

Legal Steps To Start A Business In Bangalore

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Bangalore is unquestionably one of India's most important economic hubs. This is due to its volatile economic climate. Bangalore is well-known as India's technological and software epicentre. However, there are significantly more business opportunities in Bangalore. As a result, everyone with a viable business idea is willing to start a business in Bangalore.

One of Bangalore's most evident advantages for business establishment is the availability of a highly skilled labour force, which is predominantly constituted of professionals with a predisposition for technology.

Furthermore, the city provides cutting-edge infrastructure and extremely favourable business laws, which aid in the establishment of a long-term economic foundation for new companies. This has also provided a large platform for many people to develop and start up their businesses in Bangalore. A diverse set of skills is required to start a business such as a significant amount of committed effort in terms of capital, labour, investments, etc. However, various legal factors and requirements must always be taken into account.

Minimum Requirements To Complete Registration Procedure

The cost of incorporating or registering a Company in Bangalore officially known as Bengaluru can range from INR 6,000 to INR 30,000, based on the number of directors, members, authorized share capital, and professional expenses. The cost of hiring an expert may be affected by the difficulty of the project. Further, the average time to start a business in bangalore including the incorporation and approvals is 16 to 20 weeks.

The Simplified Proforma for Incorporating Company Electronically (SPICe) Incorporation Filing process is an integrated single-point application for:

- Reservation of Company Name
- Allotment of DIN for Directors
- Filing of Charter Documents
- Incorporation of a New Company
- Allocation of Permanent Account Number (PAN) and Tax Collection and Deduction Number (TAN)

Company Name Application: The Company must have a unique and distinctive name, which should be given under the RUN (Reserve Unique Name). If RUN is refused because to name similarity or failure to comply with the

Incorporation Rules, it cannot be used again, and the company would have to reapply.

Director Identification Number & Digital Signature Certificate: The Director Identification Number (DIN) is an 8-digit number mandated under Section 153 of the Companies Act of 2013. DIN requires the following information from all proposed directors:

- Complete name
- Father's name
- DOB
- Identity proof
- Address and proof of address
- Permanent Account Number (PAN) card copy
- Two photographs

To provide a secure manner of presenting documents electronically, every business in Bengaluru must obtain a Digital Signature Certificate (DSC) as part of the company registration process. Businesses should only accept DSC from entities certified by the Controller of Certification Agencies.

Charter Documents Of Company: Applicants must create charter documents, such as a Memorandum of Association (MOA) and Articles of Association (AOA), and file them with the Ministry of Corporate Affairs at the registration portal.

THE SMALL BUSINESS CHECKLIST

Legal Steps To Start A Business

Identify the Business Structure

- Private Limited Company,
- Public Limited Company,
- Limited Liability Partnership,
- One Person Company ,
- Sole Proprietorship Firm,
- Partnership Firm

Business Registration

- Select a suitable name
- Name approval from ROC
- Application for DIN & DSC
- Preparation of documents (Founders/Partnership Agreement)
- Application for incorporation
- Filing of forms & documents
- Opening of a bank account

Procuring Licenses & Registrations

- Shops and Establishment License
- Relevant Business Licenses
- GSTIN Registration
- Employees State Insurance (ESI) Registration
- Employees Provident Fund (EPF) Registration
- Contract Labor Registration
- Professional Tax Registration
- IP Filings

Drafting of policies & Agreements

- Employee appointment contract
- Employee NDA
- Employee promotion letters & exit documents
- Employment/HR Manual
- License or Rent/Lease Agreements
- Vendor/Third Party contracts
- Service Agreements
- IP Assignment Deed
- Website Terms & Conditions, Privacy Policies, Cookie Policy
- Social Media Policy
- GPA & SPA

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ADVOCATES AND ATTORNEYS

Compliances Post-Registration to start a business in bangalore

A company must comply with the following procedures in Bangalore:

First board meeting: According to Section 173(1) of the Companies Act, the first meeting of the Board of Directors (BODs) must be convened within 30 days of the company's incorporation. Every director must be notified of the meeting at least 7 days in advance. Furthermore, it is required to hold at least 4 Board meetings per year, with no more than 120 days between meetings.

Auditor appointment: The auditor must be chosen by the BODs within 30 days after the registered date, according to Section 139(1) of the Companies Act. If someone is not doing the same. An extraordinary general meeting must be called immediately to designate an auditor within 90 days.

Disclosure of interest: Section 184(1) of the Companies Act 2013 requires all directors to disclose their stake in the company at the BODs meeting. It will be discussed further if there is a change in disclosure. It is required for all the directors to accomplish the company's objectives both individually and collectively.

Opening company bank account: It is required to open a bank account within 60 days of incorporation. The account must be set up under the company's name so that transactions can be easily logged. The following documents are necessary to open a bank account:

- Incorporation certificate and Memorandum of Association
- Resolution of the BODs to open an account
- Registered office as address proof of the company.
- Director's identity proof along with the authorized signatory's PAN card
- PAN allotment letter

Filing of INC-20A form: The directors are required to file an INC-20A Form with MCA within 180 days of the start of business. It is a Business Commencement Declaration.

Annual general meeting: Under Section 96 of the Companies Act, 2013, every company is required to hold an Annual General Meeting each year, during business hours, on a non-public holiday, and either at the registered office of the company or within the city, town, or village where the registered office is located. It is necessary to provide 21 days' notice for the same. In the event of the company's first annual general meeting, it shall not be necessary to convene any annual general meeting in the year of its incorporation if the meeting is held within 9 months of the company's first financial year.

Filing annual returns form & financial statements: Section 128 of the Companies Act requires that proper books of accounts be kept that provide an accurate and fair picture of the company's financial situation. Companies are required to file their Balance Sheet, Profit and Loss Statement, and Director Report within 30 days of the Annual General Meeting. Furthermore, the auditor must complete the MGT-7 Form to file the company's annual returns.

Schemes Available For Businesses In Karnataka

There are various government schemes available in Karnataka to promote ease of business. They are:

Idea2POC Grant

This program intends to provide grants to entrepreneurs without requiring them to give ownership of the company. The Karnataka government created the Idea2PoC project to find and encourage innovative entrepreneurs and offer them the necessary support at various stages through funding, mentoring incubation, and other ways. A one-time award of up to INR 50 lakhs will be made available to entrepreneurs who require early-stage funding for prototype development, market growth, and scale-up.

ELEVATE Unnati

ELEVATE Unnati is a social inclusion initiative in collaboration with the Department of Social Welfare, Government of Karnataka, that provides grants up to INR 50 lakhs to SC/ST entrepreneurs.

AVGC Venture Fund

The corpus of this fund is INR 20 crores. It intends to invest in companies in Karnataka that serve animation, visual effects, gaming, comics, and other related industries. Under the guidelines published by the Securities and

Exchange Board of India, investments in enterprises will take the form of equity, preferred capital, debentures, or a combination of any of the aforementioned instruments.

Vridhhi Scheme

Under this plan, the Karnataka Innovation and Technology Society (KITS), in collaboration with the Karnataka State Women Development Corporation (KSWDC), is seeking applications from female entrepreneurs. The KSDWC would provide loan assistance of INR 5 to 10 lakhs at a 4% interest rate, repayable in 60 instalments.

Conclusion

Karnataka has been named a 'Top Achiever' in the Center's Department for Promotion of Industry and Internal Trade (DPIIT) rating of States and Union Territories for "Ease of Doing Business." Furthermore, has the crowning achievement of India's economic progress for existing businesses. Bengaluru has a multicultural aura that makes it ideal for conducting business. Despite being less expensive than Mumbai and Delhi, it nonetheless has office space and high-speed Internet access.

The city's rise as a technological powerhouse has had a tremendous impact on the work culture in Bengaluru. From flexible work hours to additional support supplied by firms to promote greater employee performance, Bengaluru is the ideal place for anyone wishing to enter the workforce. Furthermore, citizens' ability to pay for purchases of high-quality consumer goods has increased dramatically, resulting in a sizable domestic market for firms that build consumer products and sales operations in India.

Frequently Asked Questions

How do you register a small business in Karnataka?

To establish a small business, they can register as a sole proprietorship, partnership firm, or LLP. The major steps are as follows:

1. Apply for Tax Registrations such as PAN Card, TAN Registration, Service Tax Registration, and VAT Registration.
2. Apply for Business Registration under the Udyog Aadhar Scheme along with obtaining the trademark registration, and Import-Export Code.

Is GST mandatory for proprietorship?

The sole proprietorship must register for GST if the business turnover exceeds INR 20 lakhs.

What is Kaveri online firm registration?

Kaveri online firm registration is a firm registration service provided by the Department of Stamps & Registration, Government of Karnataka to specifically register partnership firms in Karnataka.