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OPC FORMATION

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Contact us on : +91 93730 35540

We work from Monday to Friday 10 a.m to 6 p.m

OPC FORMATION

One Person Company (OPC) is a type of Company under the Companies Act, 2013. OPC is a company that has only one person as to its member and another person as their nominee. It can also be said that an OPC is a blend of Proprietorship concern and a Company.

Features of OPC:

(What are key features of an OPC?)

1. **Sole member:**
   There can be only one member i.e. shareholder in an OPC.
2. **Nominee of the sole member:**
   It is mandatory to appoint a person as a nominee for the sole member. A minor i.e. a person less than 18 years of age cannot be a member or even a nominee in an OPC.
3. **Minimum directors:**
   An OPC can be set up with just one director, however, there can be a maximum of 15 directors. The sole member can also become a director of the OPC.
4. **No minimum capital requirement:**
   There is no minimum capital requirement to set up an OPC. Hence, the initial capital of the OPC can be as per your requirements.
5. **Exemptions under Companies Act:**
   To ease management and to promote OPC's, under Companies Act, 2013, there are various exemptions for an OPC.
6. **Board meetings:**
   It is mandatory to hold one board meeting in each half of a calendar year. Also, the gap between two board meetings should not be less than 90 days. This is not applicable to OPC's where there is only one director

7. **Separate legal entity:**
   Even though there is only one member in an OPC, still the OPC has a separate legal entity just like a private or a public company.

8. **Restrictions on type and business:**
   An OPC cannot be converted or formed as a Section 8/not-for-profit company. Also, an OPC cannot carry out Non-Banking Financial Investment activities.

Due to its constitutional structure an OPC enjoys various benefits such as:

1. **Limited liability:**
   Instead of being a sole proprietorship concern whose liability is unlimited, the single person can set up an OPC which has limited liability which is to the extent of shares held by them on the OPC. A proprietor's personal assets can be attached to their business for recovery of losses, but as OPC is a separate entity, the shareholders liability is limited to his/her share value.

2. **Fewer compliances:**
   As compared to a Private or a Public company, an OPC has to fulfill fewer compliances.

3. **Cost effective:**
   Due to few compliances' costs such as government fees on form filing, stamp duty on the same, documentation costs are reasonably less as compared to a private or a public company.

4. **Controlling rights:**
   As there is only one shareholder or member, the controlling rights are entirely with the sole shareholder. Also, the sole shareholder can be the sole director of the OPC, which gives additional controlling rights. For example as there is only one shareholder he alone can take decision and if he/she is also the director then this will help in getting dual approval.

5. **Quick decisions:**
   As there is only one shareholder and if he/she is appointed as director, this will take care of the compliance of minimum director's requirement, and will help in taking quick decisions, ease of management of the business.

Brief procedure to set up an OPC:

(How to incorporate an OPC?)

For incorporating an OPC you need to login to Ministry of Corporate Affairs (MCA) website and file the following e-forms:

- For approval of proposed company name – Form to be filed through RUN (Reserve Unique Name) service available on MCA website.
- SPICE Form (Simplified Proforma for Incorporating Company Electronically)
- Consent by the Nominee of the sole shareholder should be filed through form INC – 3. After filling all the above stated forms and upon approval of the same by ministry, "Certificate of Incorporation" will be issued by MCA. Certificate of Incorporation is a document which signifies that the OPC has been incorporated(Forms are available on http://www.mca.gov.in/MinistryV2/companyformsdownload.html link

List of information required to set up an OPC:

(Which information should be kept ready while setting up an OPC?)

1. Proposed name of the Company.
2. Complete postal address of the company.
3. Initial capital of the company.
4. List of activities the company will be engaged in.
5. Name of the sole shareholder.
6. Complete postal address of the sole shareholder.
7. Name of the nominee for the sole shareholder.
8. Complete postal address of the nominee for the sole shareholder.
9. Name of the director.
10. Complete postal address of the director.

List of documents required to set up an OPC:

(Which documents should be kept ready while setting up an OPC?)

- One passport size photo of the sole shareholder, director(s) and nominee for the sole shareholder.
- PAN card of the sole shareholder, director(s) and nominee for the sole shareholder.
- Identity proof of the sole shareholder, director(s) and nominee for the sole shareholder (Any one of: passport, voter id, driving license, Aadhar card)
- Address proof of the sole shareholder, director(s) and nominee for the sole shareholder (Should be in their name) (Any one of: bank statement, electricity bill, telephone bill, mobile bill, rent agreement in case of rented premises).
- Address proof of the place of business of the OPC (Rent agreement in case of rented premises, Index II or property tax paid receipt etc. in case of owned premises).

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

FAQ's

Q: Can there be more than 1 shareholder in an OPC?

A – There can be only one shareholder in an OPC and there should also be a nominee for the sole shareholder.

Q: What is the role of a nominee?

A – A nominee is a person who shall become the shareholder of the OPC in case of death, disability of the original person to act as the sole shareholder of the OPC. The nominee should be an Indian citizen and should be residing in Indian.

Q: Can a person incorporate more than 1 OPC's?

A – A person shall not be eligible to incorporate more than one OPC or become nominee in more than one OPC.

Q: Can the OPC be converted into any other type of company?

A – An OPC can be converted into any other type of company (Except section 8 company) only after two years from the date of incorporation of the OPC.

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Thank you so much for choosing our checklist!
We genuinely hope it becomes your guiding star on your exciting journey into the world of entrepreneurship.



Wish you All the Best for your journey!

Should you require any further assistance, please feel free to reach out, and we will be delighted to assist you!

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