

## Stages of Formation of A Company

### 1. Promotion Stage:

- a) Meaning of promotion
- b) Emergence of pioneer
- c) Discovery of an idea
- d) Detailed investigation
- e) Finding promoters
- f) Finances
- g) Preliminary to incorporation:
  - i. Availability of Name
  - ii. Obtain license, permits etc
  - iii. Underwriters, brokers, bankers, lawyers, auditors, signatories to MoA.
  - iv. Drafting, approval and printing of MoA, AoA & other documents.

### 2. Registration Stage:

Procedure of incorporation

- Application to registrar
  - Document duly executed, signed & stamped, fees
- Securitization by registration

Documents to be filed:

- i. MoA, AoA
- ii. Consent of Directors
- iii. Notice of address of registered office
- iv. Statutory declaration of compliance
- v. Registration fee & filling fee.

### 3. Subscription Stage:

Meaning of subscription

#### a) Public Co. subscription:

- i. Capital from public + listing in Stock exchange
- ii. Listing regulations + fees
- iii. Overseas subscription, necessary permission from exchange control authority.

*No capital from public*  
SILP

#### b) Private Co. Subscription:

Can't approach public.  
Subscriber = family members, friends.

### 4. Commencement of Business Stage:

#### a) Private Company:

Can commence business immediately after issue of CoI

#### b) Public Company:

i. Having share capital, No prospectus:  
SILP ----> CoI

ii. Having share capital – Prospectus:

- Shall file requisite documents
  - a) Declaration that shares are payable in cash have been allotted up to the amount of min subscription.
  - b) Declaration that every director has paid in cash the full amount due on shares taken up by him.
  - c) No money is liable to be refunded due to:
    - Failure to apply for;
    - Obtain permission for shares or debentures to be dealt in on any Stock exchange.
  - d) Statutory declaration by CE (or one of directors) & the secretary that above requirements are fulfilled.

#### Duties of Registrar:

Duly bound to examine and scrutinize the same to satisfy himself that:

- All req. of registration are fulfilled,
- Moa & AoA = req. of Co. Ord.
- Lawful objects in MoA
- Name of Company is correct

#### Certificate of Incorporation:

If registrar performs all duties successfully, he may *Certify*:  
Co. is incorporated, limited by .....

It is *conclusive evidence* that Co. ord is completely complied.