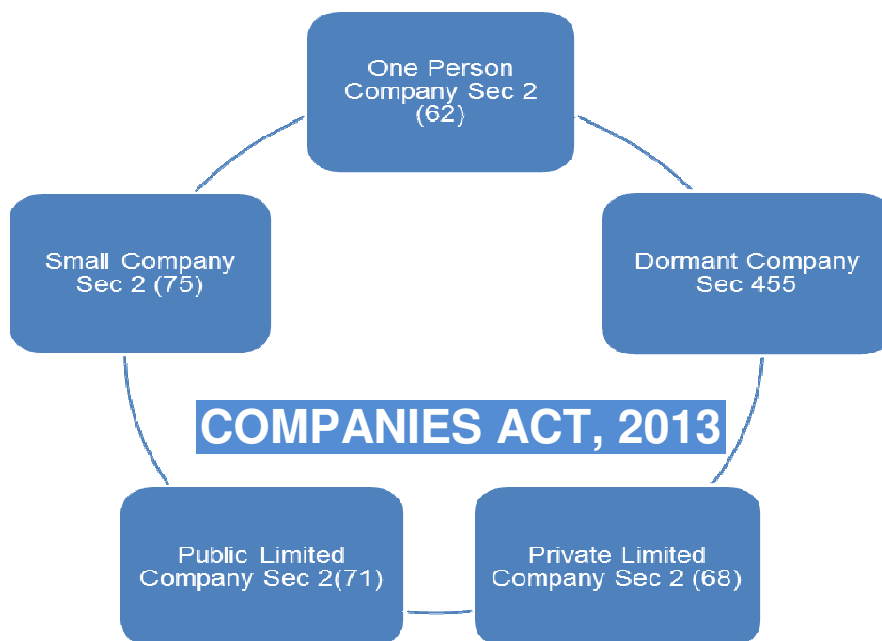


## TYPES OF COMPANIES UNDER THE NEW COMPANIES ACT, 2013

As an entrepreneur, it is important to understand the various types of Companies envisaged under the new Companies Act, 2013. While some types of Companies have been introduced for the first time, rest are existing ones with a few changes that are likely to impact the way Business is carried out henceforth.



### One Person Company – Section 2 (62)

One Person Company (OPC) is a Company which has only one person as its member.

#### Eligibility:

Only a natural person who is an Indian citizen and resident in India shall be eligible to incorporate an OPC and be a nominee for the sole member of an OPC.

The member of an OPC has to nominate a nominee with the written consent of nominee, and file it with the Registrar of Companies. This nominee in the event of death or in event of any other in capacity shall become a member of an OPC.

No person shall be eligible to incorporate more than five OPCs.

### Restrictions on OPCs:

OPC shall lose its status if the below limits are breached and shall require to convert itself into a Public Company or Private Company.

- Maximum Paid up Capital upto Rs. 50 Lac
- Maximum Annual Average Turnover (AAT): Rupees 2 Crore
- Balance Sheet Total upto Rupees 1 Crore

### Relaxations / Privileges

Section/Rule	Particulars	Description
Section 92	Annual Return	Signed by Company Secretary or by Director if no Company Secretary
Section 122	Meetings	Holding of Board Meetings, AGM and EGM is not mandatory
Section 149	Min. Directors	Minimum 1 Director
Section 134	Sign. of Financials	Financials can be signed by 1 Director
Sec 173 (5)	Frequency of Board Meeting in a calendar year	Deemed to have complied with the provisions if at least one meeting of the BOD held in each 1/2 of a calendar year and the gap between the 2 meetings is not < 90 days

**The advantage in an OPC is one does not need to look for a co-founder to start the Company and yet enjoy the limited liability privilege of a Private Limited Company.**

### Dormant Company Section - 455

The Status of Dormant Company can be obtained by applying to the Registrar by the below mentioned Companies:

- Incorporated for a future project
- Incorporated to hold an asset or intellectual property
- which has not filed its Financials & Annual Returns during the last 2 FYs
- which is not carrying any business or operation i.e. an inactive Company

“Inactive Company” means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years.

A Company can enjoy the status of Dormant Company upto a maximum of 5 consecutive years.

### Relaxations / Privileges

Section/Rule	Particulars	Description
Section 2 (40)	Financial Statement	Financials may not include the cash flow statement
Sec 173 (5)	Frequency of Board Meeting in a calendar year	Deemed to have complied with the provisions if at least one meeting of the BOD held in each 1/2 of a calendar year and the gap between the two meetings is not < 90 days
Rule 29.8(Proviso)	Retirement of Directors by rotation	the provisions of the Act in relation to the rotation of directors shall not apply to Dormant Companies
Rule 29.9	Returns	Declaration annually in Form No. 29.4 along with such annual fee as provided within 30 days from the end of financial year
Proviso to Rule 29.9	Filing Return on Allotment	Shall continue to file the return(s) on allotment within the time specified in the Act whenever the company allots any security.

**Earlier, there was no relaxation under the law to treat Dormant Companies on a different footing as compared to active Companies of the same class. They were required to file forms as usual and hold board meetings at prescribed intervals.**

### Small Company Section – 2 (85)

*“Small Company” means a Company, other than a Public Company,—*

*(i) paid-up share capital of which does not exceed 50 lakh rupees or such higher amount as may be prescribed which shall not be more than 5 crore rupees; or*  
*(ii) turnover of which as per its last P/L Account does not exceed 2 crore rupees or such higher amount as may be prescribed which shall not be more than 20 crore rupees:*

*Provided that nothing in this clause shall apply to—*

- *a holding company or a subsidiary company;*
- *a company registered under section 8; or*
- *a company or body corporate governed by any special Act;*

### Relaxations for Small Company:

Section/Rule	Particulars	Description
Section 2 (40)	Financial Statement	the financial statement may not include the cash flow statement
Sec 173 (5)	Frequency of Board Meeting in a calendar year	Deemed to have complied with the provisions if at least one meeting of the BOD held in each 1/2 of a calendar year and the gap between the two meetings is not < 90 days
Sec 92 (1)	Signature on Annual Return	The annual return shall be signed by the company secretary, or where there is no company secretary, by the Director of the company

### Private Limited Company – Section 2 (68)

*“Private company” means a company having a minimum paid-up Share Capital of 1lakh rupees or such higher paid-up share capital as may be prescribed, and which by its articles.*

### Public Limited Company – Section 2 (71)

*“Public company” means a company which—*

- (a) is not a private company;*
- (b) has a minimum paid-up share capital of five lakh rupees or such higher paid-up capital, as may be prescribed:*

*Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.*

### Major changes under new Act

Particulars	Private Company	Public Company
Max Members - Sec 2 (68)	Increased from 50 to 200	NA
Compulsory Appointment of at least 1Woman Director –	NA	(i) Every listed company – Within 1 year of commencement of Act (ii) Every other public company that has paid-up share capital

Section 149(1)		of Rs. 100 crore or more, or a turnover of Rs. 300 crore or more - Within 3 years of commencement of Act
Compulsory Appointment 1/3 of the Board Strength as Independent Directors - Section 149(4)	NA	Every listed public company & Public Company (i) Paid up share capital of Rs. 100 crore or more; or (ii) Turnover of Rs. 300 crore or more (iii) Aggregate outstanding loans or borrowings or debentures or deposits, exceeding Rs. 200 crore
Maximum no. of Directors - Section 149(1) (b)	Up to 15. It can exceed if a special resolution is passed by the members.	
Directors Residential Status - Section 149 (3)	At least one director should have stayed in India for a total period of not less than 182 days in the previous calendar year	
Board Meetings - Section 173	Minimum number of 4 Board Meetings every year and not more than 120 days shall intervene between two consecutive meetings	
CSR Committee Constitution - Section 135	By every company having net worth of Rs. 500 crore or more, or turnover of Rs. 100 crore or more or a net profit of Rs. 5 crore or more during any FY	
Secretarial Standards - Section 118(10)	Every company shall observe Secretarial Standards with respect to General and Board Meetings specified by the ICSI constituted under section 3 of the Company Secretaries Act, 1980, and approved by CG	
Signature on Annual Return - Section 92(1)	To be signed by a director and the company secretary, or where there is no company secretary, by a company secretary in practice	

**This article is intended only as an introduction to the types of Companies and does not purport to be a detailed analysis of the various provisions.**

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