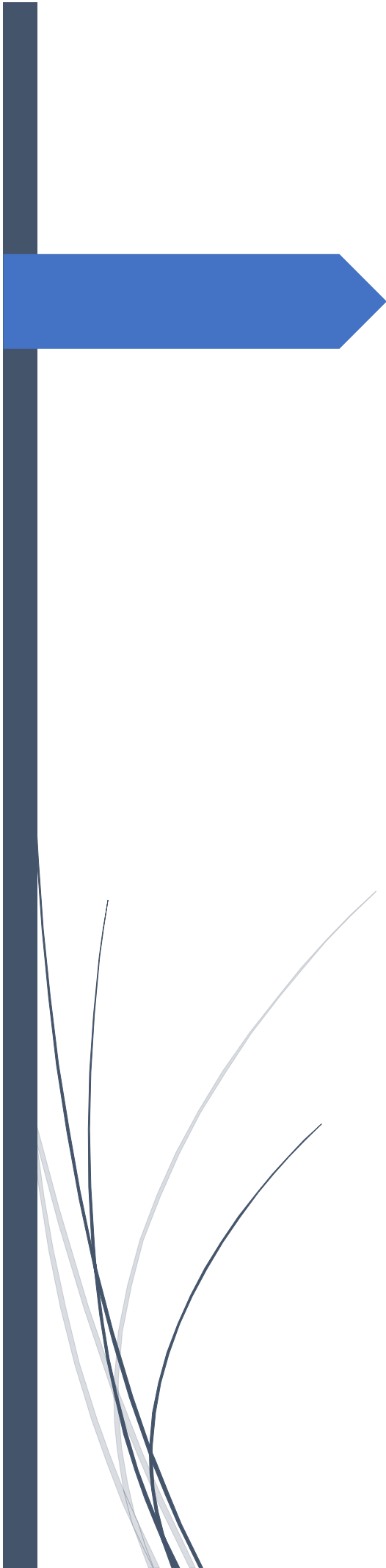




OPC - Regulated form of Sole Proprietorships

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OPCs – Regulated form of Sole Proprietorships

Hello to all professional colleges!!

It is easy to advise the client about the conventional form of business concerns, but what made us different from other players in the market is that at what extent we can advise them novation, benefits/ exemptions from various governing laws, extent of compliance burden **reduction** thereof. With this thought, I would like to share my article on OPCs – Regulated form of Sole Proprietorship and I hope you all will like this article and in case of any suggestion, please revert at the below mentioned mail id.

1. Introduction – What is OPC

According to the new Companies Act, 2013 a new provision named as “One Person Company” has been introduced, under which a single person could constitute a Company and get personal freedom that allows the Professional skilled person to adopt the business of his choice under the One Person Company (OPC) concept.

As per section 2(62) of Companies Act, 2013 “one-person company” is a company which has only one person as a member.

One Person Company can be treated as a combination of sole-proprietor and company form of business which has been provided various concessional as well as relaxed requirements under the various provisions of Companies Law. This new provision provides the corporate sector for speedy growth by doing business individually and enjoy profits single handily. It would encourage corporatization of micro business and entrepreneurship.

2. Steps to incorporate OPC

- Obtain Digital Signature Certificate from the registered DSC companies like (e Mudra, Capricorn, TCS, SafeScrip CA Services etc.)
- Acquire Director Identification Number (commonly known as DIN) by filing DIR – 3 through MCA portal to concerned RoC
- Propose the name of the Company and ascertain its availability from the RoC by filing e form INC – 1



- Promoters may propose up to six names
- The proposed if made available to the applicant, shall be reserved for sixty days from the date of approval
- Drafting and Printing of Memorandum and Articles of Association. Alternatively, SPICe MoA and SPICe AoA for MoA and AoA respectively can be used accordingly.
- Various Forms to be filed at MCA21 portal for incorporation purpose: -
 - INC – 1
 - SPICe
 - AGILE Form
 - INC – 3
- Documents that may be required for uploading above e forms to RoC: -
 - Identity Proof of Applicant
 - Address Proof of Applicant
 - DIR – 2
 - INC - 3
 - INC – 8
 - INC – 9
 - Affidavit from subscriber cum director for not acceptance of deposits (on stamp paper)
 - Lease Agreement/ Rent Agreement with rent receipt
 - NOC by owner of the office (in case of rent/ lease)
 - Utility Bill (electricity bill, mobile bill)
- Upload the above-mentioned forms and pay the RoC fees accordingly.
- With the approval of the ROC, the Certificate of Incorporation (COI) under e form INC-11 is issued by the Registrar of the Companies (RoC).



3. Various Requirement under companies act, 2013 like minimum paid up share capital, members, directors, nominee, other legal requirements etc.

- Minimum Share Capital requirement is Rs. 1,00,000
- Only a natural person who is Indian citizen and resident of India shall be eligible to be member, director and nominee of the OPC.
- The name of the one-person company shall have suffixed with the name of One Person Company as “XYZ (OPC) PRIVATE LIMITED” to distinguish it from other companies
- The subscriber to the memorandum of a One Person Company shall nominate a person, by obtaining prior written consent of such person (in form INC-3), who shall, in the event of the subscriber’s death or his incapacity to contract, become the member of that One Person Company
- The consent of such nominee obtained in Form No. INC-3 shall be attached in SPICE (Form No. INC-32).
- Minor person cannot become member or nominee of the One Person Company or can hold share with beneficial interest.
- OPC cannot carry Non-Banking Financial Investment activities including investment in securities of anybody corporate.
- OPC cannot be incorporated or converted into a company under section 8 (Formation of Companies with Charitable Objects, etc)
- OPC cannot be converted voluntarily into any kind of company unless two years is expired from the date of incorporation of OPC, unless paid up share capital is increased beyond Rs. 50,00,000 or its average annual turnover during the relevant period exceeds Rs. 2,00,00,000.

4. Exemption available under companies act, 2013

- 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

5. What are the benefits if an OPC takes the Registration Certificate of MSME?

- Collateral free loan from Banks
- 50% subsidy on Patent Registration
- 1% exemption on interest rate on overdraft
- Eligible for Industrial Promotion Subsidy
- Protection against delayed payments
- Concession in electricity bills
- Reimbursement of ISO Certification Charges
- Direct & Indirect exemptions and benefits available



- Schemes for financial assistance by the central government for development of MSME like CGTMSE, Pradhan Mantri Mudra Yojana etc.
- Reservation of Products to be produced by MSMEs only



Contact Information

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