



Incorporation of a Company

K.KOTESWARA RAO

Lecturer in Commerce,

SGK GOVT DEGREE COLLEGE,VINUKONDA

Meaning

A company being an artificial entity comes into existence only after the registration with the Registrar of Companies. A number of formalities have to be completed before a request is made to the Registrar for its registration.

STEPS FOR INCORPORATION OF A COMPANY

1. Application for Approval of Name
2. Preparation of Memorandum of Association
3. Preparation of Articles of Association
4. Preparation of other Documents
5. Payment of Fees
6. Incorporation Certificate

1. Application for Approval of Name

A company may adopt any name which is not prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950 and which is not identical with or does not closely resemble the name of a company already registered. The applicant should give a panel of three names in order to avoid delay.

2. Preparation of Memorandum of Association

The preparation of Memorandum of Association is the next step in the incorporation of a company. It is the constitution of the company which describes its objects and scope and the relation with outside world. The Memorandum is to be signed by at least seven persons if it is a public limited company and at least two persons in case of a private limited company.

3. Preparation of Articles of Association

It is a document which contains rules and regulations relating to the internal management of the company. A public limited company may not file its own Articles of Association, it may adopt model clauses prescribed in Table A, Schedule 1 of the Act. A private limited company is also required to submit its Articles duly signed by the signatories.

4. Preparation of other Documents

- Consent of first directors
- Power of Attorney in favour of one of them
- Copies of preliminary agreements
- Registered office address
- Particulars of first directors
- A statutory declaration that all legal requirements for registration have been complied with

5. Payment of Fees

At the time of registration, prescribed registration fees and filing fee for each document filed for registration are to be paid at the Registrar's office. The fee to be paid varies with the amount of Nominal Capital in case of companies with share capital or according to the number of members in case of companies without share capital.

6. Incorporation Certificate

When all documents are found in order, the Registrar will enter the name of the company in the Registrar of Companies and issues a Certificate of Incorporation. The date mentioned in the certificate is the date of incorporation of the company.

- After getting Certificate of Incorporation, Private company can start its business as it does not require capital to be raised from the public.
- But in case of public limited company, it has to mpublish and mobilise capital from the public.

- After getting minimum subscription from the public only, public company should submit capital allotment details and the registrar of companies will issue certificate of commencement of business. Then onwards only the public company can start its business



THANK YOU!