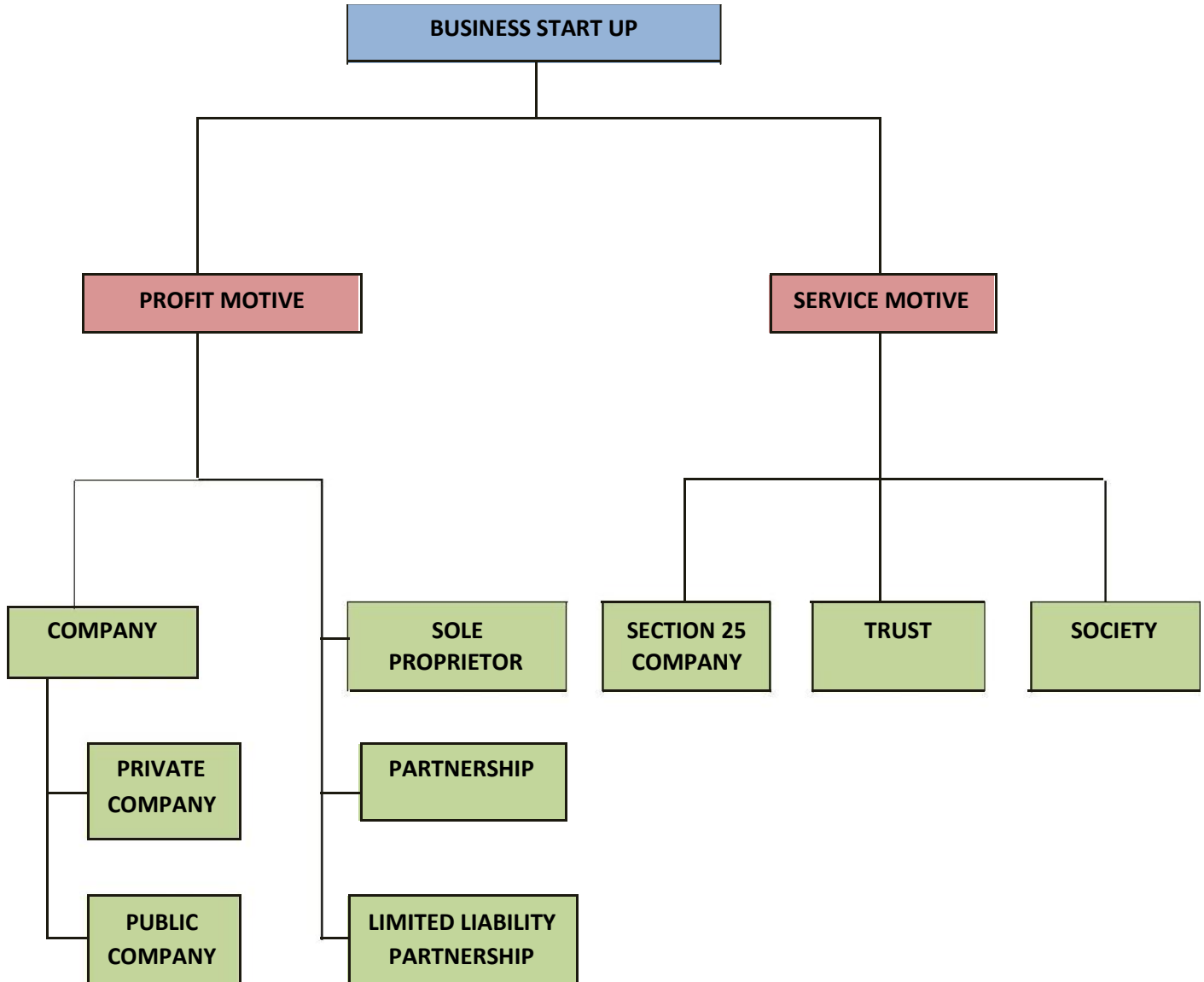


# Business Structures- Fact Sheet

## TYPES OF BUSINESS - STRUCTURE



## **I. PRIVATE LIMITED COMPANY**

Private Limited is a fully owned by group of closely associated family members and friends. All shares of the company are in private hands and limit the number of member's upto 50. The disclosure requirements are low for a Private Limited Company as shares are not open to general public and not traded on stock exchanges.

**Section 3 (1) (iii) of Companies act 1956, defines a private company as one which—**

1. has a minimum paid-up share capital of Rs.1 Lakh or such higher capital as may be prescribed; and
2. by its Articles Association:
3. restricts the right of transfer of its share;
4. limits the number of its members to 50 which will not include:
  1. members who are employees of the company; and
  2. members who are ex-employees of the company and were members while in such employment and who have continued to be members after ceasing to be employees
5. prohibits any invitation to the public to subscribe for any shares or debentures of the company; and
6. Prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives.

SNo	Applicable Law	Companies Act,1956
1	Governing authority	Registered of Companies
2	Minimum Authorized Capital	One Lakh
3	Minimum Paid Up Capital	One Lakh
4	Share holders	Min – 2 / Max - 50
5	Directors	Min – 2/Max - 12
6	Director Identification Number	All Directors
7	Digital Signature	Any one Director

### **INFORMATION REQUIRED**

1. Need to identify the name for the Company.
2. Need to identify the proposed members. (At least 2 , they may be individuals or body corporate)
3. Need to identify the proposed Directors. (At least 2 Individuals)
4. Need to apply DIN'S to Proposed Directors. For applying DIN'S the following are required : Pan Card,  
Address Proof (Driving license, passport, voter card, telephone bill, ration card, electricity bill, bank statement) and  
Photograph of all Directors.

5. Need to apply Digital Signature Certificate (DSC) for one Director. For applying DSC the following are required :  
Pan Card,  
Address Proof (Driving license, passport, voter card, telephone bill, ration card, electricity bill, bank statement),  
Photograph (signed crossly by applicant)  
and Signed application is required.
6. Main objects of the Company.
7. Power of Attorney authorizing any Practicing attorney/Pleader/CS/ CA on behalf of Promoters to file Incorporation Documents.
8. The Subscription sheets for MOA & AOA must be written and signed by Shareholders in their own handwriting.

## **PROCEDURE FOR INCORPORATION OF A PRIVATE LIMITED COMPANY**

### **Step-1**

All the Directors have to apply for the DIN'S online to Central Government.

### **Step-2**

Digital Signature for any one of the Director to be obtained from certifying authority.

### **Step-3**

Availing the Name for the Company: File form 1A to Registrar of Companies. Form 1A should contain the details of six optional names in order of preference indicating the main objects of the company, Justification for name, Name and addresses of promoters, Authorized Capital, and objectives of the Proposed Company.

#### **Step-4**

Drafting of Memorandum of Association and Articles of Association along with Subscription sheets written by Shareholders in their own Handwriting.

#### **Step-5**

Finally apply **Form 1** - Application and Declaration for Incorporation of a Company

**Form 18** – Notice of situation of Registered Office

**Form 32** – Particulars of Appointment of Directors

#### **Step-6**

Once the forms have been approved the Registrar of Companies will issue Certificate of Incorporation and Corporate Identity Number.

#### **Step-7**

Private Limited Company can commence business immediately after receipt of Certificate of Incorporation Certificate.

## **II. PUBLIC LIMITED COMPANY**

Public Limited Company is a company formed by seven or more individuals that offers its shares to general public and its shares are traded on stock exchanges. It is also referred as publicly held company and its financial records are available in public domain.

**Section 3 (1) (iv) of Companies act 1956, defines a Public limited company as one which**

- (a) is not a private company;
- (b) has a minimum paid-up capital of five lakh rupees or such higher paid-up capital, as may be prescribed;
- (c) is a private company which is a subsidiary of a company which is not a private company.

<b>SNo</b>	<b>Applicable Law</b>	<b>Companies Act,1956</b>
<b>1</b>	<b>Governing authority</b>	<b>Registered of Companies</b>
<b>2</b>	<b>Minimum Authorized Capital</b>	<b>Five Lakhs</b>
<b>3</b>	<b>Minimum Paid up Capital</b>	<b>Five Lakhs</b>
<b>4</b>	<b>Share holders</b>	<b>Min – 7, Max - unlimited</b>
<b>5</b>	<b>Directors</b>	<b>Min - 3/ Max – 12 (Beyond 12 with the approval of Central government)</b>
<b>6</b>	<b>Director Identification Number</b>	<b>All Directors</b>
<b>7</b>	<b>Digital Signature</b>	<b>Any one Director</b>

### **INFORMATION REQUIRED**

- 1) Need to identify the name for the Company.
- 2) Need to identify the proposed members. (At least 7 they may be individuals or body corporate)

- 3) Need to identify the proposed Directors. (At least 3)
- 4) Need to apply the DIN'S to Proposed Directors. For applying DIN'S the following are required:
  - a. Pan Card,
  - b. Address Proof (Driving license, passport, voter card, telephone bill, ration card, electricity bill, bank statement) and
  - c. Photograph of all Directors.
- 5) Need to apply Digital Signature Certificate (DSC) for one Director. For applying DSC the following are required :
  - a. Pan Card,
  - b. Address Proof (Driving license, passport, voter card, telephone bill, ration card, electricity bill, bank statement),
  - c. Photograph (signed crossly by applicant) and
  - d. Signed application.
- 6) Main objects of the Company
- 7) Power of Attorney authorizing any Practicing attorney/Pleader/CS/ CA on behalf of Promoters to file Incorporation Documents.
- 8) The Subscription sheets for MOA & AOA must be written by Shareholders in their own handwriting.

### **Procedure for Incorporation of a Public Limited Company**

#### **Step-1**

All the Directors have to apply for the DIN'S online to Central Government.

#### **Step-2**



Digital Signature for any one of  
from certifying authority.

the Director to be obtained

### Step-3

Availing the Name for the Company: File form 1A to Registrar of Companies. Form 1A should contain the details of six optional names in order of preference indicating the main objects of the company, Justification for name, Name and addresses of promoters, Authorized Capital, and objectives of the Proposed Company.

### Step-4

Drafting of Memorandum of Association and Articles of Association along with Subscription sheets written by Shareholders in their own Handwriting.

### Step-5

Finally apply **Form 1** - Application and Declaration for Incorporation of a Company

**Form 18** – Notice of situation of Registered Office

**Form 32** – Particulars of Appointment of Directors

### Step-6

Once the forms have been approved the Registrar of Companies will issue Certificate of Incorporation and Corporate Identity Number.

### Step-7

Public Limited Company can commence business only after getting Certificate of Commencement of Business (COB) from registrar. For this E-Form – 20 need to be filed to ROC within 6 months after Incorporation.

**Step-8**

After receipt of COB the company has to conduct Statutory meeting within six months from the date of receipt of COB and have to file E-Form – 22 to Registrar of Companies.

**III. LIMITED LIABILITY PARTNERSHIP**

Limited Liability Partnership is the combination of Traditional Partnership firm and a Company. The Limited Liability Partnership (LLP) is governed by Limited Liability Partnership (LLP) Act, 2008 and Limited Liability Partnership Rules, 2009. LLP agreement manages the LLP firm, in the absence of such an agreement Schedule 1 of Limited Liability Partnership Act, 2008 is applicable. LLP is an alternate Business Vehicle that provides the advantage of Limited Liability but allows its members the flexibility of arranging their own internal structure as per the agreement.

SNo	Applicable Law	Limited Liability Act, 2008
1	Governing authority	Registered of LLP, New Delhi
2	<u>Minimum Contribution</u>	Not Required
3	Partners	Min – 2/Max - unlimited
4	Designated Partners	Min – 2/Max - unlimited
5	Designated Partner Identification Number	ForAll Designated Partners
6	Digital Signature	Any one Designated Partner

### **INFORMATION REQUIRED :**

- Deciding the Partners and Designated partners
- Obtaining DPINS (Designated Partner Identification Number), for applying DPIN's the following are required to:
  - a. Notarized Identity and address proof of Designated Partners
  - b. Photographs.
- Digital Signature Certificate (DSC). For DSC the following are required:
  - a. Notarized Identity and address proof of Designated Partners
  - b. Photograph (signed crossly by applicant) and
  - c. Signed application.
- Need to identify the name of the LLP
- Drafting of LLP Agreement

### **Procedure for Incorporation of a Limited Liability Partnership**

#### **Step-1**

The minimum number of partners to incorporate a LLP is two; they may be individuals or body corporate who may be acting through their representatives. out of the partners two shall be designated partners one of them shall be resident in India.

#### **Step-2**

All the Designated Partners have to obtain Designated Partners identification numbers.

**Step-3**

Digital Signature for any one of the Designated Partner to be obtained from certifying authority

**Step-4**

Application shall be made in (E-Form 1) for the availability of the proposed name with the Registrar

**Step-5**

Incorporation documents must be filed with the Registrar in (E-Form 2) with the Registrar of LLP.

This form must be filed within 30 days after getting Name availability.

**Step-6**

LLP agreement (E-Form 3) and Consent of partners to act as partners of LLP (E-Form no.4) must be filed with the Registrar at a time. This form must be filed within 30 days of incorporation.

**IV. SECTION 25 COMPANY**

Nature	Private Company	Public Company
Applicable Law	Companies Act 1956	Companies Act 1956
Governing authority	Registered of Companies	Registered of Companies
Minimum Contribution	Not Required	Not Required

<b>Directors</b>	<b>Min – 2/Max - unlimited</b>	<b>Min – 3/Max - unlimited</b>
<b>Members</b>	<b>Min – 2/Max - 50</b>	<b>Min – 7/Max - unlimited</b>
<b>Director Identification Number</b>	<b>All Directors</b>	<b>All directors</b>
<b>Digital Signature</b>	<b>Any one Director</b>	<b>Any one Director</b>
<b>Objects</b>	<b>Nonprofit Activities</b>	<b>Nonprofit Activities</b>

## **PROCEDURE FOR REGISTRATION OF SEC 25 COMPANY**

### **Step-1**

All the Directors have to apply for the DIN'S Online to Central Government. Digital Signature for any one of the Director to be obtained from any certifying authority

### **Step-2**

Apply in Form No. 1A to concerned ROC, for availability of name in order of preference (without addition to its name of the word "Limited" or the words "Private Limited").

### **Step-3**

Prepare Memorandum & Articles of Association.

### **Step-4**

Make an application to the Concerned Regional Director for issue of license under Section 25 of the Companies Act, 1956. The application should be accompanied by: -

- Three Copies of MoA & AoA of the proposed Company.
- A declaration confirming the application by CA / CS / Advocate on prescribed Stamp Paper.
- Three copies of list of names, descriptions, addresses & occupation of the promoters as well as the members of Board of Directors of the proposed Company.
- A statement showing details of assets & liabilities of the Association as on date with the application.
- An estimate of future annual income & expenditure of the proposed company, specifying the source of income & object of expenditure.
- A statement giving brief description of work, if any, already done by the association.

- A statement specifying briefly the grounds on which the application is made.
  
- A declaration in prescribed form on non-judicial stamp paper by each person making an application.
- A letter of authority.
- Payment of prescribed fees.

#### **Step-5**

Notice pursuant to regulation 11 of the Companies Regulation, 1956 shall be published within one week before or after the admission of the application in one or more newspapers (one in English and other in vernacular local newspaper).

#### **Step-6**

Simultaneously furnish the copy of application with all its enclosure and accompanying papers to the concerned Registrar of Companies.

#### **Step-8**

On receipt of the copy the concerned ROC gets the draft MOA & AOA vetted and then list outs the modifications considered necessary and forwards the same to RD within fifteen days of receipt of the copy. He may normally advise RD to grant license to the proposed company or not.

#### **Step-9**

The concerned ROC may consult for the views of District Magistrate of the state within whose jurisdiction the registered office of the proposed company is to be located. Copy sent to RD and reply is generally directly received by ROC from DM.

#### **Step-10**

In case, the considerations for issue of license are more important, the RD may consult the State Government too. The RD may also consult the ministries concern and determine, if any, objections received.

#### **Step-11**

On receipt of the above papers, the RD gets the MOA & AOA and other papers generally scrutinized.

#### **Step-12**

Having received all the necessary views from the ROC, DM, State Government, the RD will take the decision for grant of license to the application or not. (Generally the license is granted within 30 days from the date of filing of application with the RD).

#### **Step-13**

Departmental instruction shall be strictly followed. The license may be revoked, with Company's right to be heard.

#### **Step-14**

After obtaining the license the MOA & AOA be printed as approved.

#### **Step-15**

File the necessary papers with ROC for registration along with filing fees (maximum filing fees payable is Rs.5000/-) and also produce the license granted by the RD.

#### **Step-16**

The ROC on making necessary scrutiny and correction will issue the certificate of incorporation.



### **Step-17**

Public Limited Company can commence business only after getting Certificate of Commencement of Business (COB) from registrar. For this E-Form – 20 need to be filed to ROC within 6 months after Incorporation.

### **Step-18**

After receipt of COB the company has to conduct Statutory meeting within six months from the date of receipt of COB and have to file E-Form – 22 to Registrar.