

M. Com. Sem. II

Corporate Legal Framework

Topic - Role and Functions of Promoters

The main role and functions of promoter are as below -

1. Conceiving the formation of the company:
The first task of a promoter is to conceive the formation of a company. He identifies a business opportunity and plan to convert into a business.
2. Determining the name etc. of the company:
The promoter determines the suitable and legal name of the company and determine the objectives.
3. Arranging capital and resources -
Promoters work to raise initial capital, assets and other resources to start a business.
4. Making necessary contracts - The promoter makes contracts with the managing agents, underwriters etc.
5. Document preparation - Promoters prepare the important documents of the company, such as Memorandum of Association and Articles of Association and submit them to the Registrar.

6. Appointments of bankers, etc. — The promoter of the company decides to appoint one or more bankers, directors and auditors for the company.
7. Payment of preliminary expenses — The promoter also has to arrange for the payment of all expenses incurred before getting the certificate to commence business.
8. Appointment of employees — The promoter of the company appoint employees for the management of the company.
9. Allotment of shares — After receiving the minimum subscription, the promoter starts allotting the shares.
10. Obtaining the certificate — After preparation of necessary documents and fulfilling of all the necessary formalities, the promoter obtains the certificate to commence business from the Registrar.
11. Preparation of prospectus — The promoter presents the prospectus to the Registrar and also makes arrangement for necessary publicity and advertisement of the sale of shares.