



Types of Company

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Statutory Company

- A company formed by a special Act passed either by the central or the state legislature is called a statutory company. These companies are governed by the provisions of their special Acts. These companies are usually formed to carry out some special public undertakings. The object such companies are not to as such earn profits but to serve people. The audit of such companies is conducted under the supervision, control and guidance of the Comptroller and Auditor General of India.
- Some important statutory companies are Reserve Bank of India, State Bank of India, Life Insurance Corporation of India, industrial Finance Corporation etc.

Registered Company

- Company registered under the Indian Companies Act is known as Registered Company. These companies are governed and regulated by the provisions of the Companies Act, 2013. They may be limited by shares or limited by guarantee or unlimited companies.



**KINDS OF
COMPANIES
ON THE BASIS
OF LIABILITY OF
MEMBERS**

Company limited by shares

- This is a company having the liability of its members limited by the memorandum to the amount unpaid on the shares respectively held by them. A large majority of the companies registered in India belong to this category. The last word of the name of such companies should be “Limited”. For example, if AB Ltd. has a share capital of 10,000 shares of Rs. 10 each, and A has purchased 100 shares on which he has paid so far Rs. 6 per share, the maximum liability of A is only Rs. 4 per share.

Company limited by Guarantee

- This is a company in which the liability of each member is limited to such amount as the members may voluntarily undertake under the memorandum to contribute to meet out the deficiency of the assets of the company in the event of its being wound up. Such companies may or may not have share capital. If it has share capital, the liability of the members becomes two-fold; firstly, the amount unpaid on the shares held by them and secondly, amount payable under the guarantee.

Unlimited companies

- **Unlimited companies:** a company not having any limit towards the liability of its members is an unlimited company. The liability extends to the whole amount of the company's debts and liabilities. The registered companies (whether limited or unlimited) may be either private or public companies.

Private limited company

- Private limited company is held by few individuals privately having separate legal entity. In this the shareholders cannot trade shares publicly.
- Shareholders cannot sell their shares without the approval of other shareholders. It is a company which restricts the right of its members to transfer its shares and it doesn't send invitation to the public for subscription of its shares.

Characteristics of the private limited company:

- 1. Members**– To start a company, a minimum number of 2 members are required and a maximum number of 200 members as per the provisions of the Companies Act 2013.
- 2. Index of members**– A private company has a privilege over the public company as they don't have to keep an index of its members whereas the public company is required to maintain an index of its members.
- 3. Exemptions regarding directors**– When it comes to directors, a private company needs to have only two directors. With the existence of 2 directors, a private company can come into operations. Also, private company need not appoint independent directors. The maximum number of companies of which a person may be appointed as a director is 20 in case of private company.

4. Paid up capital– It must have a minimum paid-up capital of Rs 1 lakh or such higher amount which may be prescribed from time to time.

5. Prospectus– Prospectus is a detailed statement of the company affairs which is issued by a company for its public. However in case of private limited company there is no such need to issue a prospectus because in this public is not invited to subscribe for the shares of the company.

6. Name– It is mandatory for all the private companies to use the word private limited after its name.

In the case if any private limited company doesn't follow any of the above mentioned features, it ceases to be private company.

Public Company

- A public limited company is a form of business organization that operates as a separate legal entity from its owners. It is formed and owned by shareholders. Shares of a public limited company are listed and traded at a stock exchange market freely.

Characteristics of a public company

1. It must have a minimum of **7 members** and no limit with regards to the maximum number of members.
2. The shares of a public company are **freely transferable**.
3. It can **invite the public** to subscribe to its shares or purchase its shares.
4. It must constitute an Audit Committee of the Board.

ONE PERSON COMPANY

- This is a type of company that has only one member. OPC provides the benefits of both forms of business- Proprietorship and Company. With formation of an OPC business can be run in the same way as a proprietorship by complying with law and keeping the liability of the member limited by shares or guarantee.

Provisions of OPC under Companies Act 2013

- All the provisions of the Act applicable to private companies shall also be applicable to OPC unless otherwise excluded from compliance.
- It should be treated as a private company for all legal purposes.
- The name of the company shall include the words 'One Person Company' within brackets below the name of the company.
- The person forming an OPC has to nominate a person with that person's written consent as a nominee of the OPC.
- It should have a maximum of 15 directors, and they aren't required to retire by rotation.

HOLDING AND SUBSIDIARY COMPANY

A company which controls another company is called a Holding Company and the company so controlled is called a Subsidiary Company.

A company shall be deemed to control another company in the following cases-

1. If it controls the majority composition of the board of directors of another company.
2. If it exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.
3. If another company is a subsidiary of the first mentioned company's subsidiary (i.e. subsidiary of the subsidiary)

ASSOCIATE COMPANY

- “Associate Company” as in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a Joint Venture Company. “Significant Influence” means control of at least 20% of total share capital but less than 50% of share capital by another company, or control of business decisions under an agreement.

SMALL COMPANY

Small company means a company, other than a public company, whose-

1. Paid-up share capital doesn't exceed Rs. 50 lakhs or such higher amount as may be prescribed.
2. Turnover of which as per its last P&L A/C doesn't exceed Rs. 2 crore or such higher amount as may be prescribed.

However, a small company cannot be-

- A holding or a subsidiary company
- A company registered under section 8 of the 2013 Act.
- A company or body corporate governed under any special Act.

Exemptions of a small company

- Financial statements may not include the cash flow statement.
- The annual return shall be filed by director and company secretary or when there is no company secretary, by two directors.
- It is sufficient if at least one meeting of the Board of Directors has been conducted in each half of a calendar year.

GOVERNMENT COMPANY

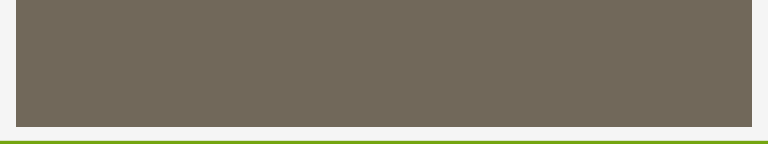
A Government company means, any company in which not less than fifty one percent of the share capital is held by the-

- Central Government, or
- Any State Government, or
- Partly by the Central Government and partly by one or more State Governments.

It also includes a company which is a subsidiary of a Government company.

Special provisions

(a) The auditor of a Government Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India. The Auditor General will have the power to direct the company's auditor relating to the manner of audit and the performance of his duties. He shall also have the power to conduct a supplementary test audit of the company's account by persons appointed by him; and the auditor is required to submit a copy of his audit report to the Comptroller and Auditor General, who shall have the right to comment upon the report.



(b) Where the Central Government is a member of a Government Company, the Central Government shall prepare an annual report on the working and affairs of the company within three months of its annual general meeting before which the audit report is placed. The annual report is to be laid before both houses of Parliament together with a copy of the audit report

FOREIGN COMPANY

Foreign company is a company incorporated outside India which-

- Has a place of business in India whether by itself or through an agent, physically or through electronic mode.
- Conducts any business activity in India in any other manner.

PRODUCER COMPANY

It means a body corporate having objects or activities specified in section 581B and deals primarily with the produce of its active Members for carrying out any of its specified objects.

The objects of producer companies shall include one or more of the eleven items specified in the Act, the more important being:

Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members or import of goods or services for their benefit;

- Processing including preserving, drying, distilling, brewing, venting, canning and packaging of produce of its members; and

- Manufacture, sale or supply of machinery, equipment or consumables mainly to its members.
- rendering technical or consultancy services,
- generation, transmission and distribution of power and revitalization of land and water resources;
- promoting techniques of mutuality and mutual assistance;
- Welfare measures and providing education on mutual assistance principles

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.
- Inactive company means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years.



Thank You.