

## Incorporating a Corporate Entity in India

### An overview of Process & Costs

A corporate entity in India is governed by The Companies Act 1956 (The Act).

The Act permits primarily two kinds of Companies –

- a) Private limited Company
- b) Public limited Company

Both are companies with limited liabilities; owned by shareholders & governed by The Board Of Directors. In case you wish to know more about the laws governing these companies & differences between the two, you are requested to contact our Company law cell on - [companies@kdpaccountants.com](mailto:companies@kdpaccountants.com)

This note deals with the processes & the costs involved in forming a limited liability company –

### Incorporation Process

- 1) Selection of Name for Company with Alternatives. **(Details to be provided as per Annexure A)**
- 2) Have the Name Approved with Registrar of Companies(ROC)
- 3) Draft the Charter Documents viz. Memorandum of Association (MOA) and Articles of Association (AOA), get them vetted and stamped by the ROC.
- 4) Fill up forms e.g. Form No. 1 (dealing with name of the company), Form No. 18 (dealing with registered office address etc) , Form No. 32 (details of directors of the company, **Details to be provided as per Annexure B**)

*Developed by : Kamdar Desai & Patel, Chartered Accountants, Mumbai, India.*

- 5) Submit the following to ROC:
- Certified True Copy of Letter of Approval by ROC
  - Forms mentioned in item no. 4 above duly filled
  - Charter documents, signed and stamped
  - Registration Fee
- 6) On Submission of the above documents ROC will issue a Certificate of Incorporation. This is the date of incorporation.
- 7) Obtain a Certificate of Commencement of Business. This is the date from which a company can commence business in India (Applicable only for Public Limited Companies)
- 8) You can now open the bank account for the company

**Approximate Time for formation :**

For approval of Name	8 Working days from date of submission of form.
For submission of MOA / AOA	8 Working days from date of receipt of letter from ROC approving the name.
Obtaining final Certificate of Incorporation	12 Working days from the date of submission of AOA / MOA
<b>Total</b>	<b>28 Working Days</b>

### Composition of Board of Directors

Every Public Company shall have at least three directors and private companies two. In order to qualify for being appointed as a director, a few provisions have to be carefully understood -

- 1) The directors should be of sound mind and solvent
- 2) The directors should not be convicted by Court for more than six months and if convicted, then a period of five years should have elapsed from the date of sentence
- 3) The proposed director should have honored payment of all calls on shares and should have not defaulted on the same.
- 4) The proposed director person should not be a director of more than fifteen companies in India.

### Statutory and other information

- 1) Subscription and Allotment of shares should be greater than Minimum subscription ( Present limit – USD 2650 for private company & USD 13250 for public company)
- 2) Details of Issue of shares to members for consideration other than for cash is to be provided
- 3) Details of different types of directors
- 4) Full particulars of the nature and extent of the interest, if any, of every director or promoter.

**Approximate cost of Formation :**

<b>Cost of formation of a Private Limited Company</b>				
		<b>Base Capital</b>		
		<b>Amount( USD ) *</b>		
<b>Sr.No.</b>	<b>Particulars</b>	<b>\$ 2650</b>	<b>\$ 13250</b>	<b>\$ 263160</b>
1	<u>Filing Fees Payable to R.O.C. for :</u>			
a	Approval of Name	13	13	13
b	For filing of Memorandum & Articles of association	111	429	4118
c	For filing of other forms	21	21	21
d	Stamp duty Payable	32	32	532
2	Printing of MOA & AOA (Approx)	92	92	92
3	Professional Fees of Company secretary	395	395	395
4	Professional fees of KDP for Digital Signature & Director Identification Number	66	66	66
5	Cost of Digital Signature (payable to MTNL)( <b>Details to be provided as per Annexure C</b> )	47	47	47
6	Professional Fee of KDP fro advisory services	525	525	525
	<b>Total</b>	<b>1302</b>	<b>1620</b>	<b>5809</b>

\* Rate considered for conversion: 1 USD = Rs.38/-

For any specific query on formation of a corporate entity in India, you are requested to contact [company@kdpaccountants.com](mailto:company@kdpaccountants.com)

**Annexure A**

<b>INFORMATION REQUIRED FOR NAME AVAILIBILITY</b>	
<b>S.No</b>	<b>Particulars</b>
<b>1.</b>	<b>NAME OF THE COMPANY</b>
<b>2.</b>	<b>WHETHER PRIVATE OR PUBLIC</b>
<b>3.</b>	<b>DIN FOR ALL THE DIRECTORS</b>
<b>4.</b>	<b>DETAILS OF SUBSCRIBERS</b>
<b>5.</b>	<b>Subscribers Name</b>
	First name
	Middle Name
	Last Name
<b>6.</b>	<b>Father's Detail</b> (Even married Women must give fathers' name)
	First name
	Middle Name
	Last Name
<b>7.</b>	<b>Whether Citizen of India</b>
	Nationality
	Date of Birth
	Gender
	Place of Birth
<b>8.</b>	<b>ANY ONE</b> of the following
	Income-tax permanent account no
	Voter's identity card number
	Passport number
	Driving license number
<b>9.</b>	<b>Permanent Residential Address</b>
	Block No
	Street Name
	city*
	country
	state
	phone
	pin-code*
	e-mail id
<b>10</b>	<b>AUTHORISED CAPITAL OF THE COMPANY</b>
<b>11</b>	<b>MAIN OBJECT OF THE COMPANY</b>

**Annexure B**

<b>Information required for DIN (Each Director)</b>	
<b>S.No</b>	<b>Particulars</b>
<b>1.</b>	<b>Applicant Name</b>
	First name
	Middle Name
	Last Name
<b>2.</b>	<b>Father's Detail</b> (Even married Women must give fathers' name)
	First name
	Middle Name
	Last Name
<b>3.</b>	<b>Whether Citizen of India</b>
	Nationality
	Date of Birth
	Gender
	Place of Birth
<b>4.</b>	<b>ANY ONE</b> of the following
	Income-tax permanent account no
	Voter's identity card number
	Passport number
	Driving license number
<b>5.</b>	<b>Permanent Residential Address</b>
	Block No
	Street Name
	city*
	country
	state
	phone
	pin-code*
	e-mail id
<b>6.</b>	<b>Whether present address is permanent address</b>
	YES/NO
	IF NO then give present address in the same lines
<b>7.</b>	<b>Documentary proof required</b>
	Photograph 3 copies
<b>8.</b>	<b>Proof of identity</b>
	Passport/Election card/Driving licenses/Income Tax PAN card
<b>9.</b>	<b>Proof of residence:</b>
	Passport/Driving licenses/Ration Card/Electricity Bill/Telephone Bill

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**Annexure C**

<b>Information required for Digital Signature Certificate</b>		
<b>S.No</b>	<b>Particulars</b>	
<b>1.</b>	<b>Applicant Name</b>	
	First name	
	Middle Name	
	Last Name	
<b>2.</b>	<b>Whether Citizen of India</b>	
	Nationality	
	Date of Birth	
	Gender	
<b>3.</b>	<b>ANY ONE</b> of the following	
	Income-tax permanent account no	
	Voter's identity card number	
	Passport number	
	Driving license number	
<b>4.</b>	<b>Permanent Residential Address</b>	
	Block No	
	Street Name	
	city*	
	country	
	state	
	phone	
	pin-code*	
	e-mail id	
<b>5.</b>	<b>Documentary proof required</b>	
	Photograph 3 copies	
<b>6.</b>	<b>Proof of identity</b>	
	Passport/Election card/Driving licenses/Income Tax PAN card	
<b>7.</b>	<b>Proof of residence:</b>	
	Passport/Driving licenses/Ration Card/Electricity Bill/Telephone Bill	
<b>DSC FORM NEEDS TO BE CERTIFIED BY THE BANKER/NOTARY PUBLIC OF THE APPLICANT</b>		



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