

FEW BASIC THINGS TO BE KEPT IN MIND WHILE STARTING A COMPANY

Shareholders and Directors: A Private Limited Company can have maximum of 50 shareholders and should have minimum 2 shareholders at a time. A Public Limited Company has no restriction on the maximum number of shareholders and but minimum number of shareholders must be 7.

Memorandum & Articles of Association : The Memorandum of Association (MOA) states the main, ancillary or subsidiary along with other objects of the proposed company. The Article of Association (AOA) covers the rules and procedures for the routine conduct of the proposed company, the authorized share capital of the proposed company and also the names of its first or permanent directors. Thereafter, both MOA and AOA are required to be stamped. A stamp duty, depending on the authorized share capital, is to be paid on both.

Share Capital : Shares should be expressed in fixed amount. Shares like "No par value" or "bearer" are not permitted and the shares to be subscribed should be expressed in Indian rupees.

Accounts & Auditors : Each company is supposed to appoint an auditor annually at its AGM. The auditor must be qualified by virtue of the Institute of Chartered Accountants of India Act 1949 and should be completely independent of the concerned company. The audited accounts of the concerned company serve as a tool for various stakeholders like creditors, investors, bankers and revenue authorities.

Public Filings: The names and all the required personal details of the directors and secretary, share capital, register of charges, registered office address, and other such particulars should be filed with the Companies Registry for any public inspection upon incorporation and if there is any change thereafter.

Annual Meetings: An Annual General Meeting (AGM) is mandatory to be held once in every financial year and not more than 6 months after the end of the financial year. For a new company it is not required until 18 months of its incorporation.

Documents required to be executed for incorporation:

The following documents are required to be executed (signed) before they are submitted to the ROC:

MOA and AOA - These are required to be executed by the promoters in their own hand in the presence of a witness in quadruplicate stating their full name, father's name, residential address, occupation, number of shares subscribed for, etc.

Form No. 1 - This is a declaration to be executed on a non-judicial stamp paper of INR 20 by one of the directors of the proposed company or other specified persons such as Attorneys or Advocates, etc. stating that all the requirements of the incorporation have been complied with.

Form No. 18 - This is a form to be filed by one of the directors of the company informing the ROC the registered office of the proposed company.

Form No. 29 - This is a consent obtained from all the proposed directors of the proposed company to act as directors of the proposed company. (Not required in case of private company).

Form No. 32 - This is a form stating the fact of appointment of the proposed directors on the board of directors from the date of incorporation of the proposed company and is signed by one of the proposed directors.