

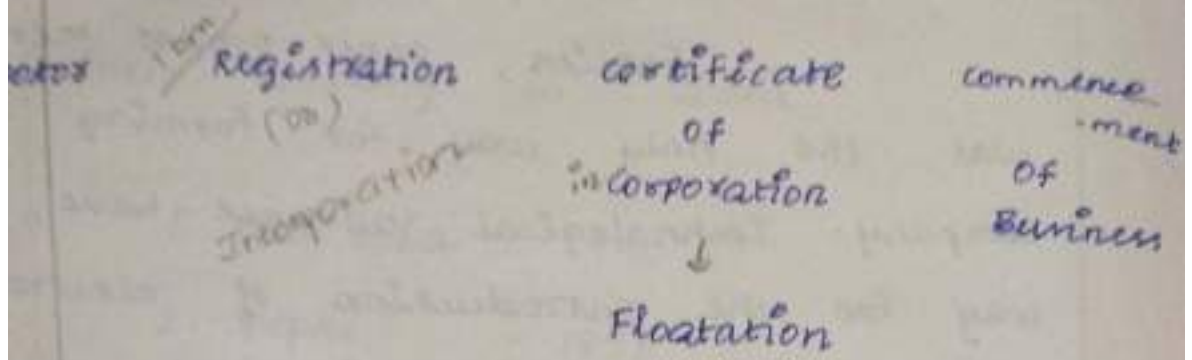
Formation of a company :

Earlier, paper process method was the only way for forming a paved company. Technological advance have, the way for the introduction of electronic process in formation of a company.

The electronic formation differs from the paper formation.

Formation of a new company involves meticulous planning and its has to go through various process and base. The company Act 2013 lays down the rules for the establishment of both public and private company. The entire process of involvement in the corporation is called company corporation. Formation. The companies Act 2013 lays down the rules for the establishment of both public and private company.

# Formation OF Company



What is promoter ?

The term promoters has not been defined under the companies Act.

Person who develop the idea and take the necessary stakes to accomplish their purpose and by whose pioneering effect company is incorporated or designated as promoters. promoters.

In simple words, the person who assume the task of promotion are called promoters.

A promoter may be an individual, syndicate association, partner or company.

## 2. Legal position of the promotor?

A promotor is one who performance the preliminary necessary to bringing the company into existence.

He conceives the idea, develop the idea and includes others to join the enterprise.

A promotor is either an agent of the company he promotes or trustee for the companies because company is not existence.

## 3. Duties of promotor:

He should be Honest and should not make any secret profit directly or indirectly.

He must make a full disclosure of his interest in a particular contract.

He may exercise his powers as promotor with due diligence he shall have the power to conceive the company its name, promotor.

drafting of memorandum and  
article of association etc..

He may shall his own  
property to the company provided  
the scale of consideration should  
be reasonable and it should not  
be excessive

### Remuneration of promotor :

A promotor is not entitled  
to recover any remuneration for  
the service rendered by him unless  
there is a valued contract enable  
him to do so.

Without such a contract  
he is not even entitled to  
recover his preliminary expenses  
or the registration fees

According to the section  
447 " The service of a promotor  
are very peculiar - great skill,  
energy and helping tendency may  
be employed in constituting a  
plan and bringing it out to  
the best advantages".