

GUIDELINES FOR NAME APPROVAL OF COMPANY

Guidelines for availability of names issued by Ministry of Corporate Affairs

The Department has evolved the following guiding principles for deciding availability of names:

A name which falls within the categories mentioned below will not generally be made available:

1. If it is not in consonance with the principal objects of the company as set out in its memorandum of association. This does not necessarily mean that every name should be indicative of its objects. But when there is some indication of business in the name then it should be in conformity with its objects.
2. If the Company/Companies main business is finance unless the name is indicative of that particular financial activities. Viz. Chit Funds/ Investments / Loan, etc
3. If it includes any word or words which are offensive to any section of the people.
4. If the proposed name is the exact Hindi translation of the name of an existing company in English especially an existing company with a reputation.
5. If the proposed name has a close phonetic resemblance to the name of the company in existence for example, J.K Industries Ltd., Jay Kay Industries Limited.
6. If the name is only a general one like Cotton Textile Mills Ltd., or Silk Manufacturing Ltd., and not specific like Calcutta Cotton Textiles Mills Limited or Lakshmi Silk Manufacturing Company Limited.
7. If it includes, the word "Co-operative", Sahakari or the equivalent of word "Co-operative" in the regional languages of the country.
8. If it attracts the provisions of the Emblems and Names (Prevention of Improper Use) Act, 1950 as amended from time to time, i.e. use of improper names prohibited under this Act.
9. If it connotes Government's participation or patronage unless circumstances justify it. E.g., a name may be deemed undesirable in

certain context if it includes any of the words such as National, Union, Central, Federal, Republic, President, Rashtrapathi, Small-Scale Industries, Cottage Industries and Financial Corporation etc.

10. If the proposed name contains the words "British India"

11.If the proposed name implies association or connection with Embassy or Consulate which suggests connection with local authorities such as Municipal, Panchayat, Delhi Development Authority or any other body connected with the Union or the State Government.

12.If the proposed name is vague like D.J.M.O Limited or T.N.V.R Private Limited or S.S.R.P Limited.

13.If a proposed name implies association or connection with or patronage of a national hero or any person held in high esteem or important personages who are occupying important positions in Government so long as they continue to hold such positions.

14.If it resembles closely the popular or abbreviated descriptions of important companies like TISCO (Tata Iron and Steel Company Limited), HMT (Hindustan Machine Tools), ICI (Imperial Chemical Industries), TEXMACO (Textile Machinery Corporation), WIMCO (Western India Match Company) etc. In some cases, the first word or first few words may be the key words and care should be taken that they are not exploited. Such words should not be allowed even though they have not been registered as trademarks.

- Where the existing companies are stated and found to be well known in their respective fields by their abbreviated names, these companies may be allowed to change their names, by way of abbreviation with the prior approval of the Regional Director concerned.

15.If it is different from the name/names of the existing company/companies only to the extent of having the name of a place within brackets before the word limited; for example, Indian Press Limited. To this rule, however, frequent exceptions are made in the case of the subsidiary and in the case of a company carrying on local business and in other cases on their merits. As for an example, "Corner Garage (Delhi) Private Limited" may be allowed notwithstanding that there is an existing company "Corner Garage Private Limited" at Calcutta. So would be "Regent Cinema Limited" at Madras, if there is a company by the name Regent Cinema (Delhi) Limited. These names may also be allowed if they are in the same group of management.

16.If the proposed name includes common words like "Popular, General, Janta", if they are in the same State doing the same business. But in case of

companies in different business in the same State and in all cases when the registered office of the company is in different States, the name might be allowed. For instance, if there is "Popular Drug House Private Limited" existing, another company by the name of "Popular Plastics Private Limited" should not be objected to.

- 17.If it includes a name of registered trade-mark unless the consent of the owner of the trade-mark has been produced by the promoters. It may not be possible in all cases to check up the proposed name with the trade mark. However, if the Registrars are in the knowledge or some interested party / parties bring to their notice a trade mark which is included in the proposed name then it should not be allowed unless a no-objection certificate is obtained from the party who has registered the trade mark in its own name. [Note: Section 20(2)/ (3) has been amended by the Trade Marks Act, 1999. The amended section now provides statutory protection of trade marks in the matter of availability of name]
- 18.If a name is identical with or too nearly resembles, the name of which a company in existence has been previously registered. A few illustrations of closely resembling names are given below for guidance. The names as proposed in column 1 should not (normally) be made available in view of the companies in existence as shown in column 2. However, if a proposed company is to be under the same management or in the same group and like to have a closely resembling name to the existing companies under the same management or group with a view to have advantage of the goodwill attached to the management or group name such a name may be allowed.

Even in the case of unregistered companies or firms who have built up a reputation over a considerable period, the principle (that if a name is identical with or too closely resembles the name by which a company has been previously registered and is in existence, it should not be allowed) should be observed as far as practicable. In view of the difficulty in checking up whether a proposed name is identical with or too nearly resembles the name of an unregistered company or a firm of repute, it should at least be ensured that a proposed name is not allowed if it is identical with or too nearly resembles the name of a firm within the knowledge of the Registrar. The cases of foreign companies of repute should also be similarly treated even if there are no branches of such companies in India.

Proposed Name	Existing Company too nearly resembling name
Hindustan Motor and General Finance Company	Hindustan Motor Limited
The National Steel Mfg. Co. Private Limited	National Steel Works
Trade Corporation of India Limited	State Trading Corporation of India Limited
Viswakaram Engineering Works Private Limited	Viswakaram Engineer (India) Private Limited
General Industrial Financing & Trading Co. Ltd.	General Financial & Trading Corporation
India Land & Finance Limited	Northern India Land & Finance Limited
United News of India Limited	United Newspaper Limited
Hindustan Chemicals and Fertilizer Limited	Hindustan Fertilizers Limited

- 19.If it is identical with or too nearly resembles the name of a company in liquidation, since the name of a company in liquidation is borne on the register till it is finally dissolved. A name which is identical with or too closely resembles the name of a company dissolved as a result of liquidation proceeding should also not be allowed for a period of 2 years from the date of such dissolution since the dissolution of the company could be declared void within the period aforesaid by an order of the Court under section 559 of the Act.

Further, as a company which is dissolved in pursuance of action under section 560 of the Act can be revived by an order of the court before the expiry of 20 years from the publication in the Official Gazette of the company being so struck off, it is considered desirable to stop or conditionally allow the registration of a proposed name which is identical with or too nearly resembles the name of such dissolved company for a period indicated below. Since the period of 20 years as prescribed under the law is considered an unduly long period, the registration of a proposed name which is identical with or too nearly resembles the name of the company dissolved in pursuance of section 560 should not be allowed for a period of first five years only. During the next five years such a proposed name maybe allowed subject to the condition that in the event of the dissolved company being restored to life by an order of the Court the new company would have

to change its name. After a lapse of ten years, name identical with or too nearly resembling those of the dissolved companies may be allowed without any such condition.

- 20.If it is different from the name of an existing company merely by the addition of words like New Modern, Nay etc. Names such as New Bata Shoe Company, New Bharat Electronic etc should not be allowed. Different combination of the same words also requires careful consideration. If there is a company in existence by the name of "Builders and Contractors Limited" the name "Contractors and Builders Limited" should not ordinarily be allowed.
- 21.If it includes words like "Bank", "Banking", "Investment", "Insurance" and "Trust". These words may, however, be allowed in cases where the circumstance justify it. In cases of banking companies the Reserve Bank of India should be consulted and its advice should be taken before a name is allowed for registration. The purpose of such consultation is to prevent small banking companies from misleading the general public by adopting the names of some well-established and leading banks functioning elsewhere than in India. In case of differences of opinion with the Reserve Bank of India the matter should be referred to the Board for advice.
- 22.If the name includes the word "Industries" or "Business" unless the name is indicative of the business of the proposed company for otherwise it serves as a lever for the company to diversify its activities.
- 23.If it includes proper name which is not a name or surname of a director - such names should not be allowed except for valid reasons. For example, for sentimental reasons, sometimes, the name of the relatives such as wife, son or daughter of the director may have to be allowed provided one other word suggested makes the name quite distinguishable.
- 24.If it is intended or likely to produce a misleading impression regarding the scope or scale of its activities which would be beyond the resources at its disposal. For example, names like Water Development Corporation of India (Private) Limited, Telefilm of India (Private) Limited, All India Sales Organization Limited, Inter Continental Import and Export Company Limited, etc. should not be allowed. When the authorized capital is to be only a few lakh and the area of operation limited to a State, words like "International", "Hindustan", "India", "Bharat", "New India" etc., included in the proposed name need not stand the same test as Hindustan, India etc. (as they do not give the same sense). Similarly the words, Bharat, India etc. If stated in the bracket before the words limited or private limited need not stand the same test as the words India, etc., put at the beginning of the name. Also the word "India" or "Bharat" in brackets before the words Limited or private limited does not necessarily mean that the company is an Indian Branch of some foreign company, such as "Marsdon Electricals (India) Private Limited".

If the proposed name includes the word "State" along with the name of the State such as Kerala State Company Limited should not be allowed as it would give an impression of the Kerala State Government participating in the share capital of the proposed company. However, if the name of a State only is included without the addition of the word "State" in the proposed name then it may be allowed as it is not likely to give the impression that the company has the State Government's interest in it.

If the proposed name includes the word "Corporation" unless the company could be recorded as a big sized company.

However, the word "Corporation" and "Company" may be regarded as closely resembling for purposes of allowing a new name. For example, a company by the name of Rajasthan Finance Company should be regarded as undesirable within the meaning of section 20 of the Act as another company by name "Rajasthan Finance Corporation" already exists.

If the proposed name includes words like French, British, German, etc., unless the promoters satisfy that there is some form of collaboration and connection with the foreigners of that particular company or place the name of which is incorporated in the name. Thus, the name "German Tool Manufacturing Company Limited" should not be allowed unless the company has some connection with Germany.

Even where except for the first word all the other words of the proposed name are similar to those of an existing company, the first word should be considered to be sufficient to distinguish it from the name of the existing company. For example, "Oriental.. Limited". [Circular Letter No. 10(1) - RS/65, dated 27-11-2965.

Guidelines as to use of Key words

"With a view to maintain uniformity, the following guidelines may be followed in the use of keywords, as part of name, while making available The proposed names under section 20 and 21 of the Companies Act, 1956

#	Key Words	Required Authorized Capital
1.	Corporation	Rs. 5 Crore
2.	International, Globe, Universal, Continental, Inter Continental, Asiatic, Asia being the first word of the name	Rs. 1 Crore
3.	If any of the words at (2) above is used within the name (with or without brackets)	Rs. 50 Lakh
4.	Hindustan, India, Bharat being first word of the name	Rs. 50 Lakh
5.	If any of the words at (4) above is used within the name (with or without brackets)	Rs. 5 Lakh
6.	Industries / Udyog	Rs. 1 Crore
7.	Enterprises, Products, Business, Manufacturing	Rs. 10 Lakh

These names with key words at Serial Nos. (6) And (7) may be considered when the company proposes to deal in various business activities or the company is already carrying on various business activities (in the case of change of name). F. No. 27/1/87-CL-III dated 13-03-1989: (1989) 65 com cases 536 (St.)