13}
- ♣ THE REGISTER OFFICE CLAUSE.
- ♣ THE OBJECT CLAUSE.
- ♣ THE CAPITAL CLAUSE.
- ♣ THE LIABILITY CLAUSE.
- ♣ THE ASSOCIATION CLAUSE.

NOTE : The MoA must be signed by at least seven subscribers in the case of Public Company and two in the case of Private company.



ARTICLE OF ASSOCIATION (AOA)


- ♣ The AoA contains regulations regarding all matter concerning the internal affairs of the company
- ♣ AoA should be printed, divided into paragraphs and serially numbered.
- ♣ Alteration of AoA is done by passing a special resolution.

CONTENTS OF

AoA:

- ♣ Division of shares.
- ♣ Procedure of holding and conducting the meetings.
- ♣ Voting rights of members and rules regarding methods of voting.
- ♣ Matters relating to appointment, powers duties, qualification and remuneration of directors.
- ♣ Methods to increase or decrease capital.
- ♣ Rules regarding common seal of the company.

Continue:

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- ♣ Terms of appointment ,remuneration, delegation of authority.
 - ♣ Rules relating to issue of share capital.
 - ♣ Declaration of dividend and rules regarding its payment.
 - ♣ Rules relating to accounts, audit, charging of depreciation and creation of reserves etc.
 - ♣ Methods of securing loans.
 - ♣ Procedure of winding up of a Company.

PROSPECTUS:

Prospectus means any document described or issued as a prospectus inviting deposits from public or inviting offer from public for the subscription or purchase of any shares , or debentures of the company.

“CERTIFICATE OF LIEU OF PROSPECTUS”


is issued by a public company, where the company doesn't invite public subscription.



CONTENTS OF PROSPECTUS:

- ♣ Date of issue of prospectus.
- ♣ Name and register office of the company.
- ♣ Consent of Central Govt. for the present issue/compliance with the with the SEBI guidelines.
- ♣ Voting rights ,dividend ,expenses on issue etc.
- ♣ Name of the stock exchange.
- ♣ Punishment for fictitious application.
- ♣ Refund of issue if 90% min. subscription not received.
- ♣ Names and addresses of leading managers.

Cont:

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- ♣ Issue of allotment letter or refund within 10 weeks with interest.
 - ♣ Date of opening and closing of issues.
 - ♣ Credit rating from **CRISIL** (CREDIT RATING INFORMATION SERVICES OF INDIA LIMITED)
 - ♣ Terms of Underwriting & Risk Factors.
 - ♣ Capital Structure of the company
 - ♣ Terms and particulars of the issue.
 - ♣ Restriction on transfer and transmission of shares.

Thank
you

