

**DIFFERENT TYPES OF
COMPANIES
SMALL COMPANIES
ONE PERSON COMPANY**

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**ONE
PERSON
COMPANY**

**Sec 2(62)
Companies
Act, 2013**

CONCEPT

- Simpler legal and governance regime for operation and maintenance
- Waives a number of compliance requirements.
- 'Lives on' even after the death/disability of the sole member
- OPC registered with one member
- Appointment of another person as a nominee member in the event of the subscriber's death or his incapacity
- Only natural person who is an Indian citizen and resident in India is eligible to incorporate OPC.

TYPES OF OPC

- a company limited by shares; or
- a company limited by guarantee; or
- an unlimited company.

RESTRICTIONS

- Such Company cannot be incorporated or converted into a company under **section 8** of the Act.
- Such Company cannot carry out **Non-Banking Financial Investment activities** including investment in securities of anybody corporates.
- No such company can convert voluntarily into any kind of company until expiry of **2 years from the date of incorporation**, except in cases where capital or turnover threshold limits are reached.
- **No minor** shall become member or nominee of the One Person Company or hold share with beneficial interest.

CONVERSION

- Where the *paid up share capital* exceeds *fifty lakh rupees* or its average *annual turnover* during the relevant period exceeds *two crore rupees*
- OPC to convert itself, within *6 months* of the date on which its paid up share capital is increased beyond fifty lakh rupees or the last day of the relevant period during which its average annual turnover exceeds two crore rupees, *into either a private company* with minimum of two members and two directors or a public company with at least of seven members and three directors in accordance with the provisions of section 18 of the Act

CONVERSION OF PRIVATE COMPANY INTO ONE PERSON COMPANY

- A private company other than a company registered under section 8 of the Act may convert itself into OPC by passing a special resolution in the general meeting.
- AND after obtaining a NOC from all its members and creditors.

OTHER FEATURES

- OPC to lose its status if paid up capital exceeds Rs. 50 lakhs or average annual turnover is more than Rs. 2 crores in 3 immediately preceding consecutive years.
- Mandatory rotation of auditor after expiry of maximum term is not applicable.
- The annual return of a One Person Company shall be signed by the company secretary, or where there is no company secretary, by the director of the company.

EXEMPTIONS

- Section 96. Option to dispense with the requirement of holding an agm
- Section 98. Power of Tribunal to call meetings of members
- Section 100. Calling of extraordinary general meeting.
- Section 101. Notice of meeting.
- Section 102. Statement to be annexed to notice.
- Section 103. Quorum for meetings.
- Section 104. Chairman of meetings
- Section 105. Proxies
- Section 106. Restriction on voting rights
- Section 107. Voting by show of hands
- Section 108. Voting through electronic means
- Section 109. Demand for poll
- Section 110. Postal ballot
- Section 111. Circulation of members' resolution

**SMALL
COMPANY**

**Sec 2(85)
Companies
Act, 2013**

SMALL COMPANY

- The concept of “Small Company” has been introduced for the first time by the Companies Act, 2013.
- The Act identifies some companies as small companies based on their capital and turnover for the purpose of providing certain relief/exemptions to these companies.
- Most of the exemptions provided to a small company are same as that provided to a One Person Company.

REQUIREMENTS

A company, other than a public company,—

- 1. paid-up share capital** of which does not exceed **Rs. 50 lakh** or such higher amount as may be prescribed which shall not be more than Rs. 5 crore; or
- 2. turnover** of which as per its last P&L A/c does not exceed **Rs. 2crore** or such higher amount as may be prescribed which shall not be more than Rs. 20 crore

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act;

SALIENT FEATURES

- Only a private company can be classified as a small company.
- Holding company, subsidiary company, charitable company and company governed by any Special Act cannot be classified as a small company.
- For a small company, either the paid up capital should not exceed Rs. 50 lakhs or the turnover as per latest statement of profit & loss should not exceed Rs. 5 crores.
- The status of a company as “Small Company” may change from year to year. Thus the benefits which are available during a particular year may stand withdrawn in the next year and become available again in the subsequent year.

SPECIAL PROVISIONS AND EXEMPTIONS

- Privileges/exemptions available to a small company are same as OPC.
- The annual return of a Small Company can be signed by the company secretary alone, or where there is no company secretary, by a single director of the company.
- A small company may hold only two board meetings in a year, i.e. one Board Meeting in each half of the calendar year with a minimum gap of ninety days between the two meetings.

SPECIAL PROVISIONS AND EXEMPTIONS

- A small company need not include Cash Flow Statement as a part of its financial statements.
- Provision regarding mandatory rotation of auditor not applicable to a small company.
- Holding and subsidiary companies are specifically excluded from the concept of small company.
- In other words, a holding or a subsidiary company can never enjoy the privileges of a small company even though they may fulfill the capital or turnover requirement of a small company.

THANK | **YOU**

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