



Student Startup Support System (S4)

REPORT:

S4 workshop on “Legal Aspects for starting Start-ups”

Date: 1st September 2014

Time: 17:30 to 19:30

Venue: 126, GTU Student Startup Support System Co-Creation Center (S4-C3), ACPC Building, L.D College of Engineering, Ahmedabad-15

Developing an idea into a business plan is more than just jotting a dream on a paper. S4 organized a workshop on “Legal aspects for starting Start-ups” in order to help students navigate the process and to set a profitable and successful business plan and then take them till user through all recommended regulatory processes. The event took off with the initial introduction by Mr. Hiranmay Mahanta, the honorary director of GTU Innovation Council, explaining the importance of various legal regulatories and why it was necessary for legalizing one’s ideas and various other terms such as; patenting, trademarks, copyrights, etc. The event saw around 50 participants involving students and faculties of various colleges. The event was mentored by **CA ANUJ SIKCHI** who shared his expertise regarding the subject. All the student start-ups at S4 actively participated in this program to take their start-up ahead through regulatory process and create more value.



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Mr. Anuj started the workshop, explaining all the possible options for starting a business/start-up, where he jotted down a list of different types of business ownerships as proprietorship, partnership, one person company, limited liability partnerships, private and public limited companies, charitable companies , NGOs, section 8 companies (Companies Act 2013) and further explaining each.

He presented the ideal toolkits for legal compliances, for starting a business. The first thing to be considered was registering ones' start-up. Not every business needs registration, for instance; a proprietorship business doesn't require any registration whereas it is mandatory for Limited Liability Partnership and Pvt. Ltd. companies.

The second point to be considered is ones' business name. The business name is a critical aspect to the business development process. The name should represent the brand, follow the trademark and should be useable on web without any legal concern. A general partnership and a proprietorship business ownership do not require any approval but it should not infringe trademark or copyright while approval is required prior to incorporation, for establishing a Pvt. Ltd. company or a LLP.



Mr. Anuj also stressed that the legal status of the business needs to be considered. For instance, a Pvt. Ltd. Company or a LLP are a separate legal entity whereas a general partnership and a proprietorship business ownership aren't. The legal compliance also includes the number of people starting a business, for a LLP minimum 2 and no maximum limit of people can start in corporation whereas a proprietorship business shall only have one sole owner.

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Mr. Anuj also provided various other comparisons and legal standards.

Features	Proprietorship Business	General Partnership	Limited Liability Partnership	Pvt. Lmt. Company
Charter Document	None	Partnership deed	LLP agreement	Moa (memorandum of agreement)
Business License	Applicable as per business requirements	Applicable as per business requirements	Applicable as per business requirements	Applicable as per business requirements
Validity	Till Death	Dissolved on death of a partner. Can be dissolved at the will of all partners or even one partner can give notice for dissolving.	Perpetual succession	Perpetual succession
Registering Authority	None	Registrar of Firms	Registrar of Limited Liability Partnerships, MCA	Registrar of Companies, MCA (Ministry of Corporate Affairs)
Income Tax Rates	Individual rates	30%	30%	30%
Liability	Unlimited. Personal property is also covered	Unlimited. Personal property is also covered	Limited up to contribution in LLP (except in case of Fraud)	Limited up to contribution in LLP (except in case of Fraud)
Transfer of Share/ in Case of death	NA	Legal heirs have right to get refund of Capital + Profit	Legal heirs have right to get refund of Capital + Profit	Shares are transmitted to legal heir
Cost (Approx)	Rs. 3000	Rs. 5000	Rs. 10000	Rs. 20000
Time	5days	5-10days	10-15 days	15-20 days

In his other session, Mr. Anuj Sikchi covered various procedures under Companies Act 2013/ LLP Act for company formation like taking Directors / Partners' digital signatures, Identification Number (DIN), reservation of the company name, filling of documents with authorities, Liaison with the authorities, correcting and receiving various certificates of incorporation. He also explained in brief the compliances post incorporation. The post incorporation compliances included obtaining necessary licenses to start a business like PAN -Permanent Account Number, TAN -Tax Collection & Deduction Account Number, Professional Tax, Shops & Establishment License, Service Tax/ VAT / CST and Importer Exporter Code (IEC).

Mr. Sikchi explained the importance of appointing an auditor, creating audits and documenting in order to handle statutory compliances. He further provided various **highlights of the companies act 2013**.

Some of those were:

- **Immediate Changes in letterhead:**
 - Invoices or other official communications: full name, address of its registered office, Corporate Identity, Telephone number, fax number, Email id, website address if any.
- **One Person Company (OPC):**
 - It's a Private Company - One Member and at least One Director. No compulsion to hold AGM. Conversion of existing private companies with paid-up capital up to Rs 50 Lacs and turnover up to Rs 2 Crores into OPC is permitted.
- **Woman Director:**
 - Every Listed Company /Public Company with paid up capital of Rs 100 Crores or more / Public Company with turnover of Rs 300 Crores or more shall have at least one Woman Director.
- **Accounting Year:**
 - Every company shall follow uniform accounting year i.e. 1st April - 31st March.
- **Disclosures by a director of his interest:**
 - Give disclosure in prescribed format and it is also necessary for companies to enclose consent of director with the prescribed form and the director concern on resignation is also required to intimate the fact with justification to the concerned Registrar of Companies.

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- FTE Scheme under section 560 of the Companies Act, 1956.
- Share Application money, Allotment and Valuation of Shares.
- Acceptance of unsecured loan by Private Limited Companies.

The workshop ended with a Q&A session wherein the students and other start-ups actively contributed. Mr. Anuj concluded that starting a business can be both exciting and stressful but with legal guidance and proper planning, it can be problem free. It becomes necessary to legalize things in order to avoid pitfalls and scaling up.

Feedback from participants

It was good session. Before attending this workshop, i was totally unaware of the legal matters related with the Startups. But after attending the workshop, I learned many things regarding Startups.

- Jwalant Shah (SALITER)

It was an informative workshop; the mentor gave a brief on and about starting one's own business, from starting with an idea to legalizing it. The session also helped me know more about what i can do to establish my own startup/business.

- Jaydeep Zala (NSIT)

It was a very good and an informative seminar, learnt many good things which will be useful to me when I look forward to start my own business.

- Payal Rajpurohit (SALITER)

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