

Incorporation of a Wholly Owned Subsidiary (WOS) under Companies Act, 2013

A Wholly Owned Subsidiary (WOS) is a company whose entire share capital is held by another company, known as the holding or parent company. The process of incorporating a wholly-owned subsidiary in India is governed by the Companies Act, 2013. The application is processed by the Central Registration Centre (CRC), Ministry of Corporate Affairs.

Prerequisites for setting up a WOS (Private Company) in India

- Holding Company to pass a resolution authorising the setup of a WOS in India and identifying the proposed name(s); paid up capital and authorised signatories / nominees of the WOS
- Check if RBI/Government approval is required for receiving Foreign Direct Investment (FDI)
Identify minimum 2 directors, 1 of whom shall be a Resident Director
- Identify an Authorised Representative on behalf of Holding Company to sign documents to be submitted for incorporation
- Identify a Nominee Shareholder of the Holding Company who will hold minimum shares in the WOS on behalf of the Holding Company

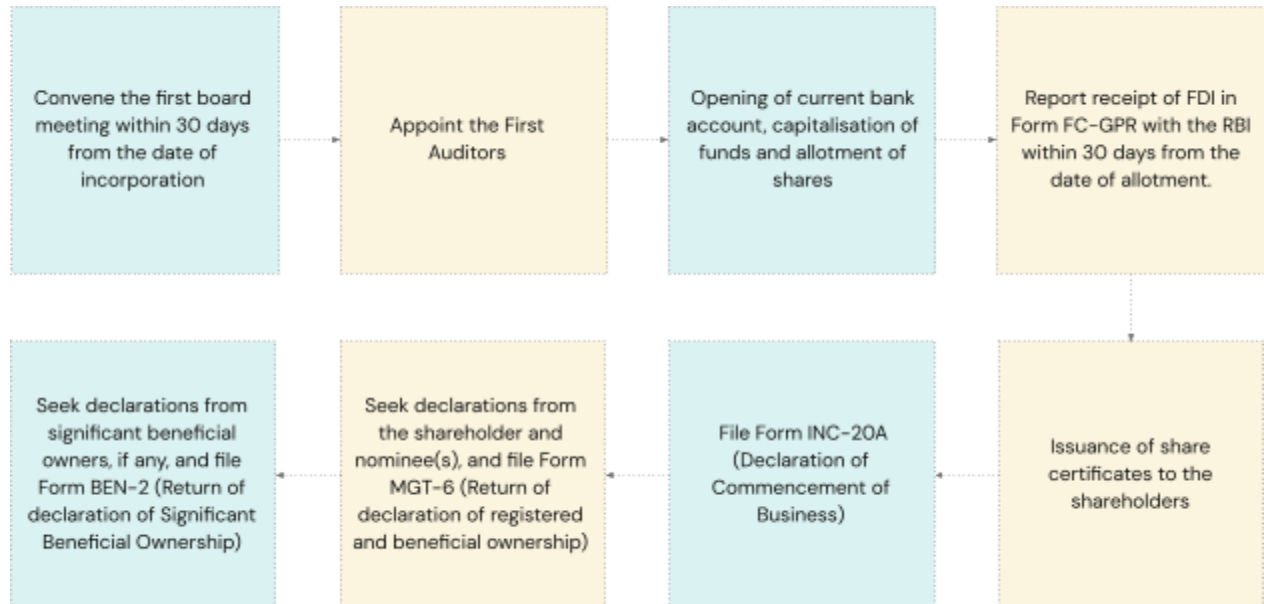
Note: The Authorised Representative and Nominee Shareholder cannot be the same person

Key Steps for incorporation of WOS

<p>Step 1: Name Reservation</p>	<p>File Form SPICe+ Part A with 2 proposed names and the following supporting documents, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Resolution passed by the Holding Company authorising the setup of a WOS in India; • Details of the proposed main objects of the WOS and the applicable NIC Code(s); • Charter Documents of the Holding Company; • NOC for use of a Registered Trademark (in the form of a letter or resolution, as applicable), along with the certified copies of the trademark certificate(s);
<p>Step 2: Preparation and execution of Documents for Incorporation</p>	<p>The Directors, Subscribers and Nominee shareholders must submit, <i>inter alia</i>, the following documents at the time of incorporation:</p> <ul style="list-style-type: none"> • Memorandum of Association (MOA) and Articles of Association (AOA) with duly signed subscribers' sheets. • Declaration by Directors and Subscribers in Form INC-9; • Proof of Registered Office Address and NOC for use of premises; • Consent of Directors in Form DIR-2; • PAN undertaking for Directors and Subscribers who do not possess any PAN in India • Specimen Signature cards of the Directors (for Form AGILE PRO S) • Identity and address proof of the Directors, Shareholders (individual / Non Individual), Authorised Representatives and Nominees of the Shareholders <p><i>Note: All documents pertaining to incorporation which are executed outside India need to be duly notarised and apostilled / consularised. If a document is in a language other than English, the same needs to be duly translated by a professional translator.</i></p>
<p>Step 3: Submit SPICE + Part B and AGILE PRO S forms with the CRC</p>	<p>Upon payment of requisite fee and stamp duty and complete and satisfactory submission of application, the CRC issues the Certificate of Incorporation, which includes the date of incorporation, Corporate Identification Number (CIN), PAN and TAN of the company. This certificate serves as conclusive evidence that the company is legally incorporated.</p>

Post-Incorporation Compliance

After incorporation, the WOS must adhere to various compliance requirements, viz.:



Advantages of incorporating a WOS

- Separate Legal Entity, thereby protecting the liability of the holding company;
- Complete Control over operations and decisions of the WOS;
- Helps establish a presence in India with ease
- Enhancement of the holding company's credibility and reputation in India.
- Provides opportunities to raise capital from local sources

Incorporating a wholly-owned subsidiary under the Companies Act, 2013, is a structured process that allows the parent company to establish a separate yet controlled entity. Proper adherence to the procedural and regulatory requirements is essential to avoid legal and operational issues in the future.

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Our mission is to empower the startup ecosystem by providing holistic legal and finance solutions and save at least 80% time of stakeholders by delegating tasks to experts with accountability and confidence.



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