



Private Limited Company, OPC and LLP – a comparison

CNK & Associates LLP

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The structure of the three most preferred business entities in India-Private Limited Company (**PLC**), One Person Company (**OPC**) and Limited Liability Partnership (**LLP**) is quiet varied. There are different laws and regulations governing each of them. PLC and OPC are governed by the Companies Act, 2013 and the corresponding Companies Act Rules while LLP is required to comply with the statutory requirements of LLP Act, 2008 and the corresponding Rules.

Given below is the comparison chart showing various requirements of PLC, OPC and LLP.

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
1	Governing Law and Regulatory Authority	The Companies Act, 2013 and the Ministry of Corporate Affairs (MCA)	The Companies Act, 2013 and the MCA	The LLP Act, 2008 and the MCA.
2	Registration	With the MCA under the Companies Act, 2013	With the MCA under the Companies Act, 2013	With the MCA under the LLP Act, 2008
3	Legal Structure/Status	Company is a body corporate formed and incorporated under the Companies Act, 2013 and which has a legal entity separate from its members having perpetual succession.	Company is a body corporate formed and incorporated under the Companies Act, 2013 and which has a legal entity separate from its member/director and nominee director having perpetual succession	LLP is a body corporate formed and incorporated under the LLP Act, 2008 and has a legal entity separate from that of its partners having perpetual succession.
4	Eligibility	Any individual may form a PLC.	Only a natural person who is an Indian citizen and resident in India-	Any individual and body corporate may be a partner in LLP

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
			<ul style="list-style-type: none"> ▲ shall be eligible to incorporate an OPC; ▲ shall be a nominee for the sole member of an OPC 	
5	Minimum requirement for formation	2 Shareholder 2 Directors Directors and Shareholders can be the same person	1 Shareholder 1 Director 1 Nominee of sole member Director and Shareholder can be the same person	2 Designated Partners who are individuals and at least 1 of them should be a resident in India. In case of an LLP in which – <ul style="list-style-type: none"> ▲ All the partners are body corporates ; or ▲ In which 1 or more 5partners are individuals and bodies corporate; At least 2 individuals who are partners of such LLP or nominees of such bodies corporate should act as designated partners
6	Maximum number of Directors	15	15	No limit
7	Maximum number of shareholders	A PLC can have a maximum of 200 shareholders or members	An OPC can have maximum of 1 member	A LLP can have unlimited number of partners

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
8	Minimum Capital	Rs. 1 Lac	Rs. 1 Lac	No limit
9	Member(s) Liability	Shareholders have limited liability and are liable only to the extent of their share capital	Director and Nominee Director have limited liability and are liable only to the extent of his/her share capital.	Partners have limited liability and are liable only to the extent of their contribution to the LLP and not for any independent/unauthorised act of other partners
10	Alteration of name, address, objects etc.	Filing required with RoC. Order of Tribunal or Central Government approval, as the case may be, is required	Filing required with RoC. Order of Tribunal or Central Government approval, as the case may be, is required	Application to be made to the RoC or may be directed by the Central Government in certain cases.
11	Closure/Dissolution/Winding up	Can be initiated ▲ Voluntarily, or ▲ By the Tribunal	Can be initiated ▲ Voluntarily, or ▲ By the Tribunal	Can be initiated- ▲ Voluntarily by the partners or; ▲ By the Tribunal
12	Transfer of economic rights	Ownership can be transferred by way of share transfer.	Ownership can be transferred.	A partner's economic rights (i.e. rights of a partner to a share of the profits and losses of the LLP and to receive distribution at the time of winding up) in the LLP shall be transferable. However, such a transfer shall not by itself cause the partner's disassociation or a dissolution

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				<p>and winding up of the LLP.</p> <p>However, such transfer shall not entitle the transferee or assignee to participate in the management or conduct of the LLP's activities. Therefore, the transferee would not be deemed to be a 'partner' of the LLP just because a partner has transferred him the 'economic rights'. For becoming a partner of LLP, the manner specified in the LLP Agreement or the provisions of the Act would have to be followed.</p>
13	Existence or Survivability	Existence of PLC is not dependent on the directors or shareholder. Can be dissolved only voluntarily or by Regulatory Authorities.	Existence of an OPC is not dependent on the Director or Nominee Director. Could be dissolved only voluntarily or by Regulatory Authorities.	LLP can continue its existence irrespective of changes in partners.
14	Conversion	<p>A PLC can be converted into OPC, subject to:</p> <ul style="list-style-type: none"> ▲ Paid up share capital of Rs. 50 lakh or less and 	<p>OPC can be converted into PLC mandatorily, subject to:</p> <ul style="list-style-type: none"> ▲ Paid up share capital more than Rs. 50 lakh or 	Cannot be converted into a company.

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
		▲ Average annual turnover of Rs. 2 crore or less during the preceding 3 FYs	▲ Average annual turnover more than Rs.2 crore during preceding 3 FYs.	
15	Maintenance of books of accounts	Mandatory	Mandatory	Have to maintain annual accounts reflecting true and fair view of its state of affairs. A “Statement of Accounts and Solvency” in prescribed form shall be filed by every LLP with the registrar every year
16	Maintenance of statutory records	Resolutions and Minutes of the Board and General Meetings Share Register and Share Certificates	Resolutions and Minutes of the Board and General Meetings Share Register and Share Certificates	Minute book to be maintained to keep records of the partners’ meetings.
17	Acceptance of deposits from Public	Provisions of Section 73 of the Companies Act, 2013 have to be stringently abided.	Provisions of Section 73 of the Companies Act, 2013 have to be stringently abided.	There is no such provision in the LLP Act, 2008
18	Loan to Directors, etc./Partners	Provisions of Section 185of the Companies Act, 2013 have to be strictly followed	Provisions of Section 185of the Companies Act, 2013 have to be strictly followed	There is no such provision in the LLP Act, 2008
19	Loan and investments by company	Strictly regulated by Section 186 of the Companies Act,2013	Strictly regulated by Section 186 of the Companies Act,2013	There is no such provision in the LLP Act, 2008

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
20	Board/Partners' Meetings	1 st meeting within 30 days from the date of incorporation. Minimum 4 Board Meetings in a calendar year and there should not be a gap of more than 120 days between 2 consecutive meetings.	No meeting required if there is only 1 Director. In care there are more than 1 Directors, 1 st meeting to be held within 30 days from the date of incorporation At least 1 meeting has to be conducted in each half of the calendar year and the gap between the 2 meetings should not be less than 90 days.	No compulsory meeting is prescribed. However, meetings of the designated partners to be held as per the provisions of the LLP Agreement.
21	Statutory Audit	Mandatory	Mandatory	The accounts of every LLP shall be audited <i>provided</i> turnover is more than Rs. 40 lakhs or contribution of partners is more than Rs. 25 lakhs
22	Internal Audit	Provided – ▲ Turnover is Rs. 200 crore or more during the preceding FY; or ▲ Outstanding loans or borrowings from banks or public financial institutions exceed Rs.100 crore or more at any point of time during the preceding FY	Not Mandatory	Not Mandatory

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23	Annual General Meetings (AGM)	Mandatory	No AGM is required	No AGM is required
24	Annual Registrar of Company (RoC) filings	Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of changes in equity and any explanatory notes with Form AOC-4 and consolidated Financial Statement , if any, with Form AOC- 4 CFS. These should be filed within 30 days of the date of AGM. Annual Returns in Form MGT 7	Balance Sheet, Profit and Loss Account, Statement of changes in equity and any explanatory notes with Form AOC-4 and consolidated Financial Statement, if any, with Form AOC- 4 CFS. These should be filed within 30 days of the date of AGM. Annual Returns in Form MGT 7	Statement of Accounts and Solvency in Form 8 within a period of 30 days from the end of 6 months of the Financial Year (FY) to which the above statements relate. Annual return in Form 11 within 60 days of closer of FY.
25	Tax Audit	Is required – ▲ If PLC is carrying on business, then if total sales, turnover or gross receipts (as the case may be) in business for the year exceed or exceeds Rs. 1 crore. ▲ If PLC is carrying on profession, if the gross receipts in profession for the year exceed Rs. 25 lakhs.	Is required – ▲ If OPC is carrying on business, then if total sales, turnover or gross receipts (as the case may be) in business for the year exceed or exceeds Rs. 1 crore. ▲ If OPC is carrying on profession, if the gross receipts in profession for the year exceed Rs. 25 lakhs.	Is required – ▲ If LLP is carrying on business, then if total sales, turnover or gross receipts (as the case may be) in business for the year exceed or exceeds Rs. 1 crore. ▲ If LLP is carrying on profession, if the gross receipts in profession for the year exceed Rs. 25 lakhs.

Sr. No.	Comparatives	Private Limited Company	One Person Company	Limited Liability Partnership
26	Taxation	Taxed at 30% plus surcharge and cess as applicable.	Taxed at 30% plus surcharge and cess as applicable.	Taxed at 30% plus surcharge and cess as applicable.
27	Annual Tax filings	Mandatory Tax Returns in Form ITR 6 Due date:31 st October	Mandatory Tax Returns in Form ITR 6 Due date:31 st October	Mandatory Tax Returns in Form ITR 5 If Audited: 31 st October If not audited:31 st August

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This e-publication is published by CNK & Associates LLP, solely for the purposes of providing necessary information to employees, clients and other business associates. This publication summarises some of the important provisions of the Companies Act 2013 and Limited Liability Partnership Act, 2008 pertaining to Private Limited Company, One Person Company and Limited Liability Partnership. Whilst every care has been taken in the preparation of this publication, it may contain inadvertent errors for which we shall not be held responsible.

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