Prepared by:

CS Ankur Garg
https://www.facebook.com/#!/ankur.gargcs

Procedure and documentation for opening of Company Bank Account

Dear professional Colleagues,

Opening of Company Bank Account is not a very long and tedious task as most of the work performed by Bank officials. Answer of few questions to be decided by the company before proceeding towards opening of bank account. Questions like purpose and need of bank account, selection of bank, facilities expected to be attached to a particular bank account are some of such questions. Further Company is required to provide relevant documents as desired by the Bank for opening bank account. Through this brief write up we shall discuss the basic procedure and documentation required for opening of Company Bank Account. You will also find some sample board resolutions for opening of bank account of a Company.

Documents required for opening of Corporate Bank Account

Keeping in view prevailing Know your Customer norms, following documents would normally be required by the banker for opening bank account of a Company:

1. Certified true copy of Certificate of Incorporation of the Company;
2. Memorandum of Association and Articles of Association of the Company;
3. PAN Card of the Company;
4. Copy of Board Resolution for opening of Bank Account;
5. List of Directors of the Company along with their address;
6. List of Shareholders of the Company;
7. List of Directors from MCA website of the Company; (Some bank asked for the same)
8. ROC Form-32/DIR-12 for all the Director to ensure that appointment of directors filed with ROC
9. Address proof of the Company; (ROC form 18, Electricity Bill, Phone Bill)
10. Specimen signature card of the persons designated as authorized signatories to handle the bank account.
11. Address and Identity proofs of persons designated as authorized signatories. (Ration card, Passport, Driving License, Voter ID card, Aadhar Card etc)

The number of documents mentioned above may increase or decrease as per the requirement of different banks. All the company documents should be duly certified by the Director of the Company under stamp of the Company. Documents for individuals should be duly certified by the concerned person.

Prepared by:

CS Ankur Garg
https://www.facebook.com/#!/ankur.gargcs

Selection of Bank

Very first task would be to choose a bank for opening company bank account. For that you need to decide the purpose and type of bank account you want to open. Simply have a chat with few banking officials and explain your requirement to them. Accordingly they will suggest you what type of account would suit your needs. Decide who has the features you want for your account and open bank account with them.

You may consider the following points for selection of bank for opening bank account:

a. Interest rates offered by the bank
b. Distance of branch office from the Company
c. Facilities offered by the bank; like Corporate Internet Banking facility, net banking and mobile facility etc.
d. Facility of Zero minimum opening deposit and zero average quarterly balance requirements

Passing of Board Resolution

For opening bank account of a company, a resolution should be passed in the Board Meeting of the company authorizing opening of a bank account with selected bank. Nowadays bank prefer to have board resolution in their format. So it is advisable to collect a board resolution format from the bank itself before using your own format. Board resolution passed by the Company must contain the following information:

a. Nature of bank account i.e. saving or current bank account;
b. Name and address of the bank branch;
c. Mode of operation of account i.e. how the account will be operated, either by single signature or by joint signature;
d. Name of the authorized signatory; normally directors of the company authorized to sign the cheques and other bank related documents.
e. Monetary Limit should be defined for signing of cheques;

SAMPLE BOARD RESOLUTION FOR OPENING OF BANK ACCOUNT

Sample Number # 1

Please find below a sample board resolution for opening of bank account of a Company:

"**RESOLVED THAT** a banking account for the company be opened with HDFC Bank Limited, __________________ in the name of **XYZ Private Limited** and that the said bank be and is hereby authorized to honour cheques, bills of exchange and promissory notes drawn, accepted

Prepared by:

CS Ankur Garg
https://www.facebook.com/#!/ankur.gargcs

or made on behalf of the company signed by the following Director/Authorised Signatories as per the details given below:

Jointly by the Signatories given at (i) and (ii) below;

(i) Mr. Mahesh Gupta, Director and Authorised Signatory
(ii) Mr. Rajan Dahiya, Director and Authorised Signatory

By any one of the Signatories singly given at (iii) and (iv) below

(iii) Mr. Nirav Jain, Managing Director and Authorised Signatory
(iv) Mr. Puneet Mittal, Director and Authorised Signatory

and to act upon any instructions so given relating to the account, whether the same be overdrawn or not or relating to the transactions of the company.

RESOLVED FURTHER THAT the company do accept the terms and conditions as contained in the application form (account opening form) or any other terms and conditions as may be notified by the bank in connection with the provision of products and services offered by the bank through other channels as phone and internet.

RESOLVED FURTHER THAT the above resolutions be communicated to the said Banker and remain in force until the same is cancelled or modified by the Board of Directors by another resolution and extract whereof forwarded to the banker by the Chairman or any one of the directors of the company in writing".

Sample Number # 2

"RESOLVED THAT consent of the Board of Directors of the Company be and is hereby accorded to open the Current Bank Account with Kotak Mahindra Bank, New Delhi 110048, in the name and style of **XYZ Private Limited**.

FURTHER RESOLVED THAT Mr. Charanjeet Soni, Managing Director and Mr. Rakesh Soni, Director severally or any of the duly constituted attorneys of the company consistent with the powers vested in them, be and are hereby authorised to operate the aforesaid account, including accounts where borrowing arrangements are made by the company such as overdraft, cash credit or any account of the company with Kotak Mahindra Bank and the said banker be and is hereby authorised to honour and comply with all cheques, drafts, bill, promissory notes, acceptance, negotiable instruments, deposits receipts and other orders expressed to be drawn, accepted, endorsed, made or given on behalf of the company at any time or times by the aforesaid persons.

Prepared by:

CS Ankur Garg
https://www.facebook.com/#!/ankur.gargcs

RESOLVED FURTHER THAT the said banker be and is hereby authorised to act on any instruction from him relating to the affairs or transactions of this company and to debit such cheques, orders, bill of exchange and notes (also the amount of any dishonoured notes, cheques and bill) to the said account whether such account be for the time being in credit or overdrawn and to debit interest on such amounts debited in the said account at the rate as may be applicable to the overdraft account from time to time from the date of overdrawing up to the date, overdrawing (s) is/are cleared by the company.

FURTHER RESOLVED THAT the above resolution be communicated to the said Banker and shall remain in force until the same is cancelled or modified by the Board of Directors by another resolution and extract whereof forwarded to the banker by the Company".

Conclusion

As mentioned above due care should be taken while selecting a bank of corporate banking purpose. Need and purpose for opening bank account should be clear to the company in order to select right product offered by the bank. There may be various purposes for opening corporate bank account which should properly be communicated to the bank officials in order to enable him offer you best deal. Purposes may include bank account for salary disbursement purpose, routine business transactions, Bank account only for deposit, Bank account only for expenditure. Different kind of bank account may have different features.

I am hopeful that you will take note of this write up and sample resolution would be of some help for you in your working. You may modify the language of resolution as per your need. Kindly share you opinion if you find this article useful for your corporate working.

Thanks
CS Ankur Garg
Connect through Facebook

August 27, 2014