

REPORT ON

**DOING BUSINESS THROUGH  
INCORPORATED BODY**

24 October, 2020



with

**Mr. Nesar Ahmad**

Past President

Institute of Company Secretaries of India (ICSI)



**Ms. Shaista Fatima, Head- Media and Communications, IMPAR**

Ms. Shaista Fatima warmly welcomes the speaker and the participants to IMPAR's *Skills and Entrepreneurship Program*, "Doing Business through Incorporated Body". The program is directed to direct new entrepreneurs and familiarize them with how business is done through incorporated body and its benefits. She gives a brief introduction of the hon'ble guest Mr. Nesar Ahmed and requests him to take over.



**CS. Nesar Ahmed, Past President Institute of Companies Secretaries of India (ICSI) and CSIA; Member Steering Committee, IMPAR**

Mr. Nesar Ahmed commenced the session by introducing popular legal entities which are incorporated for carrying on business: Public Ltd. Co., Private Ltd. Co., and One Person Co. He gave a summary statement on companies in India as on 31.08.2020. He also gave an overview on the Tax Rate.

• Popular legal entities incorporated for carrying on business

| Types of Companies      | Minimum Number of Members | Maximum Number of Members | Minimum Number of Directors | Maximum Number of Directors |
|-------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| Public Limited Company  | 7                         | No Limit                  | 3                           | 15*                         |
| Private Limited Company | 2                         | 200                       | 2                           | 15*                         |
| One Person Company      | 1                         | -                         | 1                           | 15*                         |

\* For appointing more Directors passing a special resolution is required to be passed.

**Tax Rate**

| Particulars                                   | Tax Rate |
|---|----------|
| LLP & Partnership (Registered / Unregistered) | 30%      |
| Company (without MAT benefit)                 | 22%      |
| Company (with MAT benefit)                    | 25%      |
| Start Up – Registered                         | 15%      |

**Benefits of Incorporation**

- Incorporated Association - Artificial Legal Person
- Separate Legal Entity
- Limited Liability
- Perpetual Existence
- Distinction between Ownership and Management
- Transferability of Shares
- Transparency / Right of Access to Information
- Easy accessibility of Finance / Collaboration

The speaker went in detail by explaining benefits of incorporation. He makes distinction between ownership and management. He talks how shares can be transferred and what could be the mode of transfer. In case of an incorporated body, there is a lot of transparency, one can easily finance from bankers, private equity. He talks of obligations of law pertaining to the same. Incorporated bodies are beneficial in terms of collaboration.

Mr. Ahmed sheds light on pre-incorporation brainstorming where he starts with name and object of the company. One should be clear with what object one wants to pursue. He discusses the nature of shareholders. He talks explicitly about authorized and paid up capital. Once the money is paid to the company, it is called paid up capital. In public limited companies, minimum three directors must be there where as minimum two directors must be there in private limited companies. One can also have independent members who are not shareholders.

Then Mr. Ahmed moves to explaining about incorporated body. This is a detailed process. He gives a website where one can find all the details. He elucidates the procedure for incorporation where he talks about new reservation for new companies, mandatory issue of PAN, TAN, opening of bank account, and other documents. Then one needs to decide who would be the directors and if they have DIN generated.

The speaker then discusses what all documents are required. He gives an important piece of information about subscribers and capital structure. Whatever contribution is coming from the subscribers, must disclose their contribution as it varies in amount. Through FDI, many companies are coming to India and collaborating with Indian companies, opening up the economy. He also speaks about things to be kept in mind during incorporation. He informed the participants that upto 15lac authorized cap, there is no fee. He takes questions in between, clearing doubts of the participants.

#### Things to kept in mind during Incorporation (Continued)

- Declaration by all Subscribers and First Directors in INC-9 is auto-generated in PDF format and has to be submitted only in Electronic form in all cases, except where total number of subscribers and/or directors is greater than 20 and/or any such subscribers and/or directors has neither DIN nor PAN.
- Now separate declaration in Form INC-8 is not required to be filed.
- Companies getting incorporated through SPICe+ with an Authorized Capital up to INR 15,00,000 would continue to enjoy 'Zero Filing Fee' concession.

#### Things to kept in mind during Incorporation

- Registration for EPFO and ESIC is mandatory for all new companies to be incorporated through SPICe+.
- No EPFO & ESIC registration numbers are issued separately issued by the respective agencies.
- Registration for Profession Tax is mandatory for all new companies to be incorporated in the State of Maharashtra through SPICe+.
- It is mandatory to apply for opening the company's Bank account at the time of incorporation.

Mr. Nesar Ahmed gave a bird eyed view on MSMEs. He explains significant benefits available to registered MSME such as loan facilities, credit linked capital subsidies, etc. He also explains how to register for MSME and familiarizes everyone with the government portal and registered link for it. He then moves to the benefits available to start ups in India followed by its link.

## Significant Benefits available to Registered MSME

- Collateral-Free Loan Facilities & Priority Lending
- Credit Linked Capital Subsidies for MSMEs
- Low interest rate on loan
- Incubation Scheme For MSME
- Market Development Assistance Scheme for MSME
- Subsidy on Patent Registration
- Protection against Delayed Payments
- Tax exemption for Innovative startups
- Concessions on Electricity Bills
- Tender Preference to MSME

## MSME Registration

- MSME registration process is fully online, paperless and based on self-declaration.
- Registration can be completed by visiting Government Portal for MSME.
- **Link for registration**  
<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>
- After completion of the process of registration, a certificate will be issued online.

The webinar was concluded on that note followed by Q&A round.



**Ms. Injila Khan, Head-Programs & Events, IMPAR**

Ms. Injila Khan proposes a jovial vote of thanks to Mr. Nesar Ahmed and thanked him for having delivered prolific information and for his valuable time.

| Classification   | Micro  | Small                      | Medium                      |
|--|--|----------------------------|-----------------------------|
| Manufacturing Enterprises and Enterprises rendering Services | Investment in Plant and Machinery or Equipment |                            |                             |
|  | Not more than Rs.1 Crore                       | Not more than Rs.10 Crore  | Not more than Rs.50 Crore   |
| Annual Turnover  |  |                            |                             |
|  | Not more than Rs. 5 Crore                      | Not more than Rs. 50 Crore | Not more than Rs. 250 Crore |

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