

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

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
Total	35 Working Days *

* 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.

For approximate cost of formation of a company in India, pl connect with us on estimates@kdpaccountants.com

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