

Shaping a Business Structure:

- Public Limited

Brief about Public Limited Company :

This is the bigger type of entities which are registered with Ministry of corporate affairs which are mainly characterized by the fact that ownership and management is separate. The company is owned by the group of people who purchase share in the company and called shareholder of the company and managed by the group of people who are board of directors which act as a trustee to shareholders. There are minimum 7 shareholders and no upper limit. If there share are listed on stock exchanges then they can be traded on stock exchanges.

Features of Public Limited :

Board of Directors

Public limited companies are headed by a board of directors. Composition of the board of directors is set out in the company's articles of association. Normally it comprises of a minimum number of two members and a maximum of 12. These are elected from the shareholders by the shareholders during the annual general meeting. They act as the representatives of the shareholders in the management of the company.

Limited Liability

Shareholder liability for the losses of the company is limited to their share contribution only. This is what makes it a separate legal entity from its shareholders. The business can be sued on its own and not involve its shareholders. The company does not belong to any person since one person can own only a part of it.

Number of Members

A public limited company has a minimum number of seven shareholders or members and a limitless number of members. It can have as many shareholders as its share capital can accommodate.

Transferable shares

Shares of a public limited company are bought and sold in a stock exchange market. They are freely transferable between its members and people trading in the stock exchange.

Life Span

A public limited company is not affected by death of one of its shareholders, but her shares are transferred to the next of kin and the company continues to run its business

as usual. In the case of a director's death, an election is held to replace the deceased director.

Financial Privacy

Public limited companies are strictly regulated and are required by law to publish their complete financial statements annually. This ensures that they reveal their true financial position to their owners and to potential investors so that they can determine the true worth of its shares.

Capital

Public limited companies enjoy an increased ability to raise capital since they can issue shares to the public through the stock market. They can also raise additional capital by issuing debentures and bonds through the same market from the public. Debentures and bonds are unsecured debts issued to a company on the strength of its integrity and financial performance.

Why and When to prefer Public Company :

When money is to be raised from general public in a large amount for setting and running of business and where the numbers shareholders are exceeding 50 which is maximum limit for going with private limited company.

Documents

- 1) Two Self attested copy of ID, Address Proof and Latest Bank Statement of proposed Shareholder and Directors (Minimum 7 Shareholder and three directors out of which one should be Indian resident)
- 2) Address Proof for Place of Business to be used as registered office of business, Electricity bill and If rented then rent agreement and NOC of owner of Premises (Click here to download NOC Format)
- 3) 3 Passport Size Photo
- 4) Signature on DSC forms (Click here to Download)
- 5) Information Form filled by you (Click here to Download)

Incorporation Steps :

1 - 2- 3-4-5-6

Incorporating a Public Limited Company is ___ days of procedure which comprise of following things.

- 1) Getting Digital signature for Shareholder and directors
- 2) Obtaining Director identification number IN for Proposed Director
- 3) Getting Name approval of company done from MCA
- 4) Get some documents signed on behalf of approved name of company
- 5) Apply for Final Registration of company
- 6) Get Company incorporation Certificate

Have a Query / Want to learn something : Call

- Private Limited

Private Limited Companies are also registered with ministry of corporate affairs which also enjoys benefit of separation of ownership and management just like public limited. Total capital is divided into share of fixed amount and holder of such shares are called shareholder who are real owner of the company who invest in the company for a return in the form of dividend. The company is managed by the group of individual who are board of directors of the company, to be a private limited company we need Minimum 2 Shareholders and minimum 2 directors and maximum 50 shareholders and maximum 7 directors.

Share of Private company are not registered on share market and they are traded in public.

Why to Prefer Private Limited :

If you are a start up then you should prefer registering a private limited company as it gives you unique identity at national as well as international platform, This entity are very well known and respected in today's business world. The number of benefits occurring with incorporation of Private limited are very much higher as compared to cost of incorporating it.

- Attract funding
- Gives a identity as a team
- Limits the risk to personal assets
- Improves business creditability

- Pursue multiple opportunity
- Easy exit

Other Features of Private Limited company :

Board of Directors

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One Person Company

The One Person Company (OPC) was recently introduced as a strong improvement over the sole It gives a single promoter full control over the company while limiting his/her liability to contributions to the business. This person will be the only director and shareholder (there is a nominee director, but with no power until the original director is incapable of entering into contract who should be an resident individual. This One person company enjoys benefit of private limited company and are suitable

when only one person wants to start a business under a banner of private limited. The name of company will include "OPC" as a part of its name.

In case the paid up share capital of an OPC exceeds fifty lakh rupees or its average annual turnover exceeds during the relevant period exceeds two crore rupees, then the OPC has to mandatorily convert into private or public company.

One Person can carry only one OPC

Why should I go with OPC

An OPC is a good alternative to running a sole proprietorship, largely because it gives limited liability to the business owner. This means that your liability is limited to the amount you've invested in the business; business debts cannot be recovered from personal possessions. Also, a sole proprietorship ceases to exist on the death of its promoter. In the case of an OPC, the nominee director takes over and the entity continues to exist. Single entrepreneurs who do not have another partner to start a private limited company may also consider it.

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- Section 8 Company

- Limited Liability Partnership
- Partnership
- Proprietor Ship
- Hindu Undivided Family (HUF)
- Other
- Trust
- Society