

# WHAT IS NIDHI COMPANY?

The word 'Nidhi' in the Hindu religion denotes treasure. Nidhi Companies are recognized under Section 406 of Companies Act, 2013. A Nidhi Company in India belongs to the non-banking financial sector (NBFC) and is incorporated primarily with the objective of encouraging the habit of saving and creating reserve funds amongst its members whereby the company receives deposits from its members and can lend money only to its members for mutual benefit. For Nidhi company does not require RBI Approval, Nidhi company registration is easy and no need to visit a government office. Enter slice is a leader in Nidhi company registration, providing services for RD, FD & Nidhi company Business plan etc.

the reason behind choosing Nidhi Company needs minimum 7 members with 5 lakhs capital for incorporation that is very low compared to start of any other form of NBFC of Banks and limitations of Nidhi Company is it can borrow and lend money only between its members. It inculcates the habit of saving among its members and works on the principle of mutual benefit. Nidhi Company is one of the classifications of Non-Banking Financial Company (NBFC) which does not require any Reserve Bank of India (RBI) permit. Nidhi Company works through its individuals.

It is registered as a public company and should have "Nidhi Limited" as the last words of its name.

## Main Objectives of Nidhi Company

- ✓ Nurturing the habit of saving money.
- ✓ Lending money to and receiving deposits from its members only, for their common benefit.

## Number of Members:

- ✓ The company needs to have a minimum of 7 Member
- ✓ Out of these, there need to be a minimum of 3 directors

## Initial Share Capital Requirement:

- ✓ The minimum paid up equity share capital needs to be INR 5 lakh

## Minimum Legal Requirement Need to be followed in first 12 months:

- ✓ Minimum of 200 members (within 1 year)
- ✓ Net owned fund of Rs. 10,00,000 (within 1 year)
- ✓ Unencumbered term deposit not less than 10% of o/s deposits.
- ✓ Compulsorily filing of Annual Accounts, Audit and Tax returns.

If Nidhi Company satisfies all above conditions, it should file NDH-1 along with prescribed fees within 90 days from the end of the first financial year after incorporation. The form must be duly certified by practicing CA/ CS/ CWA.

Extension of another financial year can be availed upon submission of NDH-2 to the Regional Director within 30 days from the end of the first financial year. If even after the second financial year, it doesn't fulfill the requirements, it can't accept deposits till it comply with the provisions, and also penalty will be imposed.

## **What is the Documents Required for Nidhi Company Registration?**

- ✓ **The company needs to have a minimum of 7 Member. Out of these, there need to be a minimum of 3 directors. And Each Member have following Documents Required.**

### **1. Address proof**

- ✓ Electricity bill
- ✓ ADDHAR card
- ✓ Driving License
- ✓ Voter ID Card
- ✓ Passport

### **2. ID proof**

- ✓ PAN Card ( Compulsory)

### **3. Bank statement**

- ✓ Updated passbook ( 60 days Transaction Compulsory)

### **4. Photo**

- ✓ Passport Size photo of Each Member

### **5. Office address**

- ✓ Electricity City Bill
- ✓ Rent Agreement

### **8. Contact**

- ✓ Valid Mobile Number of Each Member
- ✓ Valid E-mail ID

# What is the Procedure of Nidhi Company Registration?

The Nidhi company registration process involves the following steps:-

## STEP 1:

The proposed directors of the company need to apply for Digital Signature (DSC). DSC is issued by the Certifying Agencies and the DPIN is issued by the Ministry of Corporate Affairs (MCA).

## STEP 2:

The next step involves applying for the company name through RUN service. The applicant can provide up to 2 name options to MCA even before starting actual Nidhi Company Registration process.

## STEP 3:

After receiving approval of the name, the e-Memorandum of Association (MoA) and e-Articles of Association (AoA) are drafted and filed with MCA through SPICe Forms. Complete details of the proposed directors, as well as shareholders, are also provided in the SPICe Form along with supporting documents as attachments.

## STEP 4:

Within a span of a month, the Nidhi Company Registration is completed and you receive the certificate of registration along with the Company Identity Number. The certificate of Incorporation is a proof of the Nidhi Company registration with MCA. Along with company registration Director Identification Number (DIN) for directors is also issued, if they did not already have one.

## Check List for Nidhi Company Registration

### ❖ **KYC of all the Directors and Shareholders**

For Nidhi Company registration minimum 3 Directors and 7 shareholders are required. All the proposed Directors and shareholders are required to provide self-attested KYC documents including PAN Card, Aadhar card and Election id / DL / Passport, latest bank statement or Utility Bills as address proof.

### ❖ **Digital Signature**

Digital signature (DSC) is a basic requirement to initiate the Nidhi company registration procedure as all the forms are submitted in soft copy and are required to be digitally signed by the applicant.

### ❖ **Name Approval**

Before Nidhi company registration the applicant is required to select a unique name for the proposed Nidhi Company. There must not be any registered company or trademark with the same name. Such name must be reserved with the MCA either through Reserve Unique Name (RUN) facility or it can also be done through SPICe along with the final Nidhi Company Registration. Important points to be considered for name selection are discussed further.

#### ❖ **Final Incorporation**

Once the name is approved the Nidhi company registration application is submitted in SPICe Form along with Nidhi company's Articles of Association and Memorandum of Association. After proper inspection of the application, COI is issued.

#### ❖ **PAN & TAN**

PAN and TAN applications can be done along with Nidhi company registration as it is included in the SPICe Form. This is done to make Nidhi company registration procedure faster and more efficient. Once the Nidhi Company registration application is approved e-PAN and e-TAN are issued along with the Registration Certificate.

