

How to register a company (Pvt. Ltd.)

Pre-requisites

1. Have paid-up capital of INR 1,00,000
2. Have minimum of 2 directors/board members and two shareholders
3. Have maximum of 50 members only
4. Cannot publicly sell shares. Can only invite people to buy shares by issuing a prospectus

Step1: Acquire DIN (Director Identification Number)

DIN is a unique identification number for an existing director or a person intending to become a director of a company. As per a recent amendment to the Companies Act 1956, DIN has become mandatory for all the directors. DIN is unique and specific to an individual, therefore only one DIN is allotted per individual even if the individual serves as director at multiple companies. No fee is charged for issuing DIN. This process takes approximately 3 to 5 working days.

Supporting documents required (soft-copies):

1. Photograph
2. Proof of identity
3. Proof of residence

Register on MCA website for login ID and password (create an account)

- I. File eForm DIN-1
 1. Download eForm DIN-1
 2. Fill the form
 3. Attach necessary documents
 4. Sign using digital signature
 5. "Check Form"
 6. Upload eForm

7. Pay fees by credit card, debitcard, internet banking or cash/cheque at designated banks (State Bank of India, Punjab National Bank, Indian Bank, ICICI Bank, HDFC Bank) using the pre-filed challan that will be generated
 8. Note the Service Request Number (SRN) for later enquiries
 9. Check acknowledgement by email or through MCA portal
- II. Intimate approved DIN To your Company (within 30 days from date of approval)
- a. Download Form DIN-2 and print

Step 2: Acquire Digital Signature Certificate (DSC):

At least one of the directors should have a valid Digital Signature Certificate issued by the Certifying Authorities (CA) and approved by the Ministry of Corporate Affairs. The Information Technology Act, 2000 provides for use of Digital Signatures on the documents submitted in electronic forms, in order to ensure the security and authenticity of the documents filed electronically. Every document prescribed under the Companies Act, 1956, is required to be filed with the digital signature of the managing director or director or manager or secretary of the company. Therefore at least one of directors must have a digital signature. Any person may make an application to the Certifying Authority for the issue of a Digital Signature in such form as may be prescribed by the Central Government. Digital Signatures are typically issued with one year validity and two year validity. The issuance cost varies depending on the CA. Digital Signatures can be obtained within an hour.

One can acquire his/her Digital Signature certificates from these government listed agencies like TCS, IDBRT, MTNL, SAFESCRYPT, NIC, nCODE Solutions etc.

Step 3: Apply for the company to be registered

This is the final major step in a registration of your company which includes incorporating company name, Registering the office address or notice of situation of office and notice for appointment of company directors, manager and secretary. And also regarding the take and pay for their qualification shares.

Prerequisite for Virtual eFiling

1. Install the following prerequisite software:
 - Windows 2000 / Windows XP / Windows Vista / Windows 7 – Operating System
 - Internet Explorer v6.0 and above, Google Chrome, Mozilla Firefox
 - Adobe Reader from version 7.5 to version 10.1.4
 - Java Runtime Environment (JRE – latest version freely downloadable from www.sun.com)
2. Get yourself registered at the portal (www.mca.gov.in)
3. Obtains a Director Identification Number (DIN).

4. Obtain a Digital Signature Certificate (DSC).
5. Broadband Internet connectivity or higher.
6. A scanner (above 200 DPI) for converting the attachments in the PDF format.

Steps:

I. **Fill Form-1A** for obtaining the name for the company - online

For obtaining name for your new company, An application in Form-1A needs to be filed with the Registrar of Companies (ROC) of the state in which the Registered Office of the proposed Company is to be situated to ascertain the availability of a name along with an official service fee of Rs.500. You also have to provide the following information in the form.

- Name of the proposed company (Minimum 4 alternative names, maximum 6).

Indicate the order of preference. Ensure that the company name is in accordance to the guidelines of the MCA, and also ensure the name is unique and does not resemble the name of any existing company in India. The company name must end with the words 'Private Limited' or 'PVT Ltd'. In order to have specific key words in the name such as corporation, International, Hindustan, Industries, India etc., the proposed company should satisfy a minimum authorized capital criteria.

- Location of registered office of the proposed company
- Main Objectives of the business of the company
- Names and addresses of the directors
- Proposed Authorized Share Capital of the Company
- DIN & DSC

Submit duly filled form to the Registrar along with fee of Rs. 500. The Registrar shall intimate, within two to three days, whether the proposed name is available or not. If the preferred name is not available apply for a fresh name on the same application. The name made available by the Registrar shall be valid for a period of six months. In case, if the company is not incorporated within this validity period, an application may be made for renewal of name by paying additional fees. Otherwise the name approval process has to be repeated by submitting new application after payment of requisite fees.

In about 10 days, the ROC will inform you about approval or objections. If there are any objections then ROC will suggest you with some available names and let you choose among them. If your company name is approved then you will receive a formal letter regarding the confirmation of the same. Keep the same which will be required during registration process of the proposed company.

II. Prepare documents

After obtaining name approval from the ROC the following documents must be prepared to incorporate the company

- Memorandum of Association (MOA) The Memorandum of Association is a document that sets out the constitution of the company. It contains, amongst others, the objectives and the scope of activity of the company and also describes the relationship of the company with the outside world.
- Articles of Association (AOA) The Articles of Association contains the rules and regulations of the company for the management of its internal affairs. While the Memorandum specifies the objectives and purposes for which the Company has been formed, the Articles lay down the rules and regulations for achieving those objectives and purposes. It also states the authorized share capital of the proposed company and the names of its first / permanent directors. Professional help is to be sought in the drafting of the MOA and AOA, as it contains the governing policies, rules and by-laws of the proposed venture. The draft must be carefully vetted by the promoters before printing and stamping.

The MOA and AOA must be signed by at least two subscribers in his own hand, along with father's name, occupation, address and the number of shares subscribed for and witnessed by at least one person. Then the MOA and AOA are required to be stamped & filed with the ROC. A stamp duty is required to be paid on the MOA and on the AOA. The stamp duty depends on the authorized share capital and varies between states. Details of applicable stamp duty can be obtained from here. eStamping facility is now available via MCA's portal. The document preparation process may take five to seven days.

- Form 1 – providing details of promoters of the company
- Form 18 – providing details of address of the registered office of the company
- Form 32 – providing details of Directors, managers and secretaries of the company

III. Submission of Documents

Submit the following documents to the ROC with the filing fee and the registration fee:

- The stamped and signed Memorandum and Articles of Association (3 copies).
- Form-1, 18 & 32 in duplicate.
- Any agreement referred to in the Memorandum & Articles.
- Any agreement proposed to be entered into with any individual for appointment as Managing or whole time Director.

- Declaration of Compliance by an advocate or company secretary or chartered accountant or director, manager or secretary of the company
- Name availability letter issued by the ROC.
- Power of Attorney authorizing a person, on behalf of subscribers, any documents and papers filed for registration. The power of attorney should be given on Non-Judicial stamp paper of appropriate value and shall be submitted to the Registrar

After submitting these forms, once the application has been approved by MCA, you will receive a confirmation email regarding the application for incorporation of a new company, and the status of the form will get changed to Approved.

IV. Payment of Registration Fees

The fees payable to the Registrar at the time of registration of a new company varies according to the authorized capital of a company proposed to be registered. Payment for the Registration and Filing Fee must be made by Demand Draft/Banker's Cheque if it exceeds Rs.1000/.

V. Obtaining Certificate of Incorporation

The ROC will issue a Certificate of Incorporation after careful review of documents submitted. Section 34(1) cast an obligation on the Registrar to issue a Certificate of Incorporation, normally within 7 days of the receipt of documents. A Private Limited Company can start its business immediately on receiving the Certificate of Incorporation.

Check these documents before submission of a company:

1. DIN of all those directors of a proposed company.
2. DSC – Digital Signature Certificate
3. Original copy of the formal letter issued by ROC regarding availability of Company name.
4. Form-1 for incorporation of a company.
5. Form-18 for situation or address of the proposed company.
6. Form-32 for particulars of proposed directors, managers and secretary.

Formalities to be followed while incorporation of a company:

1. Obtain a TAN card
2. Obtain a Permanent account number (PAN) from income tax dept. India
3. If required: Documents obeying shop and establishment acts.
4. If required: For foreign trade, Registration documents of import export code from Director General of foreign trade.
5. If required: Registration documents of Software technologies Parks of India (STPI).
6. If required: RBI approval for foreign companies investing in India and FIPB approval.
7. Both Indian and foreign directors need to have valid Digital Signature Certificates from authorized agencies.

For any further clarifications, please visit

<http://www.mca.gov.in/MCA21/RegisterNewComp.html>

Flowchart – How to register a company

