STEPS FOR FORMATION OF INDIAN COMPANY
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FORMATION OF INDIAN COMPANY (Process Flow Chart)

1. Start
2. Decide type of Company
3. Take a decision on name of the company
4. Filling and completion of Form No. 1A
5. Filing of Form No. 1A to ROC
6. Is the name approved by ROC
   - Yes
   - No
Finalisation of MOA and AOA

Issue Power of attorney in favour of practicing Company Secretary or in favour of Director of company

Get the MOA & AOA Stamped as per Delhi Stamp Act, from the District Court.

Filing of forms to ROC

Form No. 1 Form No. 32 Form No. 18

Pay ROC challan

Obtain approval from ROC

Issuance of Certificate of Incorporation of Company by ROC

Registration Fees according to paid up capital

End
A private company which is a subsidiary of a public company is deemed to be a public company. All the provisions of Companies Act, 1956 as applicable to Public Company are also applicable to Private Limited Company except the provisions relating to the basic structure of the Private Limited.

** - Prohibition for any invitation or acceptance of deposit other than its member, directors of their relative.

**. Conversion of Private company to Public company: A Private company has limit its maximum number of members to 50. If a company has some expansion plans and it intends to raise funds through some external sources mainly from the general public, Initial Public Offer (IPO) is one of the best mean to raise funds from the public. But a private company cannot raise funds through IPO due to the restriction as per the company law. Therefore, firstly it requires getting convert into public company and going for an IPO.

A detailed process flowchart is as follows:

[Flowchart Image]

[Back to Flowchart]
Conversion of Pvt. Ltd. into Public Ltd.

CONVERSION OF PRIVATE COMPANY INTO PUBLIC COMPANY

Board Meeting

To approve the conversion
To fix the day, time, venue for the General Meeting
Issue a notice for convening of General Meeting

Convening of General Meeting

To pass the special resolution for conversion of private company into public company
Pass ordinary resolution for increase in Authorised share capital
Pass special resolution for alteration in Article of Association
Filing of Statement in lieu of prospect

Form no. 5 within 30 days from the date of general meeting
Form no. 23 within 30 days from the date of general meeting

ROC issues fresh Certificate of Incorporation

Back to Flowchart
Basis of deciding the name of the company

- Should reflect the activity/objective of the company
- Maximum of 6 names in order of preference

A Disclosure Form needs to be filled at this stage. Sample format attached below.
# Disclosure Form - For incorporation of Company

1. **Proposed Name of the Company**: (Maximum Six Name in order of Pref.)

<table>
<thead>
<tr>
<th>1.</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
<th>5.</th>
<th>6.</th>
</tr>
</thead>
</table>

2. **Name of the Applicant applied for Name availability**

<table>
<thead>
<tr>
<th>Name of the Applicant (must have digital signature)</th>
<th>Occupation</th>
<th>Address</th>
<th>State</th>
<th>Country</th>
<th>Pin code</th>
</tr>
</thead>
</table>

3. **Shareholding pattern**:

<table>
<thead>
<tr>
<th>Name of the Subscriber</th>
<th>Husband / Father’s Name</th>
<th>No. of Share held</th>
<th>Nominal value per share</th>
<th>Date of Birth / incorporation</th>
</tr>
</thead>
</table>

4. **Registered office of the Company**:


5. **Detail of Director**

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Father’s Name</th>
<th>DIN Number</th>
<th>Nationality</th>
<th>Date of Birth</th>
<th>Address</th>
</tr>
</thead>
</table>

6. **Share Capital of the Company**:

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Amount</th>
<th>No. of Shares</th>
<th>Face value per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Share Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-Up Share Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. **Bank Detail**:

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Proposed Authorized Signatory</th>
<th>Singly / Jointly</th>
</tr>
</thead>
</table>

[Back to flowchart]
Filling and completion of Form no. 1A

Form No. 1A (Various heads)

- Details of the applicant who has filed the form.
  - Name, Address, E-mail id etc.

- Details of Directors.
  - Date of Birth, Father's name, address, occupation, DIN no.

- Details of Subscribers.
  - Date of Birth, Father’s name, occupation, address

- State the significance of the name chosen.

- Authorized Share Capital.
  - No. of shares, Price per share

- State where Registered Office of the company is to be situated.

Back to flowchart
Approval of name by Registrar of Companies (ROC)

Approval of name by ROC

Name applied for is available for registration of the company

The name is valid for a period of 60 days within which all the formalities relating to incorporation needs to be completed

It can further be extended for a period of 30 days

Fees for extension is Rs. 250/-

If fail to complete all formalities relating to incorporation within the specified period, then re-apply for name

Application for extension of time period should be filed before expiry of 60 days

Back to flowchart
Finalization of Memorandum of Association and Article of Association (MOA & AOA)

- **NAME CLAUSE**: 1st clause contains the name of the company.
- **REGISTERED OFFICE CLAUSE**: Specifies the state where RO of the company is situated.
- **OBJECT CLAUSE**:
  - **Main object**: To be pursued by the company on its incorporation.
  - **Incidental or Ancillary**: To the attainment of main object.
  - **Other object**: The company may take up in future.
- **LIABILITY CLAUSE**:
  - **Limited by share**: Limited up to the amount of share they undertake to subscribe.
  - **Limited by guarantee**: Limited up to the amount of guarantee member undertake to contribute.
- **CAPITAL CLAUSE**: The total amount of share capital with which the company is registered and its division into different classes or kinds of capital, the number of share of each kind, the face value per share has to be stated.
- **SUBSCRIPTION CLAUSE**: Each of the subscriber, 7 in case of Public company and 2 in case of Private Limited company undertake to take the share mentioned in the MOA against his name by putting his signature on the MOA.

Back to flowchart
Stamping of Memorandum of Association and Article of Association

Rules of stamping of MOA and AOA

Stamp duty differ from state to state

As per Schedule 1A of Delhi Stamp Act

On MOA

Filing up of TR-6 challan (in Triplicate)
And deposit it in the treasury of court

0.15% of the Authorised share capital of the company up to a maximum of Rs. 25 Lacs, in favour of SBI, Tees Hazari, PAO 6

On AOA

Fixed – Rs. 200/-
Filing of Forms with Registrar of Companies

- Form No. 1: Statutory declaration: A declaration that all the requirements of this act and rules there under have been compiled with. i.e. respect of registration, shall be filed with ROC and ROC may accept such a declaration as sufficient evidence of such compliance.

- Form No. 32: The appointment of director/manager/Managing director of the company. Attach consent letter of director in this form.

- Form No. 18: The registered office of the company with full address of the office as well as the police station near that area.

- MOA & AOA and POA, filed as an attachment.
Payment of fees to Registrar of Companies

Pay ROC Challan

- Through Credit Card
- By Cash
- By cheque/Demand Draft
  - In favour of MCA Collection Account, ICICI Bank

Back to flowchart
Certificate of Commencement of Business

A Public company cannot start its business unless it gets a certificate of commencement of business (COB) from the Registrar of companies.

In case of Private Company, the same is not required. It can start its business immediately after getting certificate of incorporation from registrar of company.

Process Flow Chart

[Diagram showing flowchart with steps for obtaining Certificate of Commencement of Business]

1. Certificate of Commencement of Business
2. Filing of Form No. 20
3. Statement in lieu of prospect
4. MOA & AOA
5. List of directors & shareholder
6. Stamp paper of Rs. 20/-
7. Consent letter of auditor & Form no. 23B

Back to flowchart
Statement in lieu of prospect (SLP)

SLP to be delivered to the ROC which does not issue a prospectus or which does not go to allotment on a prospectus issued and reports sent out therein

Authorised Capital of the company

Detail of preliminary expenditure

Detail of auditor

Annexure - A

Annexure - B

Annexure - C

Resolution for filing of SLP – Authorised by director

Name and address of the Directors

Registration Fee + Stamping Charges + filing fee

Covering the provision in AOA of the company

Detail of preliminary expenditure

Appointment of auditors

Relating to remuneration of directors, MD and manager

Appointment of director, MD and manager

Back to flowchart
Opening of Bank Account

Public Company

Once COB is obtained, a company can apply for opening of bank account

Document required

Duly filled and signed form of respective bank
Copy of Board Resolution
MOA and AOA of the company
List of directors & shareholders
Copy of Commencement of business

Private Company

Once Certificate of Incorporation is obtained, a company can apply for opening of bank account