

PRIVATE COMPANY-FACT SHEET

Private Limited Company under the Companies Act 1956

General	
Governing Law	Companies Act 1956
Governing Authority	Registrar of Companies
Foreign Investment	Yes, as per FDI Policy
Corporate Taxation	33.99%
Our time to establish	10-15 Days
Minimum State Fees	Rs 5300
Shareholders & Director	
Minimum/Maximum number of Shareholders	2/50
Minimum/Maximum number of Directors	2/12
Locals Required	No
Director Identification Number	For each Director
Digital Signatures	For any Director
Share Capital	
Standard Currency	Rupee (Rs)
Minimum Authorized Capital	Rs 0.1 million
Minimum Paid-up Capital	Rs 0.1 million
Company Secretary	
Required	When paid-up capital => Rs 5 cr

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Books of Accounts & Audit	
Requirement to prepare	Yes
Audit Requirement	Yes
Applicability of Accounting Standards	Yes with exception
Requirement to file accounts	Yes
Available for Public	Yes with exception
Compliances	
Meeting Requirement	Yes
Location of Meeting	Anywhere with exception
Annual Filling Requirement	Yes
others	
Registered Office	Yes
Availability of Shelf Company	Yes

COMPANY INFORMATION

Private Limited Company

As per the Companies Act, 1956 Private Limited Company is a company, which has the following features in its Articles of Association:

1. Limits the number of shareholders to 50
2. Restricts the right of shareholders to transfer their shares.
3. Prohibits any invitation to the public to subscribe for any shares in, or debentures of, the company;

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4. Prohibits any invitation or acceptance of deposits from persons other than its Members Directors or their Relatives; Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this definition, be treated as a single member

Foreign Investment

As Foreign Direct Investment (FDI) Policy, Foreign Investment is allowed under all sectors under automatic and approval route, except the following:

1. Railways,
2. Atomic Energy,
3. Gambling & Betting, Lottery and
4. Retail Trading (except single brand).
5. Business of chit fund.
6. Nidhi Company.
7. Trading in Transferable Development Right
8. Agriculture excluding floriculture, horticulture, development of seeds, animal husbandry, pisciculture, cultivation of vegetables , mushrooms under controlled conditions & services related to agro and allied sectors.
9. Plantation excluding Tea Plantation
10. Real Estate Business (but does not include development of townships, construction of residential / commercial premises, roads or bridges educational institutions, recreational facilities, city and regional level and infrastructure, townships

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Corporate Taxation

1. **Income-tax:** 30% of total income.
2. **Surcharge:** The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge at the rate of 10% of such income tax, provided that the total income exceeds Rs. 1 crore.

Incorporation Requirement:

1. Minimum 2 Directors are required, there is no requirement of residency in India
2. Minimum 2 Shareholders are required, there is no requirement of residency in India.
3. Every Director should have Directors Identification Number
4. Any one Director & Shareholders should have Digital Signatures
5. Minimum authorized & paid up capital required is Rs 0.1 million
6. Registered Office is required
7. Company Name requirement:
 - a. Name should not be similar /identical to existing registered company
 - b. Name should not contains prohibited words like National, Union, Central etc
 - c. Use of words like India, International, Industries etc are allowed only, if the company have minimum prescribed authorized capital.
 - d. Use of certain words like Banks, Venture Capital, requires approval of prescribed authority in India.

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- e. Name should end with suffix, Private Limited.

Incorporation Procedure:

1. Directors shall obtain Director Identification Number, if they don't have.
2. Any one shareholder & Director will obtain Digital Signatures, if not previously held.
3. Application for name approval shall be filed to Registrar of Companies
4. After name approval, documents for incorporation shall be filed along with Memorandum & Articles of Association with Registrar of Companies.
5. If documents are in order, Registrar of Companies will issue certificate of incorporation, which will evidence of company incorporation.

Document required for obtain Directors Identification Number & Digital Signatures:

1. Notarized copy of Identity & Residential Proof in English language.
2. Copy of passport for non residents is must
3. Photograph of Director

Company Secretary

Companies with paid-up capital Rs 5 cr or more are required to appoint a whole time Company Secretary.

Books of Accounts

Companies are required to maintain proper book of account according to double entry system and accrual basis of accounting. At the end of each financial year, Companies are required to prepare Balance Sheet and Profit & Loss Account for that financial year.

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Audit Requirement

Companies are required to get the Balance Sheet & Profit & Loss account audited by the Statutory Auditor of the Company. Only a chartered accountant in practice can be appointed as the statutory auditor

Meeting Requirement

Board of Directors are required to meet, every quarter in a calendar, the meeting can be held anywhere in India. Meeting cannot be called through video conferencing.

Shareholder meet once in a year, called as Annual General Meeting, to approve the balance sheet and profit & loss account of the Company. This meeting can be held only in the same city or town, where the registered office is situated. Meeting cannot be called through video conferencing.

Annual Filing Requirement

Companies are required to file Balance Sheet, Profit & Loss Account along with Directors Report & Auditors Report and Annual Return, separately, with the Registrar of Companies, in each calendar year.

Disclaimer

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