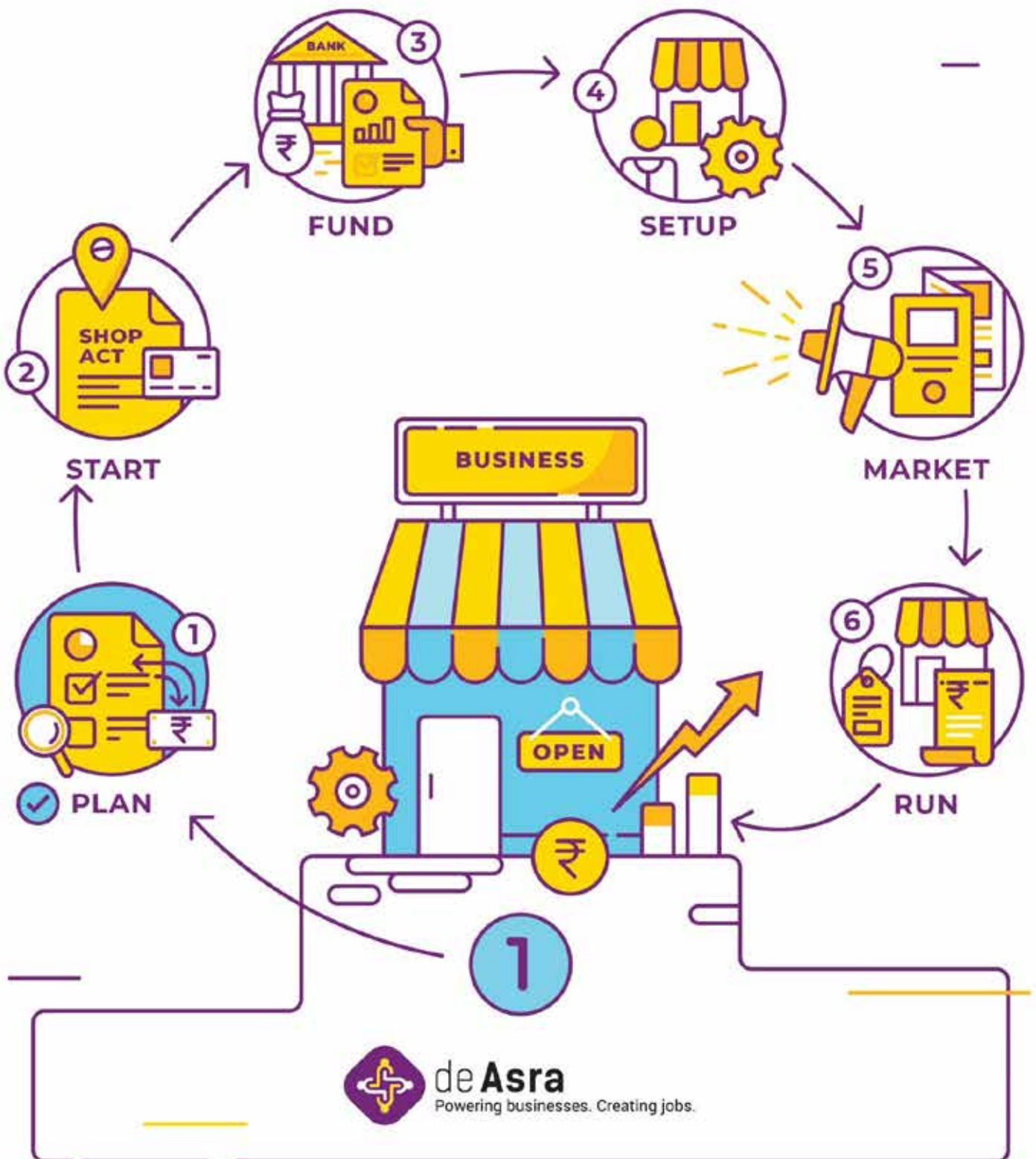


# OPC / PVT. LTD. COMPANY



## COMPANY FORMATION

A Company is a type of entity wherein the liability of its members or shareholders is limited to their shareholding in the Company. Companies in India are governed by the Company Act, 2013 (as well as its rules and notification) along the rules and regulations stated in the Memorandum and Articles of Association of the Company.

There are two main types of Companies:

1. A Private Limited Company, and
2. A Public Limited Company.

### Private Limited Company:

A Private Limited Company has following characteristics:

- a. A Private Limited Company can be formed by minimum 2 members and the maximum limit of members is 200.
- b. It cannot issue shares to general public, it can issue shares to either its members or select group of individuals.
- c. The shares of a Private Limited Company cannot be traded in the public market.
- d. Disclosure and compliances for a Private Company are fewer as compared to a Public Limited Company.
- e. Such companies must use words “Private Limited” at the ending of its name, for e.g. ABC Private Limited.
- f. A Private Company should have minimum 2 directors.

### Public Limited Company:

A Public Limited Company has following characteristics:

- a. A Public Limited Company can be formed by minimum 7 members. There is no restriction on maximum number of members.
- b. It can issue shares to public and these shares can be traded in public market.
- c. As compared to a Private Limited Company, a Public Limited Company has to adhere to stringent regulations, compliances and disclosures.
- d. Such companies must use words “Limited” at the ending of its name, for e.g. ABC Limited.
- e. A Public Company should have minimum 3 directors.

### **Benefits of setting up a Company:**

1. As compare to other types of entities, a Company is a well-structured organization.
2. Liabilities of members are limited to their shareholding.
3. A Company is a separate legal entity.
4. A Company can raise capital by issuing shares to its members, this helps to raise quick funds.
5. A Company has perpetual existence, which means that even if its members or directors change or leave the Company's existence is not affected.
6. In large and complex projects, a Company form of entity is preferred over other type of organization structures.

### **Points to be considered while setting up a Company:**

1. Setting up a Company is costlier than other types of entities.
2. It takes longer time to set up a Company as compared to other entities.
3. A Company has to adhere to more compliances as compare to other type of entities.
4. In case any compliances are not completed on time, it can attract penalties and legal proceedings.
5. Percentage of taxes is higher for a Company.
6. Dissolving a Company is a tedious and lengthy procedure.

### **Points to be considered while setting up a Company:**

- Name of the directors and shareholders of a company
- Address proof and identity proof of the directors and shareholders (Aadhar Card and PAN card is compulsory)
- Address proof of the registered office of the Company
- Proposed name
- Means of raising the required capital
- List of activities the Company will perform



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### Brief procedure for incorporation

For incorporating a Private Limited Company e-forms are to be filed through after login to Ministry of Corporate Affairs (MCA) website:

- For reserving and approval of proposed name – Form to be filed through RUN (Reserve Unique Name) service available on MCA website.
- SPICE Form (Simplified Proforma for Incorporating Company Electronically)
- In addition to the above forms, for incorporation of OPC an additional form INC - 3 (for consent of Nominee) is to be filed.

(Forms are available on <http://www.mca.gov.in/MinistryV2/companyformsdownload.html> link)

### Note

The procedure, information and documents required to set up a Private Limited Company may vary as per any amendments in the Companies Act, 2013 or the e-form filing procedures and requirements of MCA website.



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## CHARACTERISTICS OF VARIOUS BUSINESS ENTITIES

<i>Characteristics</i>	<i>Proprietary Concern</i>	<i>Partnership Firm</i>	<i>LLP</i>	<i>OPC</i>	<i>Pvt. Ltd. Company</i>
<i>Legal Entity</i>	No separate legal entity	Separate legal entity	Separate legal entity	Separate legal entity	Separate legal entity
<i>Governing Act</i>	No specific act	Indian Partnership Act, 1932	LLP Act, 2008	Companies Act, 2013	Companies Act, 2013
<i>Liability</i>	Unlimited	Unlimited	Limited	Limited	Limited
<i>No. of Members</i>	One person can form	2 or more partners, 10 for banking, 20 for non banking	2 or more partners	1 Member and 1 nominee	Max 200 members
<i>Succession</i>	Legal Heir	Remaining partners and legal Heir of Deceased partner with consent of other partners	Remaining partners	Nominee (A company has perpetual succession)	A company has perpetual succession.
<i>Dissolution</i>	The proprietor has the sole authority	With consent of partners	With consent of partners	Legal procedures for winding up or liquidation as the case may be	Legal procedures for winding up or liquidation as the case may be
<i>Filing of financials with regulatory authorities</i>	Not Applicable	Not Applicable	Financial statements are to be filed annually with Registrar of Companies	Financial statements are to be filed annually with Registrar of Companies	Financial statements are to be filed annually with Registrar of Companies
<i>Filing of forms for creation of charge (in case of loans taken).</i>	No legal formalities	No legal formalities	Required to file adequate forms with Registrar of Companies	Required to file adequate forms with Registrar of Companies	Required to file adequate forms with Registrar of Companies

**Turn Around Time (TAT):**

Approximately 15 - 20 business days, if all the information and documents are available. Also, TAT may exceed in case any technical issues occur while filing e-forms.

**Deliverables:**

Incorporation documents like:

- a. Certificate of Incorporation
- b. Memorandum and Articles of Association
- c. Filled Incorporation forms.





# Good Luck For Your Business.



**deAsra Foundation**

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