

## Incorporating a Corporate Entity in India

### An overview of Process & Costs

A corporate entity in India is governed by provisions of 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) Approval of the proposed Name of the company by Registrar of Companies(ROC)
- 3) Draft the Charter Documents viz. Memorandum of Association (MOA) and Articles of Association (AOA), have 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 )**

- 5) Form No. 29 – In case of the public Company the consent of the directors is also to be filed.
- 6) Submit the following to ROC:
  - a) Certified True Copy of Letter of Approval by ROC
  - b) Forms mentioned in item no. 4 above duly filled
  - c) Charter documents, signed and stamped
  - d) Registration Fee
- 6) On Submission of the above documents ROC will issue a Certificate of Incorporation. This is the date of incorporation of the company.
- 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 and start operations.

**Approximate Time for formation :**

For approval of Name	5 Working days from date of submission of form.
For submission of MOA / AOA	20 Working days from date of receipt of letter from ROC approving the name.
Obtaining final Certificate of Incorporation	10 Working days from the date of submission of AOA / MOA
<b>Total</b>	<b>35 Working Days *</b>

\* For clients / directors based outside India, the formation time should be increased by 30 days on account of movement of docs through courier and Indian Embassy Attestation process etc.

### **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, 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 ( Rs. )</b>		
<b>Sr.No.</b>	<b>Particulars</b>	<b>1 Lakh</b>	<b>5 Lakhs</b>	<b>1 Crore</b>
1	<u>Filing Fees Payable to R.O.C. for :</u>			
a	Approval of Name	625	625	625
b	For filing of Memorandum & Articles of association	5,330	20,600	197,670
c	For filing of other forms	1,000	1,000	1,000
d	Stamp duty Payable	1,540	1,540	25,540
2	Printing of MOA & AOA (Approx)	4,420	4,420	4,420
3	Professional Fees of Company secretary	19,000	19,000	19,000
4	Professional fees of KDP for Digital Signature & Director Identification Number	3,170	3,170	3,170
5	Cost of Digital Signature (payable to MTNL)( <b>Details to be provided as per Annexure C</b> )	2,260	2,260	2,260
6	Professional Fee of KDP fro advisory services	35,200	35,200	35,200
	<b>Total</b>	<b>72,545</b>	<b>87,815</b>	<b>288,885</b>

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

**Annexure A**

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

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	<b>COMPANY</b>	
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**Annexure B**

**Information required for DIN (This is required for Each Director)**

S.No	Particulars	
<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	

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<b>9. Proof of residence:</b>	
Passport/Driving licenses/Ration Card/Electricity Bill/Telephone Bill	
<b>Information required for Digital Signature Certificate (This is required for any one Director)</b>	
<b>S.No</b>	<b>Particulars</b>
<b>1. Applicant Name</b>	
First name	
Middle Name	
Last Name	
<b>2. Whether Citizen of India</b>	
Nationality	
Date of Birth	
Gender	
<b>3. ANY ONE of the following</b>	
Income-tax permanent account no	
Voter's identity card number	
Passport number	
Driving license number	
<b>4. Permanent Residential Address</b>	
Block No	
Street Name	
city*	
country	
state	
phone	
pin-code*	
e-mail id	
<b>5. Documentary proof required</b>	
Photograph 3 copies	
<b>6. Proof of identity</b>	
Passport/Election card/Driving licenses/Income Tax PAN card	
<b>7. Proof of residence:</b>	
Passport/Driving licenses/Ration Card/Electricity Bill/Telephone Bill	
<b>Proof of identity &amp; residence, DSC form needs to be certified by notary public / banker in case of a Resident. In case of NRIs, all the documents should be notarised.</b>	

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