

How to Register a Company in India:

A COMPLETE GUIDE



Picking the right company structure for your business is as important as any other business-related activity. The correct business structure will allow your enterprise to operate efficiently and meet your required business targets. In India, every business must register themselves as part of the mandatory legal compliance.

Here's a **complete guide** to help you get your Indian company registered within a month, right from wherever you are in the world.

WHY SHOULD YOU CHOOSE INDIA TO START YOUR BUSINESS



India is a **vibrant country** and a home to one of the largest populations in the world. Over the last decade, it has become one of the most preferred destinations for entrepreneurs & investors.

As per the latest World Bank's Ease of Doing Business Report 2020, **India stands at 63rd position**, making it easier for businesses to trade across borders and pay taxes.

What are the advantages of Registering in India?

There are many advantages to starting your company in India. Some of them are as follows:



Business-Friendly Laws

Over the years, the Indian government has introduced bills like the Goods and Services Tax Bill (GST), Insolvency and Bankruptcy Code (IBC), and the Direct Taxes Code Bill to bring forth transparency in the Indian economy. These bills have made it much easier for existing sectors and new international businesses to register their India business. The Indian Government's 'Make in India' project also aims to enable foreign investments and build leading manufacturing infrastructures.



Versatile Startup Ecosystem

India is the leading IT hub globally and has also seen success in diverse industries such as Banking & Finance, E-commerce, and Agriculture. Being open to new businesses and ventures, India has an attractive ecosystem that provides many opportunities and serves a quick-changing economy.



Cost-Effective Amenities

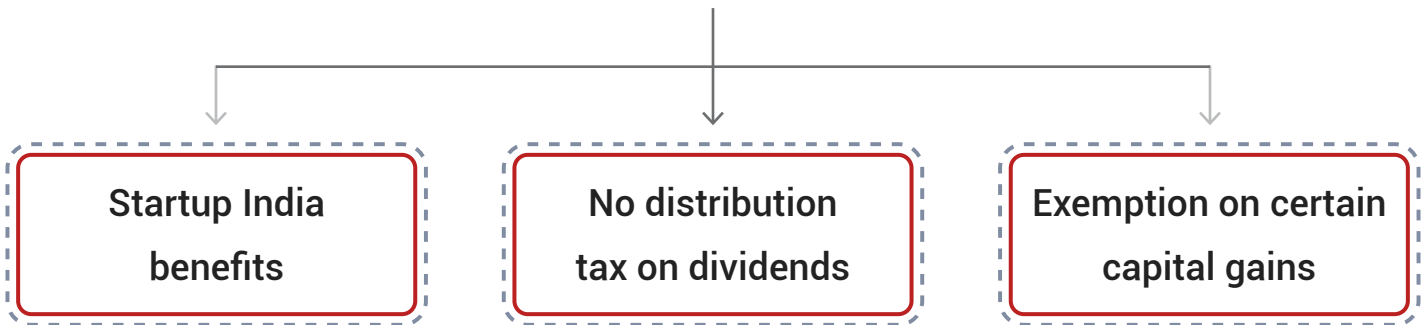
In terms of affordability, businesses will have no concerns about the daily costs of running their business as India provides cost-efficient amenities in manufacturing, food, transport, labor etc. The affordability, dynamic transformation, and growth in India make it an ideal location for many entrepreneurs and investors.



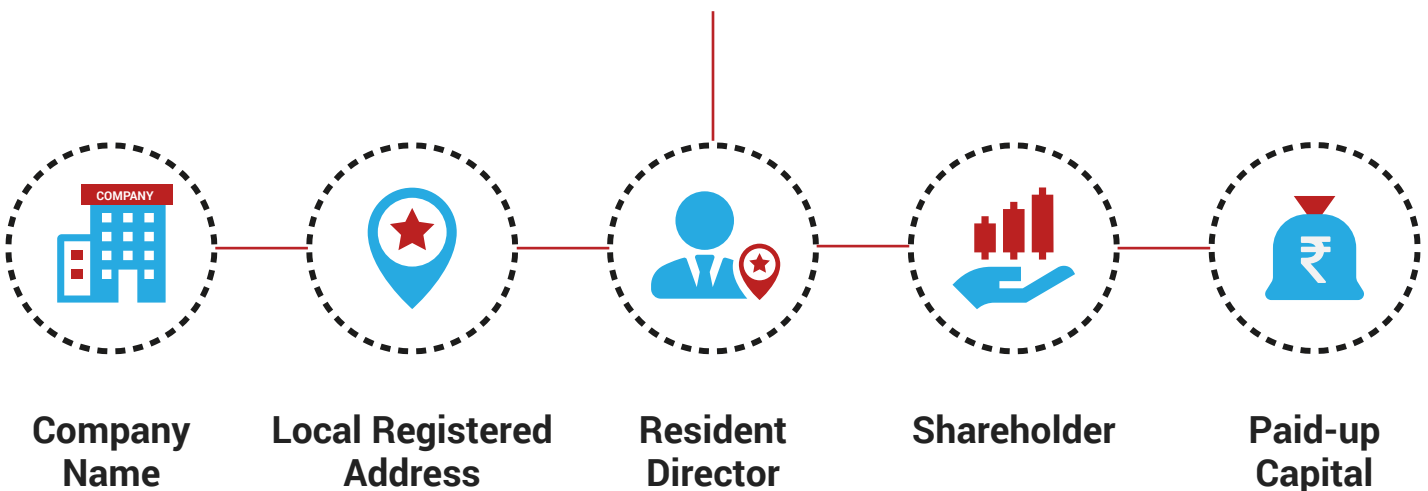
Special Tax benefits

India has built an attractive tax system by lowering its corporate tax rates to 22% (down from 30%) for existing companies and 15% (down from 25%) for newly incorporated manufacturing companies.

Besides low corporate tax rates, there are other incentives offered:



WHAT DO YOU NEED TO START A COMPANY IN INDIA?



1. Company Name

A company name has to be unique as it will describe the nature of your business. Come up with a new word or a combination of words, register with the Ministry of Corporate Affairs (MCA) who oversees the business in India.

2. A physical Indian address

An Indian company must have a local registered address. MCA requires this address to contact you by post and other means.

3. Resident Director

A minimum of 1 resident director is needed.

Here's the requirement for Resident Director:

1. A real person (i.e., not a company, and not a business identity)
2. Ordinarily a resident in India.
3. At least 18 years old.

You can have as many directors as you want, but at least 1 of them needs to be a local resident (i.e. their usual place of residence is in India).

4. Shareholder

There should be a minimum of 2 and a maximum of 200 shareholders for a private limited company. Whereas for a public limited company, you will require a minimum of 7 shareholders. There is no limit to the maximum number of shareholders for this entity.

5. Paid-up Capital

There is no minimum paid-up capital required for setting up a company in India.

What Business Structures are available to Register in India?

Before registering your company, decide which company structure suits your business. Ask yourself the following questions-

1. How many directors/partners will be there in the business?
2. How much capital do you wish to invest?
3. What will be the ownership structure?
4. Do you want to bear the liability personally?
5. What are the advantages and disadvantages of other business structures?
6. Is the business entity easy to close?
7. How much tax will have to be paid under other structures?

Foreign investors can choose among the four business entities, namely:

- Private Limited Company
- Public Limited Company
- Branch Office
- Liaison Office

Here's a brief description of the different business entities in India-

Private Limited Company

The most preferred business entity to set up in India is the Private Limited Company. Incorporation of this business entity requires a minimum of 2 shareholders. Investors seeking to register this entity are eligible for various government incentives in India.

Public Limited Company

Public Limited Company helps businesses to list their company on the Indian Stock Exchange. Unlike Private Limited Companies, this entity can offer shares directly to the public and accept foreign direct investments (FDI).

Branch Office

Body Corporates incorporate outside India are allowed to setup Branch Offices (BO) after obtaining specific approval from the Reserve Bank of India (RBI). The BO should be engaged in the same activity in which the Parent Company is engaged in. A BO is not allowed to carry out manufacturing activities on its own but is permitted to subcontract these to an Indian manufacturer. A BO is akin to a foreign Company in India and is taxed @ 40% plus applicable Surcharge and Cess. There is no upper limit on the number of years for operations once permission from RBI is received to set up a branch office in India. Further, various other conditions are also required to be complied with while setting up a BO.

Liaison Office

Liaison Office (LO) is in the nature of a representative office set up primarily to explore and understand the business and investment climate in India. It generally acts as a communication channel between the parent company overseas and its present or prospective customers in India. LO can also be set up to establish business contacts or gather market intelligence to promote the products or services of the overseas parent company. LO is allowed to be engaged only in limited permissible activity and should not undertake any commercial / trading / industrial activity, directly or indirectly. The registration certificate for an LO is valid only for a period of 3 yrs with an option of renewal. Further, various other conditions are also required to be complied with while setting up a LO.

How to Register a Company in India?

Registering a company in India is now a simple 4-step process. Here is what you'll need:

- **A Digital Signature Certificate (DSC)**
- **A Director Identification Number (DIN)**
- **Registration on the MCA Portal**
- **Certificate of Incorporation**

With this, we have covered the basics of how to register a company in India. If you still need assistance in registering your company, don't worry, our team of experts can assist you.

Documents required for Company Registration



In India, **registration of a company can not be done without a valid identity and address proof.** This is mandatory for all the company's directors and shareholders.

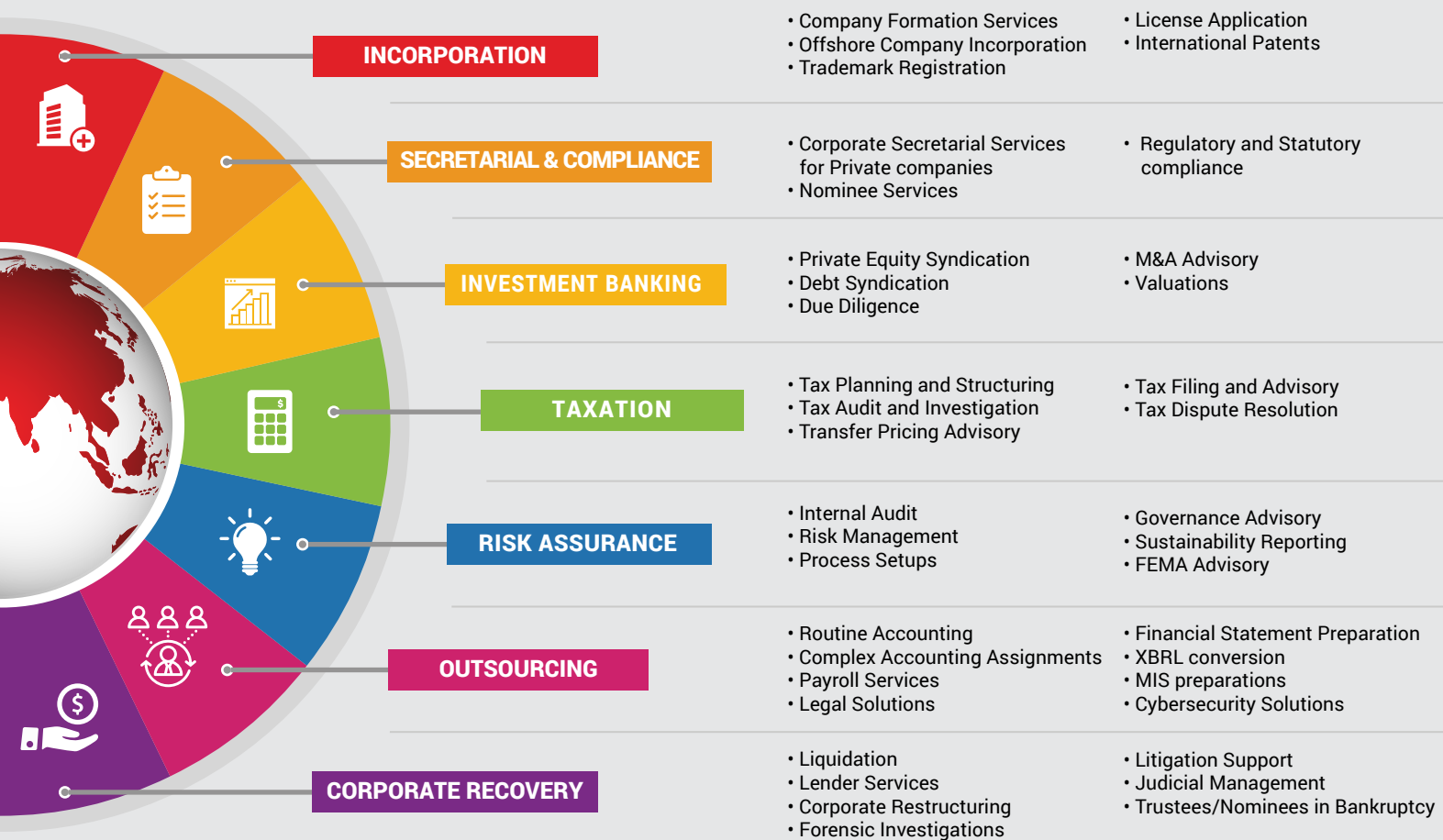


The company **must also have a registered local office** for starting a business in India.



Don't stress, our experts will assist you with the documentation requirements.

Our Services



Ready to incorporate your company in India?

InCorp India is a leading corporate service provider who will go the extra mile to ensure your company registration experience is seamless.

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