

Setting up a subsidiary in India is a complicated task. Your company must find the time and money necessary to expand your business, all while learning every India subsidiary law. The rules and regulations also vary by state and region, adding another layer of complexity.

Instead of dealing with the confusion alone, Globalization Partners is here to help. We'll hire employees for you to get you started sooner, and we'll act as your subsidiary to help you avoid the difficulties of the subsidiary setup process.

How to Set up an India Subsidiary

You'll need to consider multiple factors before setting up a subsidiary in India. Start by determining which sector or industry you are entering. India has different FDI regulations for specific sectors, and checking for prior approval from the Reserve Bank of India before you establish your business presence is vital.

Incorporating any company in India is a long and challenging process that can cost companies a significant amount before the setup is complete. Most businesses choose a private limited or public limited subsidiary based on how active they will be in the country. The incorporation process includes these steps:

- Get a Director Identification Number (DIN) online
- Get a Digital Signature Certificate (DSC) online
- Reserve a business name through the Registrar of Companies
- Prepare the Memorandum and Articles of Association
- File an incorporation application online
- Request a certificate to commence operations
- Create a company seal
- Get a permanent account number (PAN)
- File with the Employees' Provident Fund Organization
- Register for VAT
- Apply for medical insurance

India Subsidiary Laws

India subsidiary laws vary considerably by location. Every state in India operates almost like a separate country. Different cities and regions could operate under various rules, costs, and availability. Plus, each one has different cultural practices and languages that could make it difficult to do business.

The rules for incorporation also differ based on what type of subsidiary you choose to set up — public or private:

- **Private limited company:** These are ideal for small or middle-sized businesses. They are the most popular because of the fewer reporting requirements. India subsidiary laws require around \$1,620 of minimum paid-up capital with a minimum of two subscribers. Private companies need to have at least two directors with a maximum of 15. You will also need to prepare financial statements and undergo a statutory audit within six months of the end of the fiscal year.
- **Public limited liability company:** This subsidiary of a public company must follow the Securities and Exchange Board of India's (SEBI) regulations. According to India's subsidiary laws, you'll need around \$8,100 minimum paid-up capital and at least seven subscribers. Public companies also require a minimum of three directors but no more than 15. The accounting and auditing requirements are the same for public and private subsidiaries.

Benefits of a Subsidiary in India

Setting up a subsidiary in India offers several advantages. First, a subsidiary has limited liability from the parent company, and shareholders are limited by the amount they invest. This arrangement protects the parent company from any losses or potential litigation. You'll also get to choose how you want to run your subsidiary and whether it has a different culture or workplace rules from the parent company.

What Do You Need?

However, every company that opens a subsidiary in India faces particular challenges. You'll

need both the time and money to complete every step from start to finish. Plus, someone in your company will need to gain expertise in India subsidiary laws, or you will need to contract with a lawyer to make sure every step is correct.

Alternatives to Establishing an India Subsidiary

Instead of figuring out the numerous India subsidiary laws on your own, you'll enjoy more significant benefits with India subsidiary outsourcing from Globalization Partners.

Since the subsidiary setup process can be challenging and daunting in India, it can take months before you are officially working. We bring that number down to a few days by hiring employees that work for you. Then we act as your subsidiary and make sure you stay compliant every step of the way.

Contact Globalization Partners

Starting a subsidiary in India can be tough. Instead, work with Globalization Partners to take the burden off your shoulders. Contact us today to learn more about our India subsidiary outsourcing services.