Dissecting the New Law

Comparison of the New Entities under the Companies Bill, 2013

One Person Company, Small Company & Dormant Company

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The Companies Bill, 2013 has for the first time introduced new entities in the corporate law namely:

a. **One Person Company (OPC)** means a company which has only one person as a member" *(Clause 2(62))*

b. **Small Company**: means a company, other than a public company and with:

   i. Paid up share capital does not exceed Rs.50 Lac or such higher amount as may be prescribed which shall be not more than Rs. 5 Crore.

   ii. Turnover as per Last P/L Account does not exceed Rs. 2 crore or such higher amount as may be prescribed which shall be not more than Rs. 20 Crore. (*Clause2(85)*)

   A Small company cannot be:

   i. A holding company or a subsidiary company
   ii. A company formed with charitable objects etc. (Clause 8 Companies)
   iii. A company or body corporate governed by any special act

c. **Dormant Company:** "Where a company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar in such manner as may be prescribed for obtaining the status of a dormant company" *(Clause 455)*

Following are the comparison of provisions applicable to such companies:

Sl.	Points of Comparison	One Person Company	Small Company	Dormant Company
1	**Class of the Company**	Private Company	Private Company	Private Company or Public Company

Sl.	Points of Comparison	One Person Company	Small Company	Dormant Company
2	**No. of Members**	1 Member	Minimum:2 Maximum 200.	**Private Company:** Minimum:2 Maximum: 200 **Public Company** Minimum: 7 No Maximum Limit on members.
3	**No. of Directors**	**Minimum :** 1 Director **Maximum:** 15 Directors	**Minimum:** 2 Directors **Maximum:** 15 Directors	To be prescribed
4	**Paid up Share Capital**	**Minimum:** Rs. 1 Lac **Maximum:** No Limit	**Minimum :** Rs. 1 Lac **Maximum:** 50 Lac or such higher amount as may be prescribed which shall be not more than Rs. 5 Crore	**For Private Co:** Minimum: Rs. 1 lac Maximum: No limit **For Public Co:** Minimum: Rs. 5 Lac Maximum: No Limit
5	**Turnover**	No Limit	**Maximum**: Rs. 2 Crore or such higher amount as may be prescribed which shall be not more than Rs. 20 Crore.	***Should have no Significant Accounting transaction***
6	**Approval of Accounts**	To be signed by 1 Director	To be signed at least by a. the **chairperson** so authorised by the Board **or by 2 directors** (out of which one shall be	To be signed at least by a. the **chairperson** so authorised by the Board **or by 2 directors** (out of which one shall be

Sl.	Points of Comparison	One Person Company	Small Company	Dormant Company
			MD and the CEO, if he is a director in the company), b. the CFO, and c. the CS	MD and the CEO, if he is a director in the company), b. the CFO, and c. the CS
7	**Cash Flow Statement**	Exempted	Exempted	Exempted
8	**Filing of Accounts**	a. Duly adopted by Member **b. Within 180 days from end of Financial year**	a. Duly adopted at AGM **b. Within 30 days of AGM**	To be prescribed
9	**Annual Return**	To be signed by the Company Secretary or where there is no CS by the Director	To be signed by the Company Secretary or where there is no CS by the Director	By a director and the Company Secretary (if there is no CS, by a CS in Practice) *Other additional documents to be filed yet to be prescribed.*
10	**AGM**	Exempted	Maximum gap of 15 months between 2 consecutive AGMs **First AGM:** Within a period of 9 months from the date of closing the first financial year **Subsequent AGM:** Within 6 months from the date of Closing the F.Y.	Maximum gap of 15 months between 2 consecutive AGMs **First AGM:** Within a period of 9 months from the date of closing the first financial year **Subsequent AGM:** Within 6 months from the date of Closing the F.Y.

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11	**Board Meetings**	a. Minimum 1 in each half of a calendar year b. Gap between the two meetings: not less than 90 days **c. No Board Meeting where there is only one director**	a. Minimum 1 in each half of a calendar year b. Gap between the two meetings: not less than 90 days	a. Minimum 1 in each half of a calendar year b. Gap between the two meetings: not less than 90 days
12	**Inapplicable Provisions with respect to meetings**	Provisions with respect to EGM, Notice of Meeting, Quorum, Chairman, Proxy, Voting methods, Resolution by Circulation, **exempted.** (Clauses 100 to 111)	The provisions with respect to meetings **are applicable** (namely EGM, Notice of Meeting, Quorum, Chairman, Proxy, Voting methods, Resolution by Circulation, exempted i.e. Clauses 100 to 111)	The provisions with respect to meetings **are applicable** (namely EGM, Notice of Meeting, Quorum, Chairman, Proxy, Voting methods, Resolution by Circulation, exempted i.e. Clauses 100 to 111)

Disclaimer : This note is based on the research and contains the views of the author on the above subject. The note is intended to initiate sharing of knowledge on Companies Bill, 2013 and cannot be construed to be any professional or legal advice.

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An Analysis on Companies Bill 2013: http://bit.ly/19WSbTs

SEBI's Discussion paper on revision of Clause 41: http://bit.ly/19WSpdo

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