

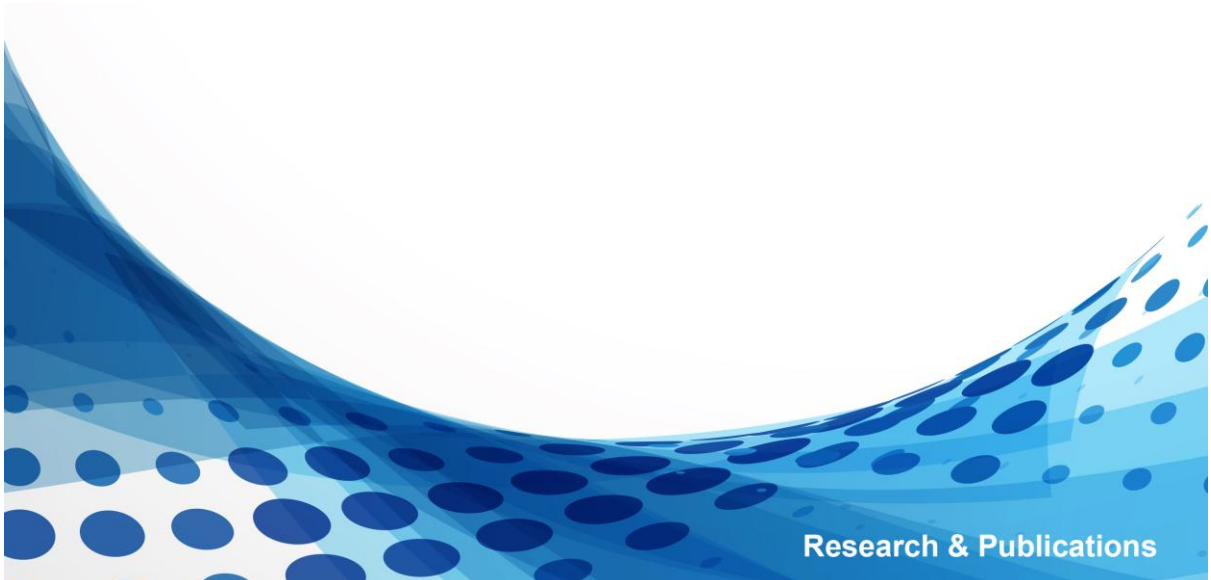


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One Person Companies in India: A Decadal Assessment 2014-2024

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Research & Publications

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One Person Companies in India: A Decadal Assessment 2014-2024

Megha Tiwari* and M P Ram Mohan**

Abstract

One Person Company (OPC) was introduced in India under the Companies Act, 2013, and registrations began in 2014 with the first official data release in 2015. An OPC is defined as a company that has a single shareholder. By design, OPCs are meant to offer sole proprietors the benefits of a corporate structure, including a separate legal identity, limited liability, the ability to convert into other types of companies, along with minimal administrative burdens and compliance requirements. OPCs, have been in existence for over a decade, and amendments to the law are now being contemplated. This study outlines the legal framework governing OPCs and undertakes an empirical analysis of key performance parameters over the ten-year period from 2014 to 2024.

Keywords: One Person Company, sole proprietors, Companies Act 2013, India

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Table of Contents

Part 1: One Person Company in India	4
1.1. Background.....	4
1.2. Legal Framework for OPCs in India.....	5
1.3. Amendments to the OPC Framework.....	6
1.4. Growth and Industry Classification of OPCs during 2014-2024.....	9
Part 2: Data and Methodology	15
2.1 Data.....	15
2.2 Methodology.....	18
Part 3: Descriptive data analysis.....	19
3.1 Descriptive overview of the unique OPCs.....	19
3.2 Performance and ratio analysis	22
Conclusion:	36

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List of Figures

Figure 1.1: Registration of One Person Companies (OPCS).....	10
Figure 1.2: Yearly and cumulative growth of OPCs across three sectors	12
Figure 1.3: Classification of the Service sector activity	13
Figure 1.4: Classification of the Industry sector activity	14
Figure 3.1: year-wise distribution of OPCs filing their financial statements.....	19
Figure 3.2: Economic- activity wise classification of OPC	20
Figure 3.3: State wise distribution of OPC	21
Figure 3.4: Exit and conversion of OPC	22
Figure 3.5: Turnover and Profit (Average Sales)	23
Figure 3.6: Turnover and Profit (Average Employee Expenses)	24
Figure 3.7: Turnover and Profit (Average PBITDA)	25
Figure 3.8: Turnover and Profit (Average Profit After Tax)	26
Figure 3.9: Balance sheet and Cash (Average Cash)	27
Figure 3.10: Balance sheet and Cash (Average Assets)	28
Figure 3.11: Profitability Ratio (Operating Margin).....	29
Figure 3.12: Profitability Ratio (Net Margin).....	30
Figure 3.13: Profitability Ratio (PBITDA / Assets).....	31
Figure 3.14: Profitability Ratio (Profit After Tax/ Assets).....	32
Figure 3.15: Turnover ratio (Asset Turnover).....	33
Figure 3.16: Labour ratio (Employee Expenses / Sales).....	34
Figure 3.17: Labour ratio (Employee Expenses / Assets).....	35

List of Tables

Table 1.1: OPC Amendments.....	7
Table 1.2: Features of OPC vis a vis others	8
Table 1.3: Economic-activity wise classification.....	11
Table 2.1: Data Waterfall and Exclusion Criteria	16
Table 2.2: Definition of variables	17
Table 2.3: Summary Statistics of the OPCs	17

Part 1: One Person Company in India

1.1. Background

1. One Person Company ('OPC') is defined in the Indian Companies Act 2013 as a company with only one person as a shareholder.¹ It is a unique company structure that combines the features of a sole proprietorship with those of a limited liability company.²
2. Its inclusion in India's Companies Act was recommended by the JJ Irani Committee in 2005, which pioneered the amended 2013 Companies Act. With the increasing use of information technology and the emergence of the service sector, "entrepreneurial capabilities of individuals needed an outlet" to participate in economic activity.³ It felt that the procedural complexity of companies would hinder capable entrepreneurs. Hence, it recommended recognizing the formation of a single-person economic entity in the form of OPCs with a simpler regime and exemptions, so that "entrepreneurs would not fritter away time, energy, and resources on procedural matters."⁴
3. The Indian regime drew inspiration from the existence of OPC regimes abroad. For instance, the UK Companies Act permits a private company to be formed only with one member.⁵ In Singapore, the Companies Act was amended in 2004 to allow for OPCs.⁶ In Delaware, most business entities naturally accommodate single owners, any entrepreneur can incorporate a company with themselves as the sole entrepreneur; single-member LLCs are expressly recognized.⁷ A common feature of all these comparators is the mixture of reduced compliance burdens with the benefit of limited liability offered to a sole entrepreneur.
4. This study is structured in three parts. Part 1 captures the legal regime of OPC over the years, growth and classification of economic activities of OPC from the publicly available data for a ten-year period. In Part 2, we cover methodology, and the firm level financial data of OPC obtained from Ministry of Corporate Affairs. And Part 3 lays out descriptive data analysis of key performance parameters from the data over the ten-year period.
5. As a caveat, the study does not look at *why* MSMEs/proprietors choose not to incorporate as OPCs/companies. This itself is an important study and can add significant value to the further development of OPCs.

¹ The Companies Act, 2013 ss.2(62) and 2(55).

² 'MCA Amends One Person Companies (OPCs) Rules'

<<https://www.pib.gov.in/www.pib.gov.in/Pressreleaseshare.aspx?PRID=1694828>> accessed 1 October 2025.

³ Ministry of Company Affairs, Report of the Expert Committee on Company Law 2005 (May 2005) [3.1].

⁴ *ibid* [6].

⁵ Institute of Company Secretaries of India, *One Person Company* (OPC) (June 2014) 1-2.

⁶ *ibid*.

⁷ *ibid*.

1.2. Legal Framework for OPCs in India

6. OPCs are meant to provide sole proprietors with the advantages that come with a formal company structure, such as, separate legal personality, limited liability, provision for conversion into other forms of companies along with minimal administrative burdens. Accordingly, the legal framework contains restrictions on their operation and incorporation on one hand, and flexibility on the other.
7. There are unique restrictions on the registration of OPCs. Firstly, an individual cannot register more than one OPC,⁸ and only natural persons can incorporate them. Companies cannot incorporate OPCs.⁹ Moreover, minors cannot hold any beneficial interest in OPCs, unlike in other companies.¹⁰ Thirdly, any contract with the sole member-director, unless it is written and part of ordinary business, must be recorded in a memorandum or board minutes and reported to the Registrar. This is unlike with other company structures, where contracts with directors, especially in public limited companies, face greater scrutiny, often requiring shareholder approval and adherence to stricter disclosure norms.¹¹ Finally, since OPCs are meant only to encourage small-scale entrepreneurship, they cannot carry out Non-Banking Financial Investment activities.¹²
8. One of the major advantages of OPCs compared to other forms of companies lies in their exemption from standard company regulations. For instance, the procedure relating to holding general meetings stipulated in the Companies Act does not apply to them; and abridged formats for Board reports are prescribed for them.¹³ It is sufficient for the financial statements and minutes of the board meetings to be signed by the sole director.¹⁴ They need not even hold an annual general meeting, and annual returns must only be signed by the sole director.¹⁵ Only two board meetings per year are required, and Secretarial Standards do not apply to them. Penalties for non-compliance are also lower for OPCs.¹⁶

⁸ Companies (Incorporation) Rules 2014, r 3(2).

⁹ Companies (Incorporation) Rules 2014, r 3(1).

¹⁰ Companies (Incorporation) Rules 2014, r 3(4).

¹¹ The Companies Act 2013, s 193.

¹² Companies (Incorporation) Rules 2014, r 3(6).

¹³ ICSI Report (n 5) 8; The Companies Act 2013, s 12.

¹⁴ *ibid*; The Companies Act 2013, s 92.

¹⁵ The Companies Act 2013, s 96.

¹⁶ The Companies Act 2013, s 446B.

9. Besides this, OPCs can also be converted into private or public companies, but not into a non-profit organization.¹⁷ Regardless of these benefits, OPCs are taxed in the same manner as companies.¹⁸
10. The case law commentary on OPCs, while limited, upholds the features that make it attractive for early-stage companies. The Bombay High Court has held (albeit in the context of arbitration) that the separate legal personality and limited liability of OPCs is part of the fundamental policy of Indian law.¹⁹ It emphasized “the concept of the OPC is now a matter of special corporate law policy of India introduced into the Companies Act to enable individual entrepreneurs to ring-fence their assets from exposure to liability arising out of the conduct of business by the OPC formed by them.”²⁰

1.3. Amendments to the OPC Framework

11. In 2021 the OPC regime was further modified, with the goal of making OPCs a preferred vehicle for startups.²¹ Effective April 1, 2021, the Government liberalized the registration and incorporation requirements of OPCs.
12. Firstly, under the 2014 Companies Incorporation Rules, only Indian residents could incorporate OPCs. After April 1, 2021, even non-resident Indians can do so.²²
13. Secondly, previously OPCs had to wait for two years before they could convert into other forms of companies (such as private limited or public companies). This two-year restriction has been removed, and OPCs can now convert at any time.²³ However, OPCs are still prevented from being converted into non-profit organisations.²⁴
14. Thirdly, OPCs had to be mandatorily converted into private or public companies if their share capital exceeded Rs. 50 lakh, or its annual turnover exceeded Rs. 2 crore.²⁵ This provision for

¹⁷ Companies Incorporation Rules 2014, r 3(5)

¹⁸ Taxguru, ‘Understanding OPC (One Person Company): Benefits & Compliance’ (*TaxGuru*, 18 September 2023) <<https://taxguru.in/company-law/opc-one-person-company-benefits-compliance.html>> accessed 1 October 2025.

¹⁹ *Innovative Film Academy v Endemol India* (2025) SCC Online 2565 [14] – [18]. This is in the context of s 34 of the Arbitration and Conciliation Act 1996. In this case, the Tribunal granted an interim measure that mandated the disclosure of all personal assets, liabilities etc of an OPC while the dispute in question was between individuals, effectively treating an individual and OPC as the same. The Court struck down this measure, holding that the separate legal personality of the OPC was sacrosanct.

²⁰ *ibid* [12].

²¹ Ashwin Mathew and Arundhati Iyer, ‘One Person Company: Evolution and Efficacy’ (*SCC Times*, 27 March 2021) <<https://www.sconline.com/blog/post/2021/03/27/one-person-company/>> accessed 1 October 2025.

²² Companies (Incorporation) Second Amendment Rules 2021, 3(1). Even the residency calculation was brought down from 180 days to 120 days.

²³ *ibid* r 3(7).

²⁴ *ibid* r 6(2).

²⁵ *ibid* r 7(1).

mandatory conversion has been done away with, allowing OPCs to operate at numbers of scale.

15. Fourthly, the form INC-5, which was used to intimate the Registrar of Companies when the mandatory share capital thresholds were exceeded was removed. Instead, e-Form INC-6 (which gives the OPC the option to convert into public or private companies) was modified to handle OPC conversions, i.e. OPC to Private Company and Private Company to OPC.²⁶ This streamlines filings related to OPC thresholds and conversion. In the Budget Speech, the Finance Minister noted that these amendments were done to “bring in more unincorporated businesses into the organized corporate sector” and to benefit “startups and innovators.”²⁷ The amendments are tabulated as follows:

Table 1.1: OPC Amendments

No.	Parameter	Before April 1, 2021	After April 1, 2021	Effect / Rationale
1	Eligibility to Incorporate	Only Indian residents could incorporate OPCs (must have stayed in India \geq 182 days in the previous year).	Non-Resident Indians (NRIs) can now incorporate OPCs as well (resident threshold relaxed to 120 days).	Expands OPC access to Indian entrepreneurs abroad, enabling global participation.
2	Waiting Period for Conversion	OPCs had to wait two years from incorporation before converting into a private/public company.	Waiting period removed — conversion allowed anytime at the owner’s discretion.	Enhances flexibility for growth and scaling, supporting startups transitioning to larger entities.
3	Mandatory Conversion on Reaching Capital Thresholds	OPCs were mandatorily required to convert if: (a) paid-up share capital > ₹50 lakh, or (b) annual turnover > ₹2 crore.	Mandatory conversion requirement and capital thresholds removed. OPCs may continue even beyond the previous limits.	Allows OPCs to operate at scale, removing caps on growth.

²⁶ Companies (Incorporation) Second Amendment Rules, 2021 r 6(2).

²⁷ ‘MCA Amends One Person Companies (OPCs) Rules’

<<https://www.pib.gov.in/www.pib.gov.in/Pressreleaseshare.aspx?PRID=1694828>> accessed 1 October 2025.

4	Regulatory Filings (Forms)	OPCs had to file Form INC-5 to intimate reaching conversion thresholds; Form INC-6 used for certain conversions.	Form INC-5 abolished. INC-6 now modified to cover both directions of conversion (OPC → others or vice versa).	Simplifies compliance; reduces procedural burden and paperwork.
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16. The key unchanged features of OPCs are laid out as follows:²⁸

Table 1.2: Features of OPC vis a vis others

Sl. No.	Features	Sole Proprietorship	OPC	Private Company
1	Name	Any name without contravening legal provisions of other forms of entrepreneurship	Words 'One Person Company' must be mentioned in brackets below the name of the company	Words 'Private Company' must be mentioned at the end of the name of the company
3	Number of Member / Shareholder	Does not arise	Minimum – 1, Maximum – 1	Minimum – 2, Maximum – 200
4	Nominee	Does not arise	Mandatory to mention one nominee ²⁹	Does not arise
5	Issue of Shares	Does not arise	No issue of shares to the general public	No issue of shares to the general public
6	Transfer of Shares	Does not arise	No transfer of shares	Transfer of shares restricted
8	Separate Entity	Does not arise	Legal Separate Entity exists	Legal Separate Entity exists
9	Liability	Unlimited Liability	Limited up to unpaid amount of face value of shares	Limited up to unpaid amount of face value of shares
10	Succession	No Perpetual Succession Provision in the law	Perpetual Succession Provision in the law	Perpetual Succession Provision in the law
11	Registration	Registration not required with ROC	Mandatory Registration with ROC ³⁰	Mandatory Registration with ROC

²⁸ Ministry of Corporate Affairs, *Alone, you can do wonders, as a company! One Person Company (OPC) Brochure* (Government of India, undated) <https://www.mca.gov.in> accessed 29 September 2025.

²⁹ Companies (Incorporation) Rules, 2014 r 4(1).

³⁰ Companies Act, 2013, s 3(1)(c) read with Companies (Incorporation) Rules, 2014 r 3(1).

14	Number of Directors	No provision for director	Minimum – 1, Maximum – 15 ³¹	Minimum – 2, Maximum – 15
15	Quorum for Meeting	Does not arise	No Quorum ³²	2 members
16	Tax	Tax paid by Owner at Individual Tax Rates	Tax paid by Company at Company Tax Rates	Tax paid by Company at Company Tax Rates
17	Restriction of Activity	No restriction	Not allowed for Non-Banking Financial Investment Activities including investment in securities	No restriction

17. The OPC regime was introduced in India with the expectations of seeing quicker incorporation of ideas and with the hope that MSMEs/sole proprietorships³³ will be converted to OPCs by offering the benefits of the company structure while easing their administrative burdens. As of today, it continues to be in its nascent stages³⁴ and has had a very little noticeable impact on entrepreneurship in India.

18. As per the Annual Reports on Working & Administration of Companies Act, 2013, published by the Ministry of Corporate Affairs (MCA), the total number of OPC registrations has gone up from 2223 in FY 2014-2015 to a total of 68329 as on FY 2024-2025.³⁵

1.4. Growth and Industry Classification of OPCs during 2014-2024

19. The registration of OPCs started from 1st April 2014 under The Companies (Incorporation) Rules, 2014³⁶. Figure 1.1 captures the growth of OPCs over the ten-year period, FY 2014-2015 until FY 2023-2024. This data is sourced from the Annual Reports on Working & Administration of Companies Act, 2013, for the FY 2014-2015 until FY 2023-2024.

³¹ The Companies Act 2013, s 149(1).

³² The Companies Act 2013, s 174(5).

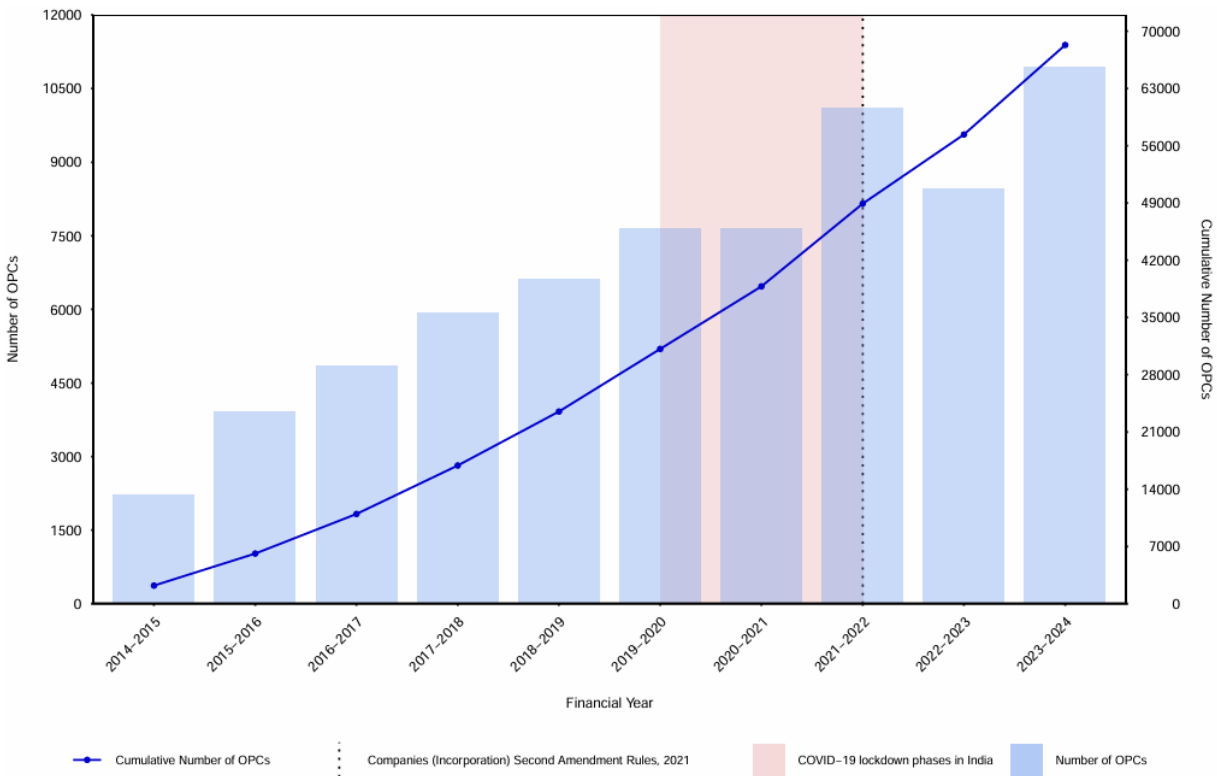
³³ The latest number of registrations of Micro, Small and Medium Enterprises (MSME) is close to 8.58 crores, as reflected in the PERFORMANCE SMARTBOARD Ministry of Micro, Small and Medium enterprises dated 06/06/26 <<https://dashboard.msme.gov.in/>>

³⁴ ICSI Report (n 5) 4.

³⁵ The total of 68329 represents the authors aggregation of annual data for OPCs as published in the Annual Reports on Working & Administration of Companies Act, 2013, for the FY 2014-2015 until FY 2024-2025

³⁶ The Company (Incorporation) Rules, 2014, rule 1(2)

Figure 1.1: Registration of One Person Companies



20. Figure 1.1 presents the year-wise distribution of the number of OPCs registered under the Companies Act, 2013 and the cumulative growth from its inception in FY 2014-2015 until FY 2023-2024. In the FY 2014-2015, data shows 2223 OPCs were registered and the number of registrations increased to 10944 in the FY 2023-2024, effectively quintupling over the decade, reflecting Compounded Annual Growth Rate (CAGR) of 19.38%. In the FY 2020- 2021 OPCs registrations marginally dipped to 7652 from 7655 in the FY 2019-2020, likely on account of the COVID-19 pandemic. A marginal decline to 8460 registrations of OPCs is observed in the FY 2022-2023 from 10112 OPCs in the FY 2021-2022, however the registrations increased to 10944 in the FY 2023-2024. The OPCs registration over the decade represents reasonable increase, from 2223 OPCs registered in FY 2014-2015 to a cumulative total of 68239 till the FY 2023-2024.

21. Ministry of Corporate Affairs (MCA) categorizes Industry into Economic- activity wise classification as per the National Industrial Classification (NIC) (Table 1.3).

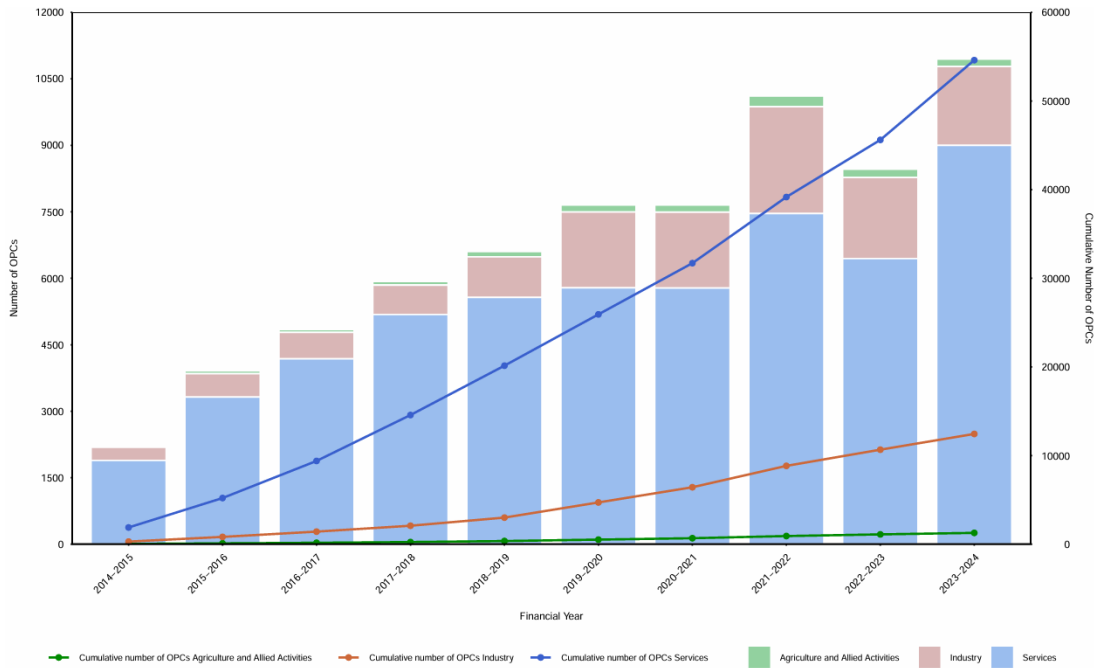
Table 1.3: Economic-activity wise classification

SI No.	Economic Activity
I	Agriculture and Allied Activities
II	Industry
	i. Manufacturing
	ii. Construction
	iii. Electricity, Gas and Water companies
	iv. Mining and Quarrying
III	Services
	i. Business Services
	ii. Community, personal and Social Services
	iii. Real Estate and Renting
	iv. Trading
	v. Transport, storage and Communications
	vi. Finance
	vii. Insurance

22. The total OPC registration data and three economic-activity classifications (also referred as Sector classification) from FY 2014-2015 to FY 2023-24 are detailed in Figure 1.2.³⁷

³⁷ Data sourced from the Annual Reports on Working & Administration of Companies Act, 2013, for the FY 2014-2015 until FY 2023-2024

Figure 1.2: Yearly and cumulative growth of OPCs across three sectors

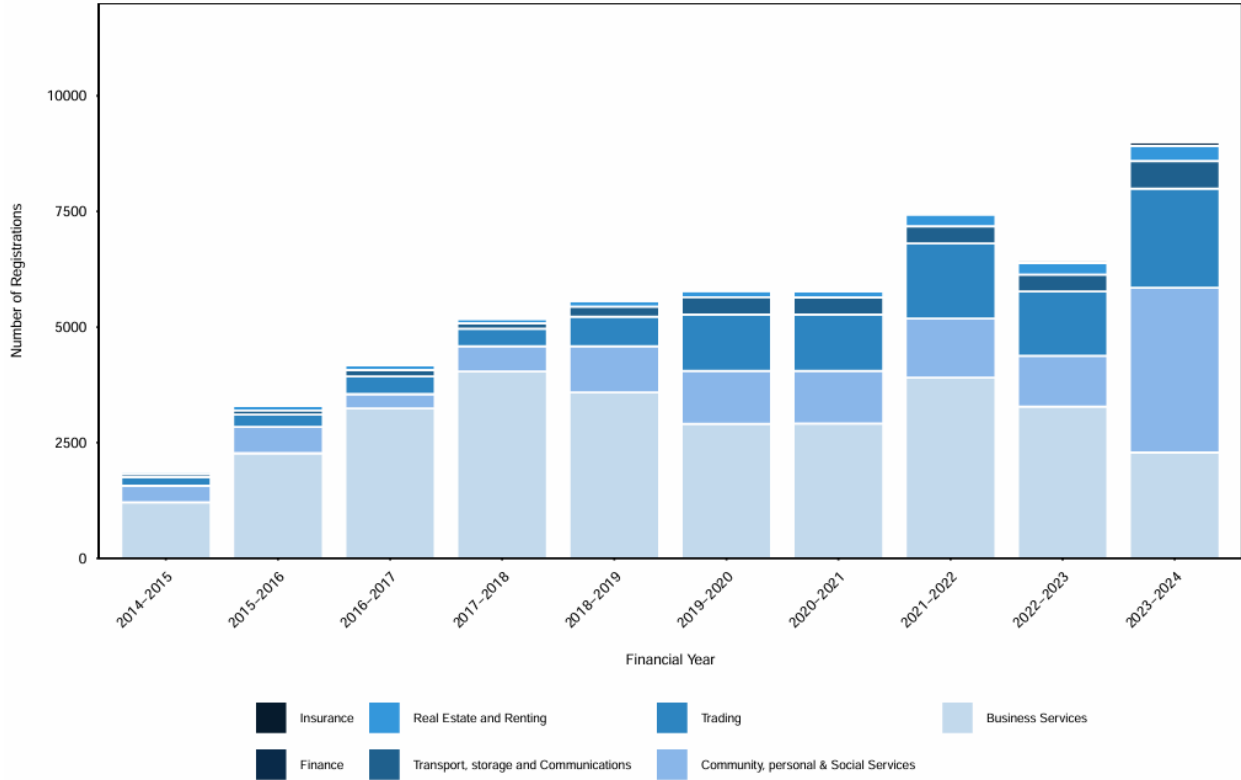


23. Figure 1.2 presents the year-wise distribution of the registration of OPC across the three sectors along with the cumulative growth over the ten-year period. *Service sector* accounted for 79.92% share of the total OPCs registrations over the ten-year period, with 1889 OPCs registered in FY 2014-2015 to a cumulative total of 54609 till the FY 2023-2024. While *Industry sector* accounted for 18.20% share of the total OPCs registrations, with 298 OPCs registered in FY 2014-2015 to a cumulative total of 12442 till the FY 2023-2024. *Agriculture and Allied Activities* represented smallest share of 1.87%, with 36 OPCs registered in FY 2014-2015 to a cumulative total of 1278 till FY 2023-2024.

24. The highest number of OPC registrations as per data is in the *Service* sector, seeing a Compounded Annual Growth Rate (CAGR) of 16.87%. The *Industry* Sector saw a CAGR of 19.63%. The *Agriculture and Allied Activities* saw CAGR of 16.77%.

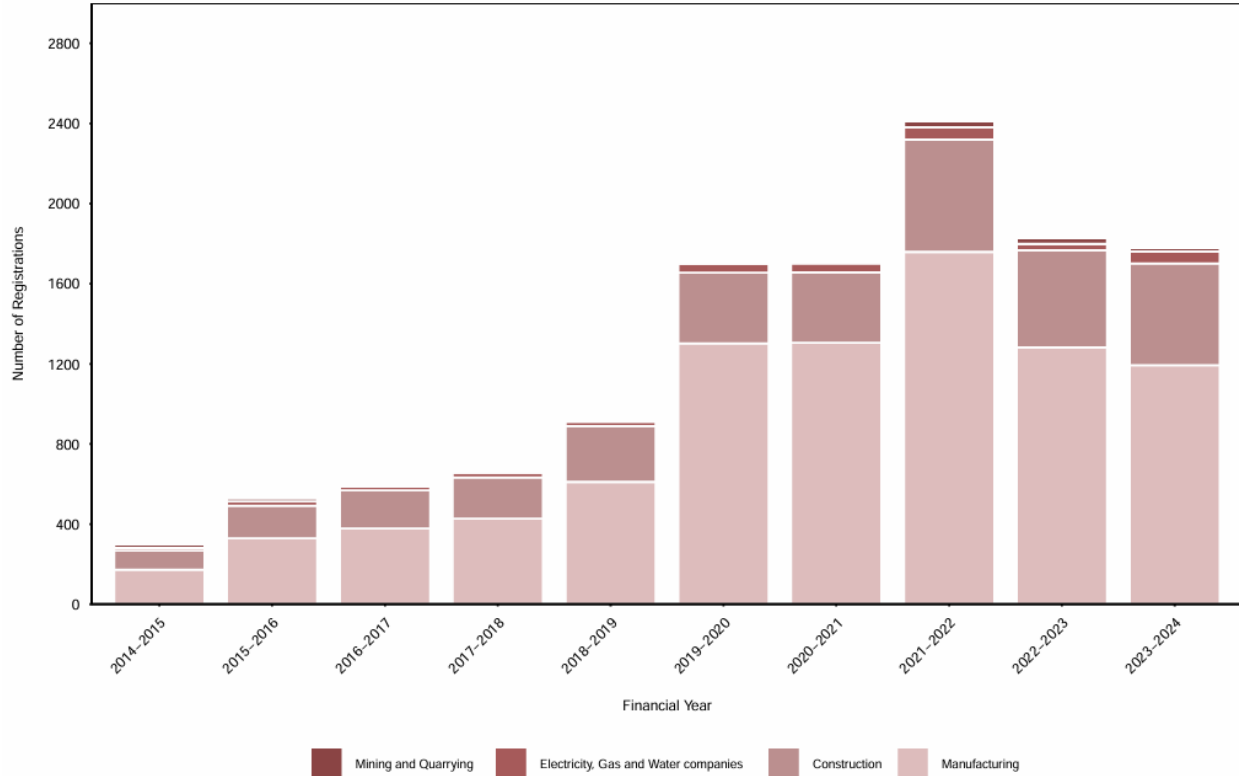
25. Figure 1.3 presents economic-activity wise registration of OPC for the Services Sector over the ten-year period.

Figure 1.3: Classification of the Service sector activity



26. Economic activity wise classification indicates that within the Service sector, *Business Services* recorded the highest number of registrations consistently over the years. However, this trend changed in the FY 2023-2024, where the highest number of registrations were recorded in *Community, Social and Personal services* followed by *Business Services*.
27. Business services account for 52.28% share of the total OPCs registrations over the ten-year period. This was followed by *Community, Social and Personal Services* (20.15%), *Trading* (17.29%). While these three economic-activity compromised 91.73% of the share of the OPC registrations, the other economic-activity represents smaller share, *Transport, storage and communication* (4.90%), *Real estate and Renting* (2.94%). *Finance* (0.43%) showed minimal registrations and *Insurance* (0.01%) recording the lowest OPCs registrations.
28. In terms of number of registrations, the *Industry* class constitutes the second largest OPC registration. Figure 1.4 presents economic-activity wise registration of OPC for the Industry Sector over the ten-year period.

Figure 1.4: Classification of the Industry sector activity



29. Within Industry sector, *Manufacturing* recorded the highest number of registrations consistently over the years, accounting for 70.42% share of the total OPCs registrations for a ten-year period. This was followed by Construction (25.64%), Electricity, Gas and Water companies (2.75%), Mining and Quarrying (1.19%).

30. Within the three sectors, economic-activity wise registration of OPC over the ten-year period indicates *Business Services* recorded the highest number of registrations consistently over the years from FY 2013-2014 until FY 2022-2023. However, this trend changed in the FY 2023-2024, where the highest number of registrations were recorded in *Community, Social and Personal services* followed by Business Services. Business services accounted for 43.39% share of the total OPCs registrations for a ten-year period. This was followed by Community, Social and Personal Services (16.10%), Trading (13.82%), Manufacturing (12.82%). While these four economic-activity compromised 86.13% of the share of the OPC registrations, the other economic-activity represents smaller share, Construction (4.67%), Transport, storage and communication (3.91%), Real estate and Renting (2.35%), Agriculture and Allied Activities (1.87%). Electricity, Gas and Water companies (0.50%), Finance (0.34%), Mining and Quarrying (0.22%) showed minimal registrations and Insurance (0.01%) recording the lowest OPCs registrations.

With this background, in Part 2 we cover data and methodology, and subsequently in part 3 descriptive data analysis on certain select parameters.

Part 2: Data and Methodology

2.1 Data

31. This study uses firm-level financial data of OPC obtained from the Ministry of Corporate Affairs (MCA), Government of India to study the performance of OPCs from the year 2015 until 2024 on certain identified parameters.³⁸
32. The dataset from MCA contained firm-level financial statements from the year 2015 until 2024, along with their Corporate Identification Number (CIN)³⁹. A CIN is assigned by the Registrar of Companies (RoC) to company registered in India. CIN has 21 alpha-numeric characters and is structured into six segments.

Example of CIN issued by RoC: U 72200 GJ 2011 OPC XXXXXX

The CIN assigned to the company indicates the following:

- i. *Listing Status*: The first character of the CIN represents the listing status of a company. If the company is unlisted the first character is 'U' and if the company is listed it is 'L'.
 - ii. *Economic activity (Industry)*: The next five characters; characters 2-6 represent economic activity of the company according to the standard National Industrial Classification (NIC) 98.
 - iii. *State*: The next two characters; characters 7-8 represent the State in which the company's registered office is located. All States are represented by a two-alphabet code.
 - iv. *Year of Incorporation*: The next four characters; characters 9-12 indicate the year in which the company was incorporated.
 - v. *Ownership*: The next three characters; characters 13-15 indicate the ownership code.
 - vi. *Sequential Number assigned by RoC's*: the last six characters; characters 16-21 are the unique sequential number assigned to every company by the RoCs office of the State.
33. In this dataset, we identified OPCs year-wise. The identification of OPC was performed on an annual basis using the CIN, characters 13-15 which indicates, *Ownership*. Since the firm's

³⁸ OPC to file its financial statements as per Third Proviso Section 137(1) of the Companies Act, 2013

³⁹ [Issued by the Ministry of Law, Justice & Company Affairs, Department of Company Affairs vide No. 1/6/2000-CL.V; General Circular No. 12/2000 dated 25.10.2000].

ownership type may evolve over time,⁴⁰ each OPC was verified independently for each financial year. A total of 36774 unique OPCs were identified from this dataset. We applied a minimum annual total sales threshold of Rs. One lakh. After excluding OPCs with sales below Rs. One lakh, the total number of unique OPCs in our dataset for study is 21832. Table 2.1 illustrates the detailed criteria and the data waterfall. A brief definition of the variables employed in the study is shown in Table 2.2. All the variables were winsorized at the 5th and 95th percentile to avoid outliers. The Summary statistics of OPC dataset is shown in Table 2.3.

Table 2.1: Data Waterfall and Exclusion Criteria

Criteria	No. of Unique OPCs
OPCs identified from the MCA data set from 2015 until 2024	36774
Removing OPCs with Sales less than Rs. One Lakh	21832

⁴⁰ The Companies Act, 2013 Section 18

Table 2.2: Definition of variables

Ratios	Definition
Operating Margin	Measured as the ratio of operating profits to total sales in a year.
Net Margin (PAT / Sales)	Measured as the ratio of net profit to total sales in a year.
Asset Turnover	Measures the value of a firm's sales relative to its assets. Used as an indicator of the efficiency with which a company uses its assets to generate revenue.
PAT / Assets	Measures the profit after tax relative to the assets of a firm.
PBITDA / Assets	Measures the earnings before interest, tax, depreciation and amortization scaled by the assets of a firm. It provides an indication of the performance of the core operations of a firm.
Labour (Employee Expenses / Total Sales)	Proportion of revenues spent on labour expenses.
Labour (Employee Expenses / Total Assets)	Proportion of labour expenses relative to the total assets of a firm.

Table 2.3: Summary Statistics of the OPCs

	OPCs	Observations	Mean	Std	Min	25%	50%	75%	Max
Average Sales	21832	57583	4449759	6644700	150000	527190	1582860	4884621	25602453
Average PBITDA	21832	57583	245634.9	640916.5	-584567	-12388	37000	259389	2279795
Average PAT	21832	57583	91871.65	431584.3	-722323.4	-31965	12159	125811	1361617
Average Cash	21832	57583	444335.6	678436.4	5753.1	50406	149023	481574	2628261
Average Assets	21832	57583	2624344	4165983	61393.56	243090	802791	2736235	16145067
Average Employee Expenses	21832	57583	919372.3	1375361	0	50000	330000	1095449	5214581
Net Margin	21832	57583	-0.0445	0.194	-0.665	-0.0373	0.00851	0.0467	0.18
Operating Margin	21832	57583	-0.000564	0.189	-0.566	-0.0173	0.0252	0.089	0.299
PBITDA/Assets	21832	57583	0.00809	0.343	-1.01	-0.0362	0.0529	0.169	0.536
PAT/Assets	21832	57583	-0.0589	0.334	-1.11	-0.07	0.0167	0.0913	0.37
Asset Turnover	21832	57583	3.04	2.97	0.285	1.04	1.94	3.82	11.7
Employee Expense/ Sales	21832	57583	0.292	0.281	0	0.0359	0.204	0.488	0.891
Employee Expense/Assets	21832	57583	0.887	1.26	0	0.0449	0.329	1.12	4.68

2.2 Methodology

34. While the Companies Act 2013 introduced the concept of OPC in 2013,⁴¹ the registration of OPCs came into effect from 1st April, 2014 as per the Companies (Incorporation) Rules, 2014.⁴² Accordingly, 2015 has been adopted as the starting period as it serves as the inception year and represents the first full twelve-month cycle of data following the enforcement of OPC.
35. We came across inconsistent filing of annual financial statements by OPCs. Several registered OPCs have not filed annual financial statements or have filed for one year and not filed for the other years. This inconsistency arises from various reasons such as firms incorporate at different times or may exhibit periods of regulatory non-compliance. The dataset comprises 21832 OPCs. Each of these OPCs have filed their annual financial statement with the MCA at least once during the study period 2015-2024. Since not all the 21832 OPCs filed every year, the number of OPCs varies from year to year. As a result, the metrics for any given year are calculated from the financials of OPCs with active filings for that specific year. Year -wise distribution is represented in Figure 3.1.
36. This study employs an empirical approach to analyse the financial performance and structural characteristics of OPCs from the year 2015 until year 2024. In Part 3, this study covers two sections:

Section 1: descriptive overview of the unique 21832 OPCs and,

Section 2: trends across the ten-year period, which we derived from the application of univariate trend analysis covering the following metrics:

- Turnover and Profit
- Balance sheet and Cash flow
- Profitability ratios
- Turnover ratio
- Labour ratios

⁴¹ The Companies Act, 2013 Section 2(62) and Section 3(c)

⁴² The Company (Incorporation) Rules, 2014, rule 1(2)

Part 3: Descriptive data analysis

Section 1

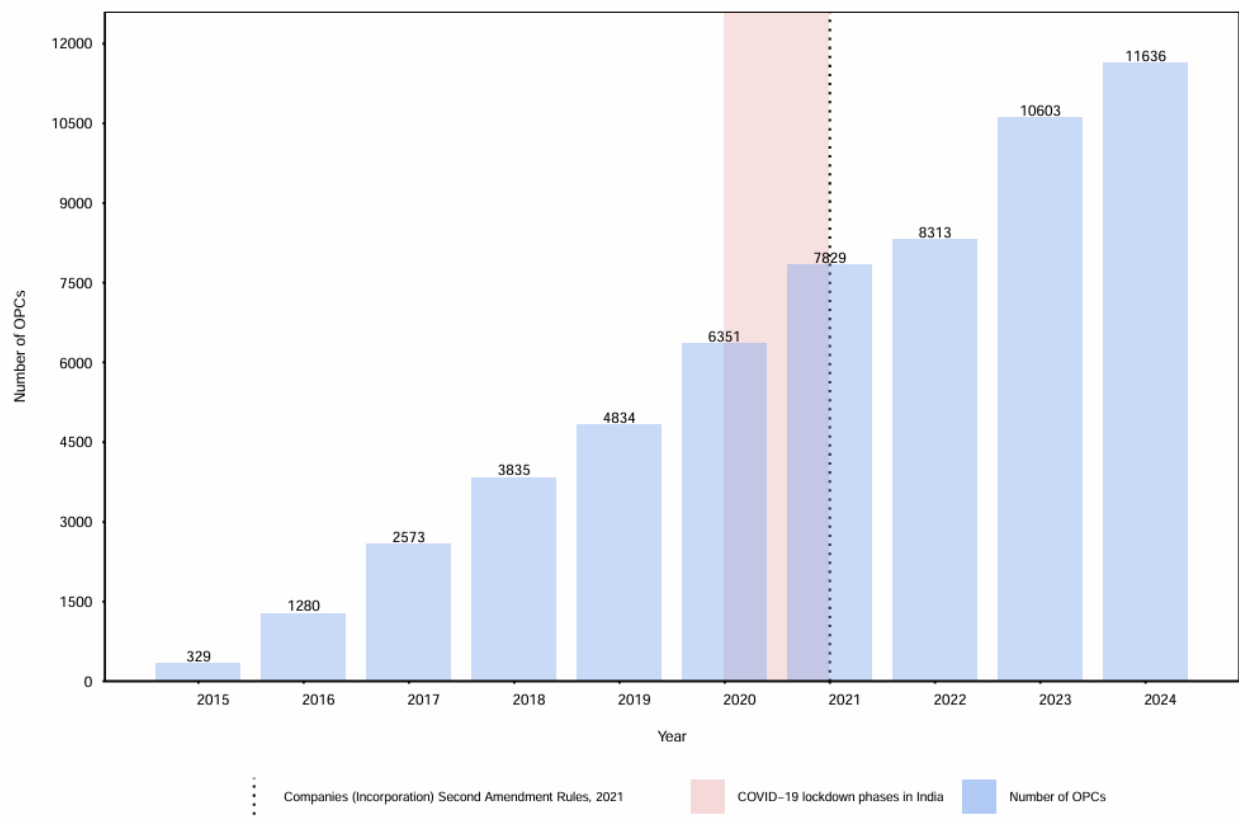
37. In this part, descriptive overview of the unique OPCs is analyzed. The study will cover the following four dimensions for the period 2015-2024:

1. the year-wise distribution of OPCs filing their annual financial statements with the MCA;
2. economic-activity wise classification;
3. state- wise distribution of OPCs;
4. current status of the OPCs by representing the number of OPCs that have left the system.

3.1 Descriptive overview of the unique OPCs

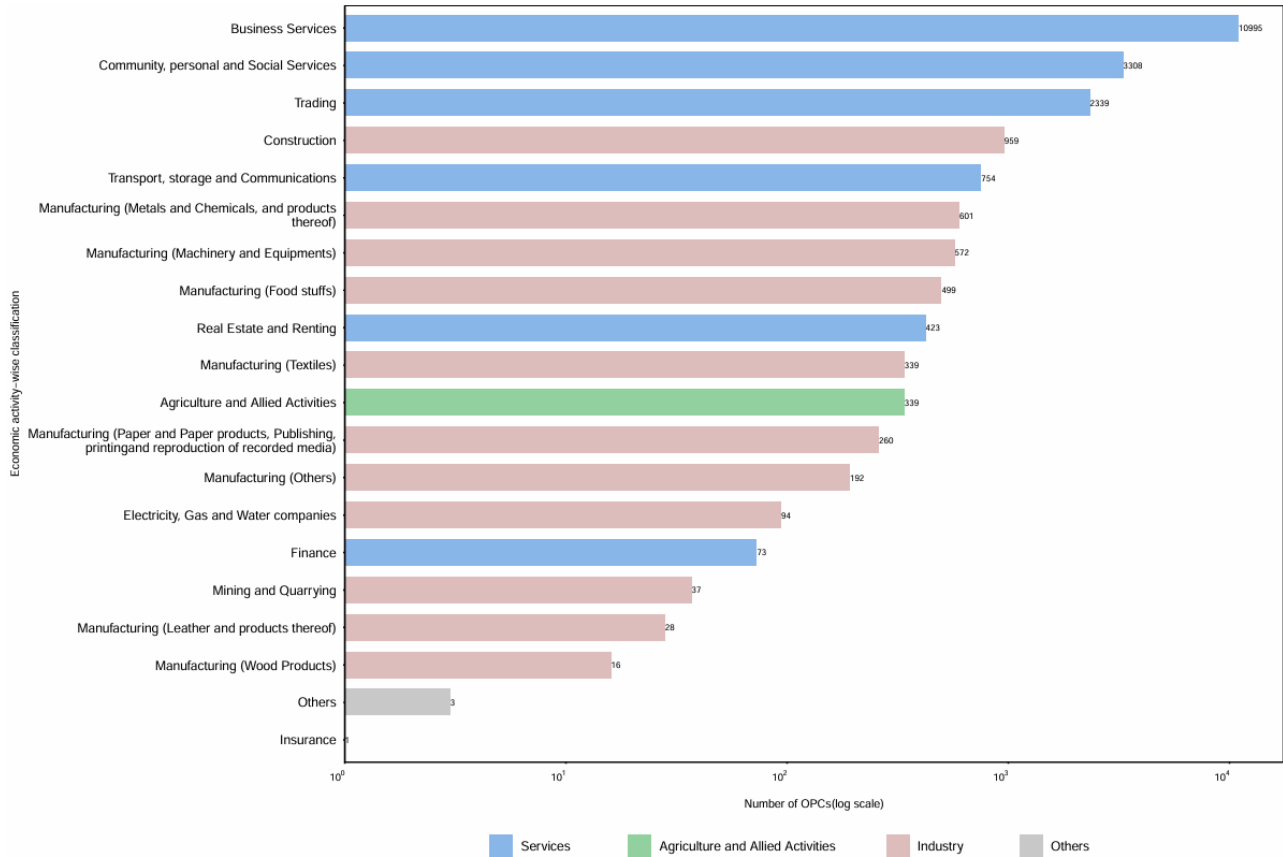
38. Figure 3.1 presents the year-wise distribution of OPCs filing their financial statements with the MCA from the year 2015-2024. As illustrated in the figure 3.1, the number of OPCs has increased over years, witnessing consistent but not exceptional growth. The year-wise distribution of OPCs serves as the basis for the metrics examined in Section 2 for representing the trend analysis.

Figure 3.1: year-wise distribution of OPCs filing their financial statements



39. Figure 3.2 presents the economic- activity wise classification of the dataset comprising of 21832 unique OPCs.

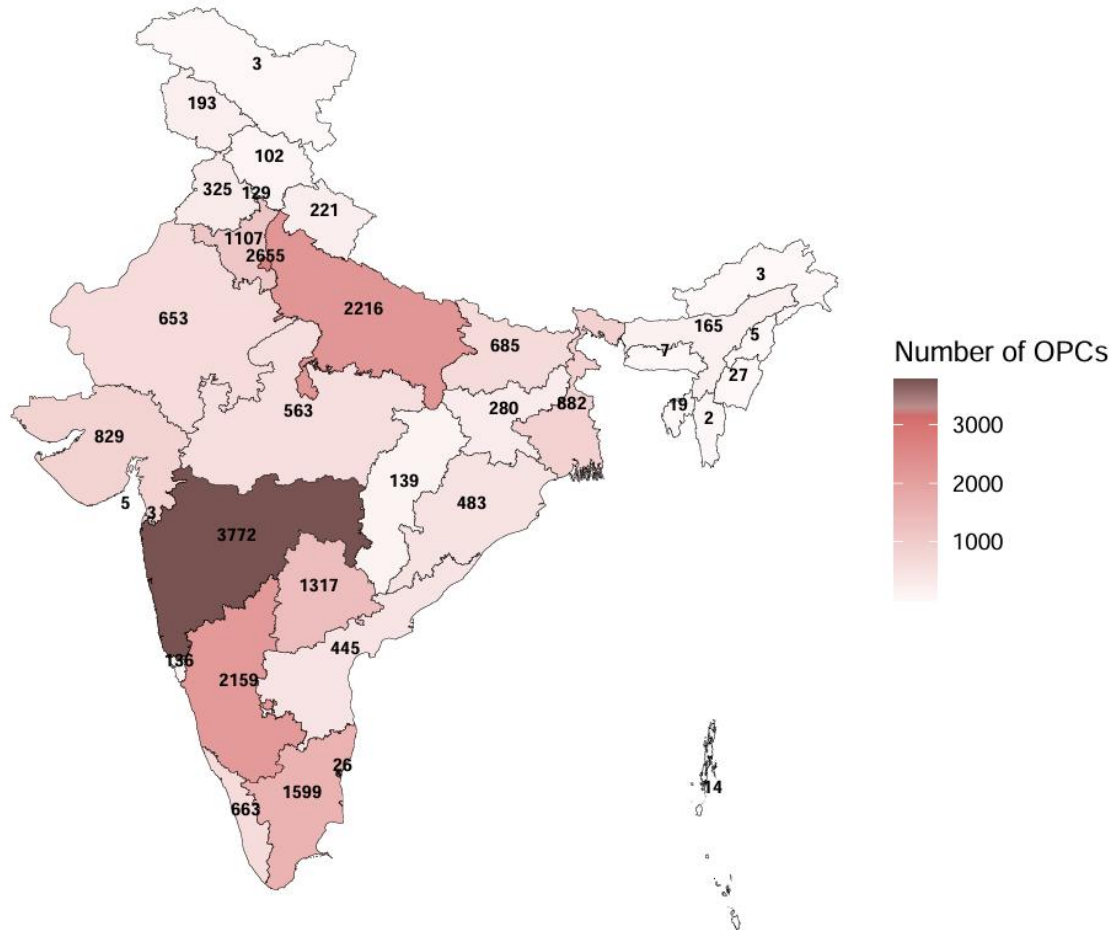
Figure 3.2: Economic- activity wise classification of OPC



40. Economic- activity wise classification above illustrates that *Business Services* constitute the most significant number of firms (10995), followed by *Community, Personal & Social Services* (3308). *Manufacturing* as a whole constitutes the third largest share (2507), figure 3.2 further illustrates bifurcation of Manufacturing activities of the OPCs. Trading follows closely behind manufacturing. Insurance is identified as the least prevailing economic-activity comprising only one OPC in this dataset. This trend is broadly consistent with the economic-activity wise classification reported in the Annual Reports on Working & Administration of Companies Act, 2013.

41. Figure 3.3 presents the number of OPC registration across Indian states and Union Territories from unique OPCs dataset.

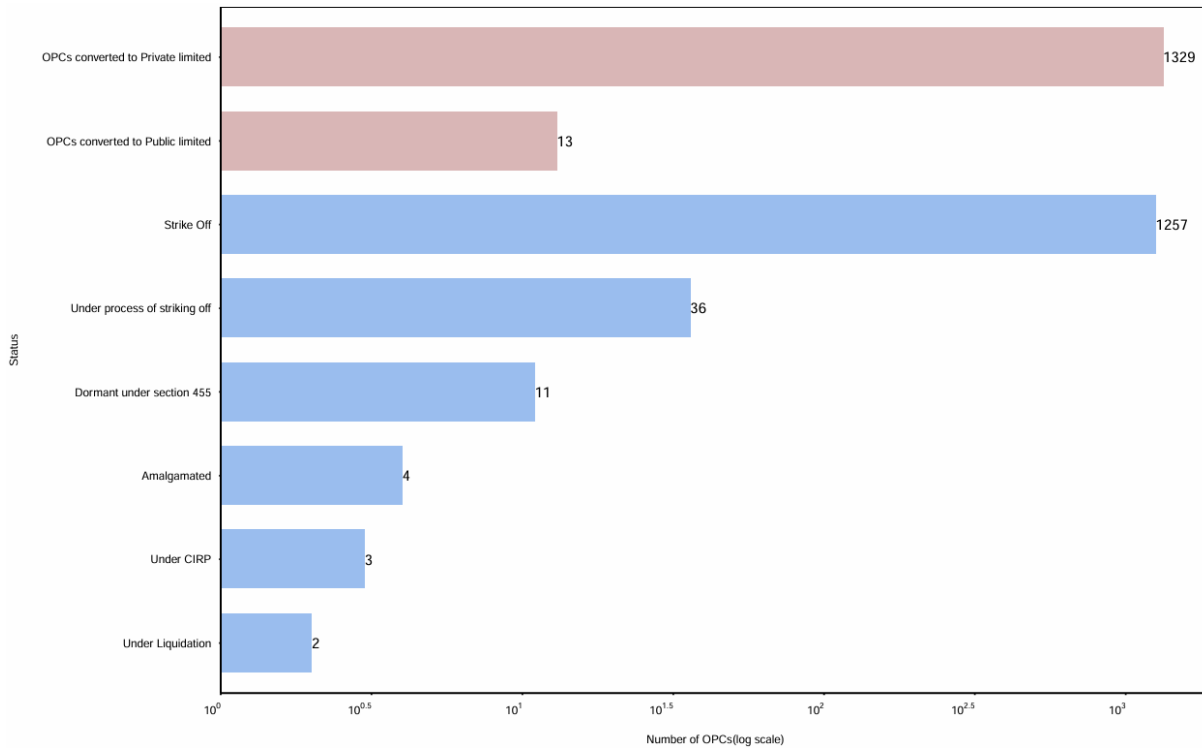
Figure 3.3: State wise distribution of OPC



42. The dataset highlights that Maharashtra records the highest number of OPCs registration. Delhi is the second highest. Uttar Pradesh and Karnataka follow closely behind. The lowest registration is observed in Mizoram with only 2 OPCs, while Sikkim and Lakshadweep are the only state/union territory with no registration of OPCs in the dataset.

43. Figure 3.4 presents the exit and conversion of OPC.

Figure 3.4: Exit and conversion of OPC



44. A total of 1342 OPCs has converted to other classes of companies; 1329 OPCs converted to private company while 13 OPCs have converted to public company. A total of 1313 OPCs have transitioned out of active status. They include 1257 OPCs under Strike Off, 36 under Process of Striking Off, 11 OPCs are Dormant under Section 455, 4 Amalgamated, 3 are under CIRP, and 2 under Liquidation.

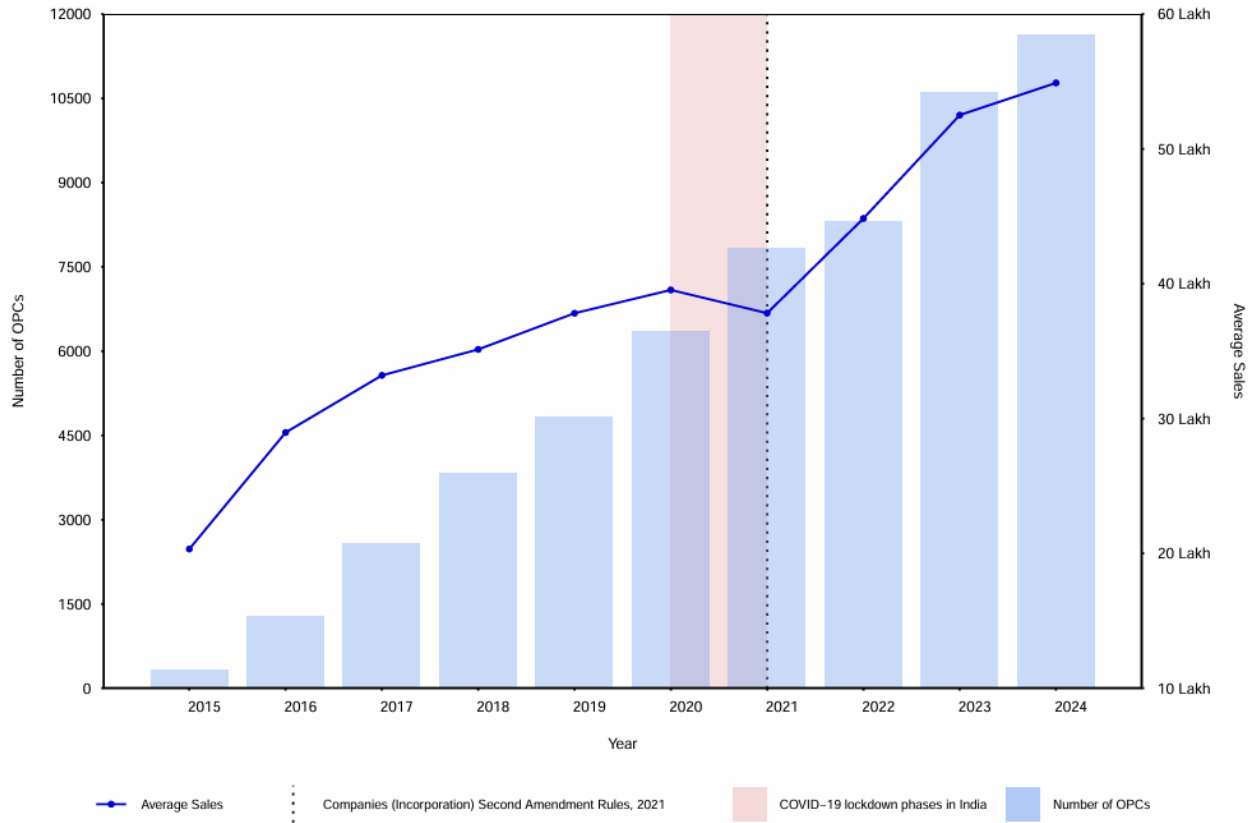
With this background, the next section looks at the select performance metrics of the unique OPCs.

Section 2

3.2 Performance and ratio analysis

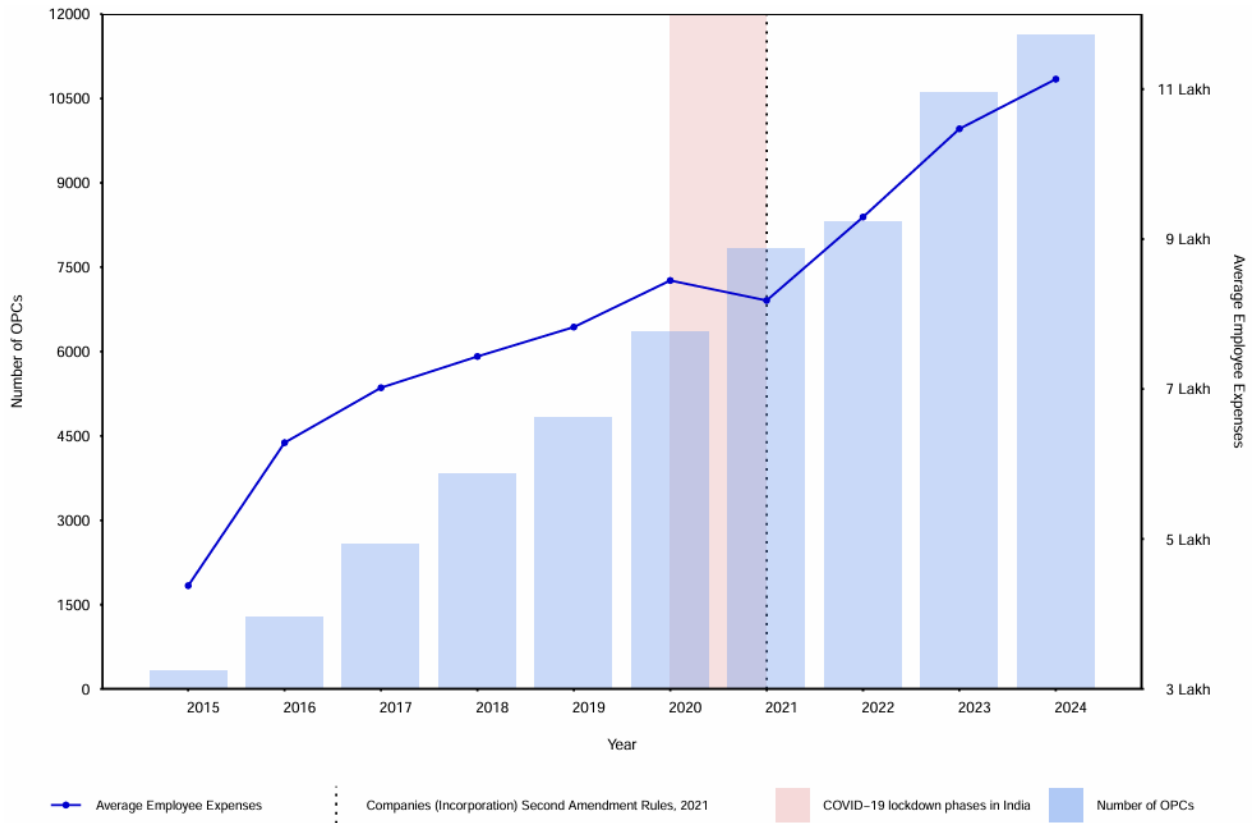
45. We first examine the Turnover and Profit, which covers total sales, employee expenses, profit before interest, tax, depreciation and amortization (PBITDA) and profit after tax (net income), followed by Balance sheet and Cash flow which covers cash and total assets. We then examine the Profitability ratios which cover net margin, operating margin, PBITDA to assets and profit after tax to assets followed by Turnover ratio where we cover asset turnover. Finally, we examine Labour ratio where we cover employee expense to sales and employee expenses to assets.

Figure 3.5: Turnover and Profit (Average Sales)



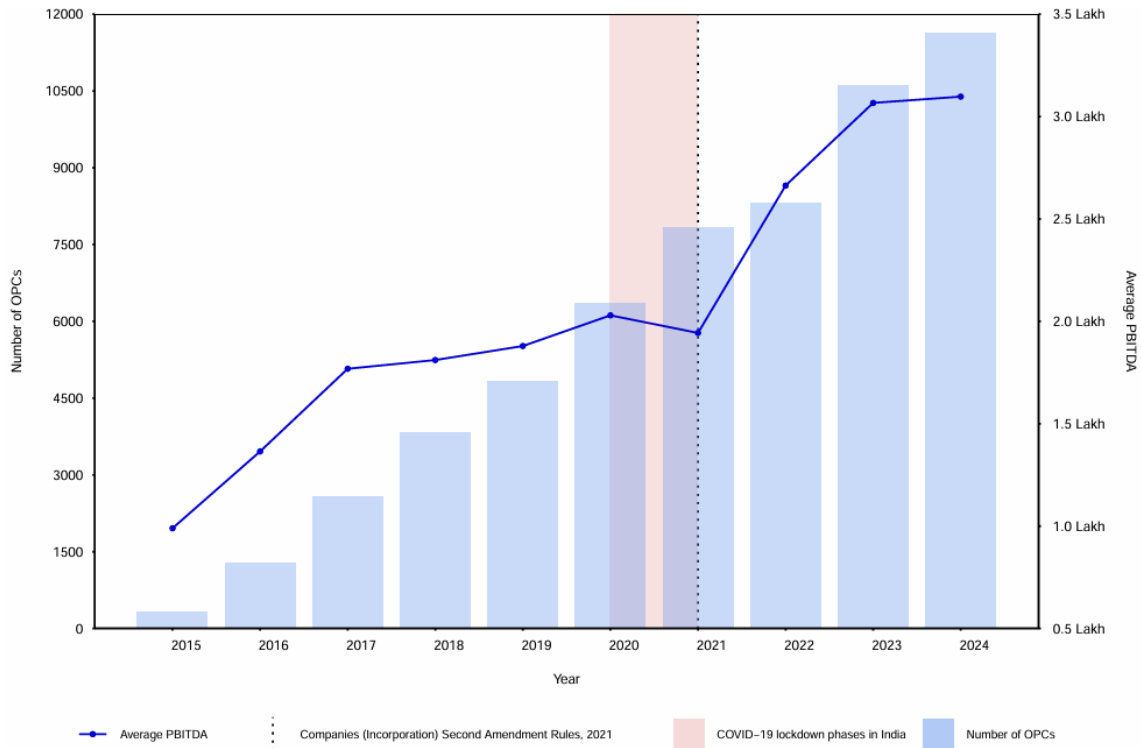
46. Figure 3.5 captures average sales of the OPCs from the year 2015 until 2024. The results indicate a gradual increase in average sales. In the year 2015, the average sales were Rs.20.33 Lakh, and this increased to Rs. 54.90 Lakh in the year 2024, reflecting upward trend over the ten-year period. While the long-term trend remains upward, a notable downward trend occurred in the year 2021, where average sales marginally declined from Rs. 39.54 Lakh in the year 2020 to Rs. 37.82 Lakh in the year 2021. However, this decline was followed by a sharp recovery to Rs. 44.84 Lakh in the year 2022, further increase to Rs. 52.51 Lakh and Rs. 54.90 Lakh in the subsequent years continuing the upward trend thereafter.

Figure 3.6: Turnover and Profit (Average Employee Expenses)



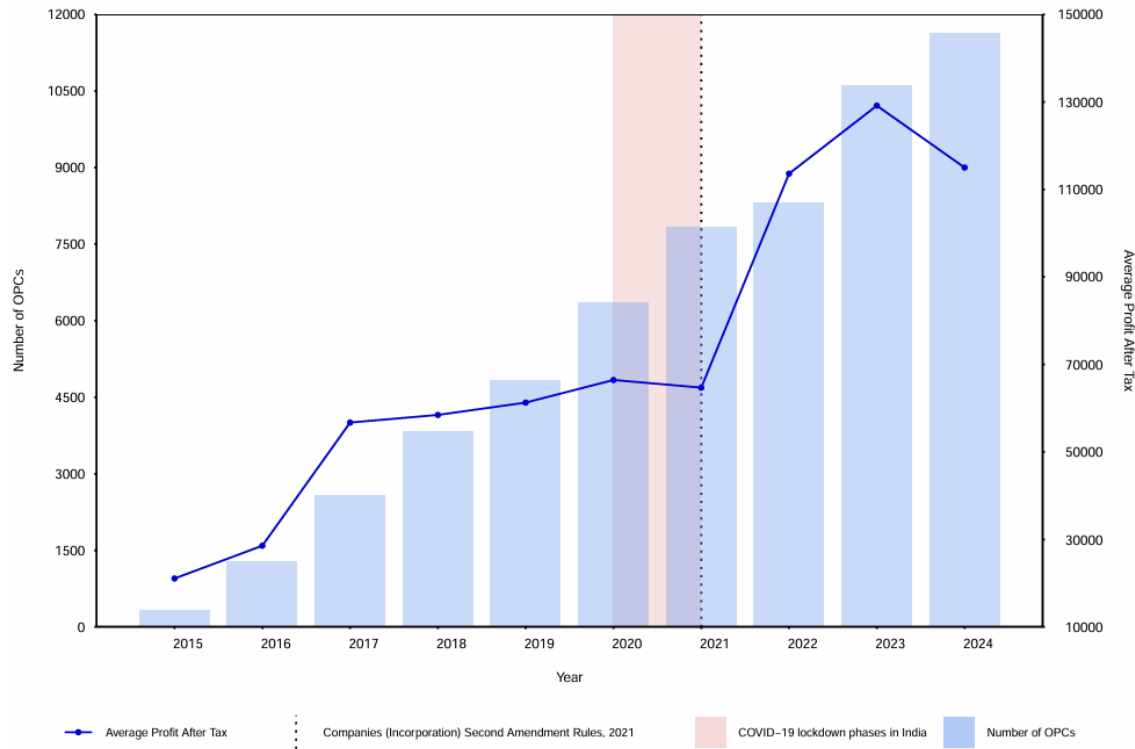
47. Figure 3.6 captures the average employee expenses of the OPCs from the year 2015 until 2024. We can see there is a steady growth in the average employee expenses over the ten-year period, In the year 2015, the average employee expense were Rs 4.37 lakh, which increased to Rs. 11.13 Lakh in the year 2024. While the long-term trend remains steady, a downward trend occurred in the year 2021, where average employee expenses marginally declined from Rs. 8.44 Lakh in the year 2020 to Rs. 8.18 Lakh in the year 2021. This decline was followed by a recovery to Rs. 9.29 Lakh in the year 2022, continuing the upward trend in the subsequent years.

Figure 3.7: Turnover and Profit (Average PBITDA)



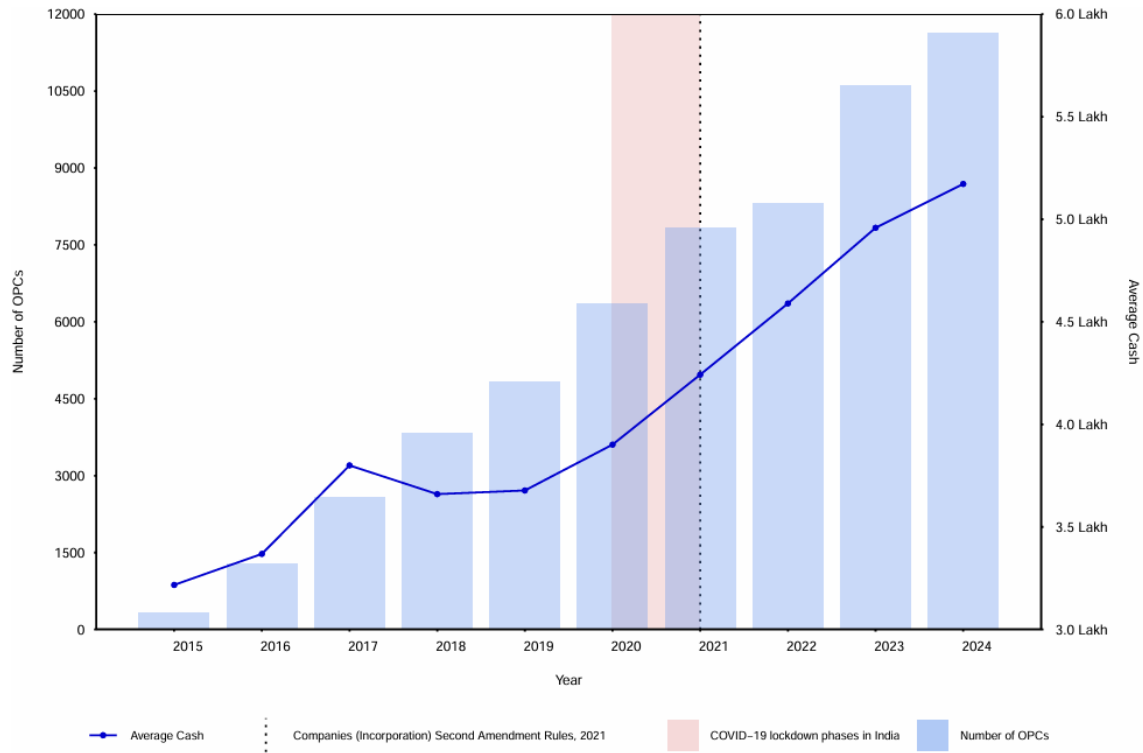
48. Figure 3.7 presents the average PBITDA from the year 2015 until 2024. In the year 2015, the average PBITDA were Rs.0.99 Lakh, which increased to Rs. 3.09 Lakh in the year 2024, representing growth over the ten-year period. While the long-term trend remains upward, a notable downward trend occurred in the year 2021, where average PBITDA marginally declined from Rs. 2.02 Lakh in the year 2020 to Rs. 1.94 Lakh in the year 2021. However, there is a notable increase in the average PBITDA to Rs. 2.66 Lakh in the year 2022 followed by gradual improvements in the subsequent years, Rs. 3.06 Lakh in the year 2023 and Rs. 3.09 Lakh in the year 2024.

Figure 3.8: Turnover and Profit (Average Profit After Tax)



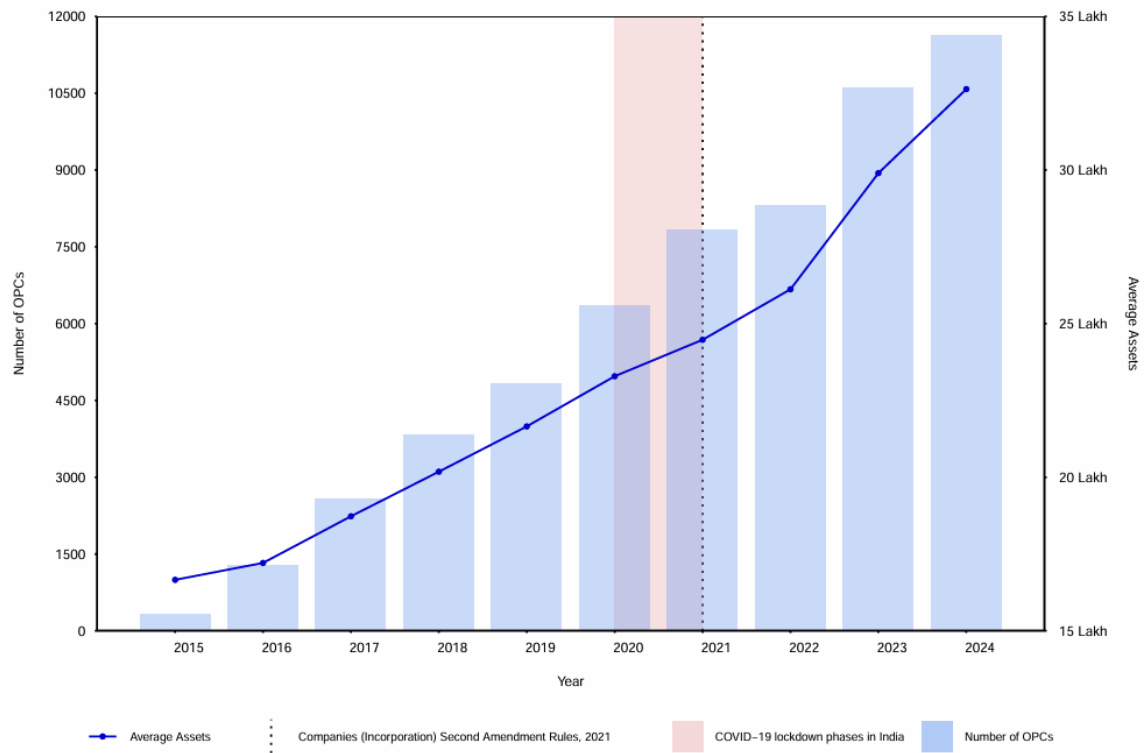
49. Figure 3.8 presents the average profit after tax from the year 2015 until 2024. In the year 2015, the average profit after tax was Rs.0.21 Lakh, which increased to Rs. 1.15 Lakh in the year 2024, representing growth over the ten-year period. We can see a notable increase where the average profit after tax nearly doubled to Rs. 0.56 Lakh in the year 2017 from Rs. 0.28 Lakh in the year 2016. A marginal decline is observed in the year 2021 from the average profit after tax Rs. 0.66 Lakh in the year 2020 to Rs. 0.64 Lakh. This decline was followed by a sharp recovery to Rs. 1.14 Lakhs in the year 2022, with an upward trend rising to Rs. 1.29 Lakhs in the year 2023, followed by a notable decline to Rs. 1.15 In the year 2024.

Figure 3.9: Balance sheet and Cash (Average Cash)



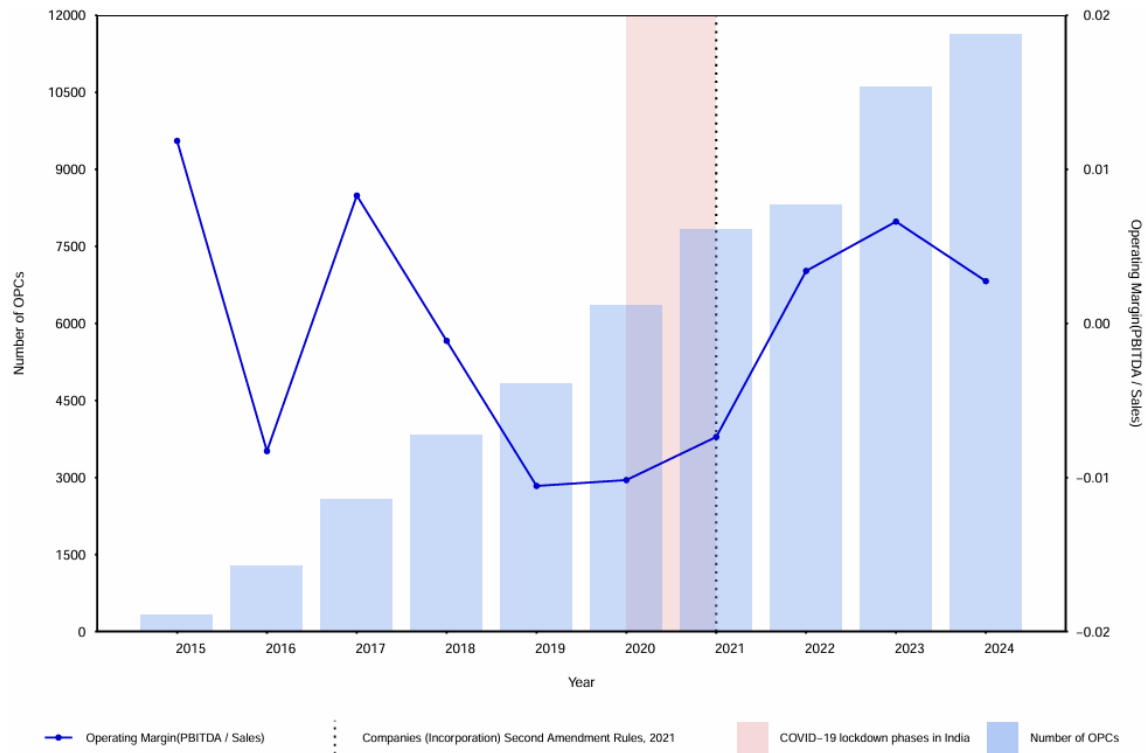
50. Figure 3.9 shows the average cash of the OPCs from the year 2015 until 2024. The results indicate a consistent upward trend over the ten-year Period. In the year 2015, the average cash was Rs. 3.21 Lakh, which increased to Rs. 5.17 Lakh in the year 2024, representing consistent growth in average cash over the years.

Figure 3.10: Balance sheet and Cash (Average Assets)



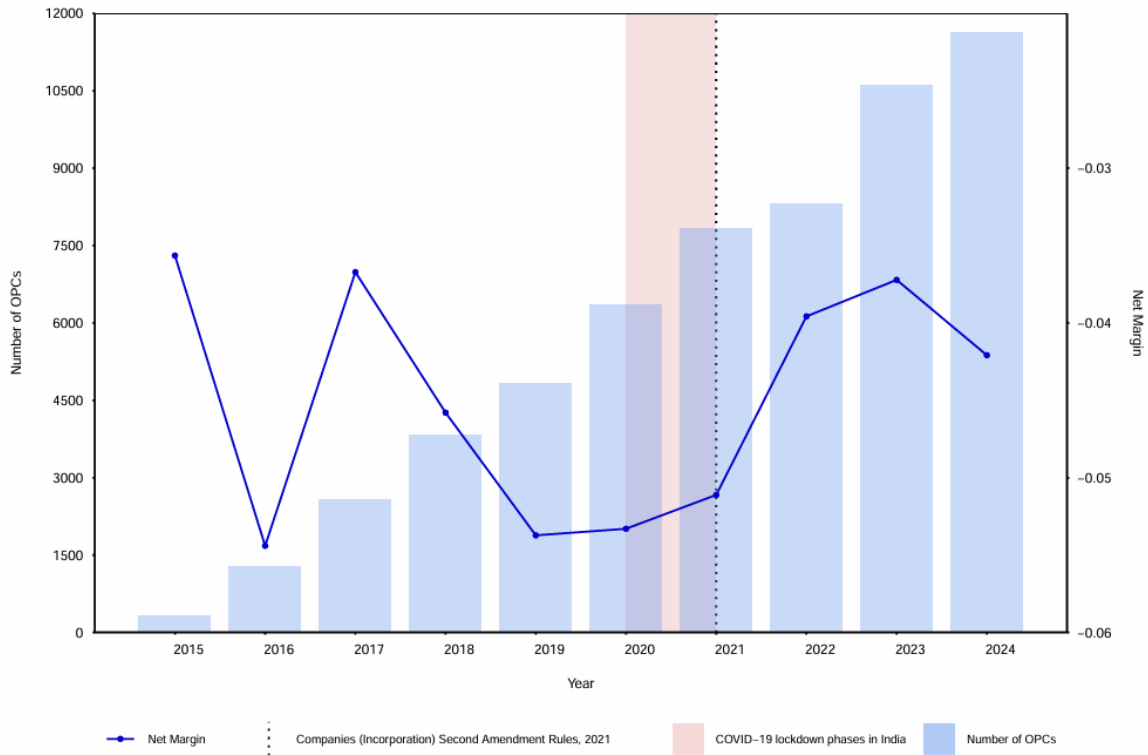
51. Figure 3.10 shows the average assets of the OPCs from the year 2015 until 2024. The results indicate a consistent upward trend over the ten-year Period. In the year 2015, the average assets were Rs. 16.66 Lakh, which increased to Rs. 32.63 Lakh in the year 2024, representing consistent growth in average assets over the years.

Figure 3.11: Profitability Ratio (Operating Margin)



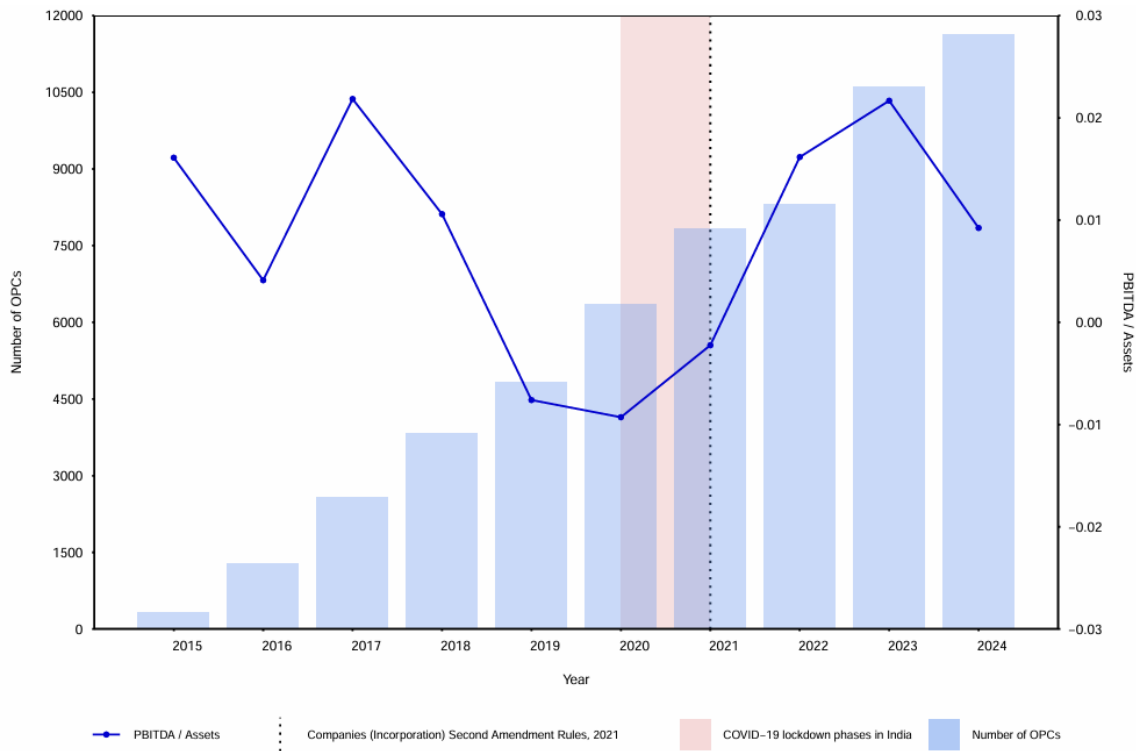
52. Figure 3.11 captures average operating margin of the OPCs from the year 2015 until 2024. In the year 2015, the operating margin was 1.18% which declined to -0.83% in the year 2016, followed by recovery to 0.83% in the year 2017. A consistent downward trend is observed from the year 2018 to 2021, during which the operating margin remained negative. However, notable recovery is observed from the year 2022 onwards with operating margin recovering to 0.34% and showing upward trend in the subsequent years. However, this upward trend shows signs of contraction, operating margin declining from 0.66% in year 2023 to 0.27% in the year 2024.

Figure 3.12: Profitability Ratio (Net Margin)



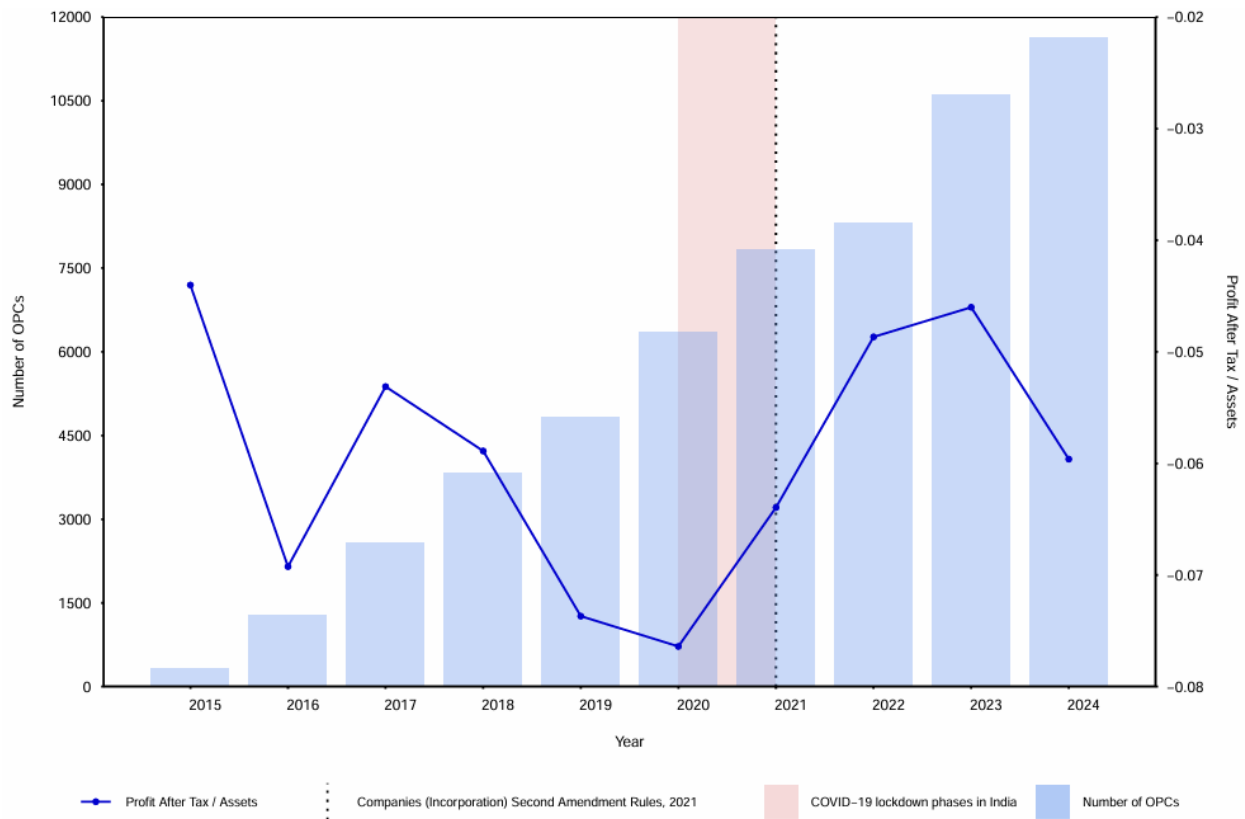
53. Figure 3.12 indicates that the average net margin of the OPCs consistently remained negative over the ten-year period. A notable sign of recovery is observed from the year 2022 onwards, where the net margin -5.11% in the year 2021 recovered to -3.96% in the year 2022 and -3.72% in the year 2023. However, this upward trend showed signs of contraction, with net margin declining to -4.21% in the year 2024.

Figure 3.13: Profitability Ratio (PBITDA / Assets)



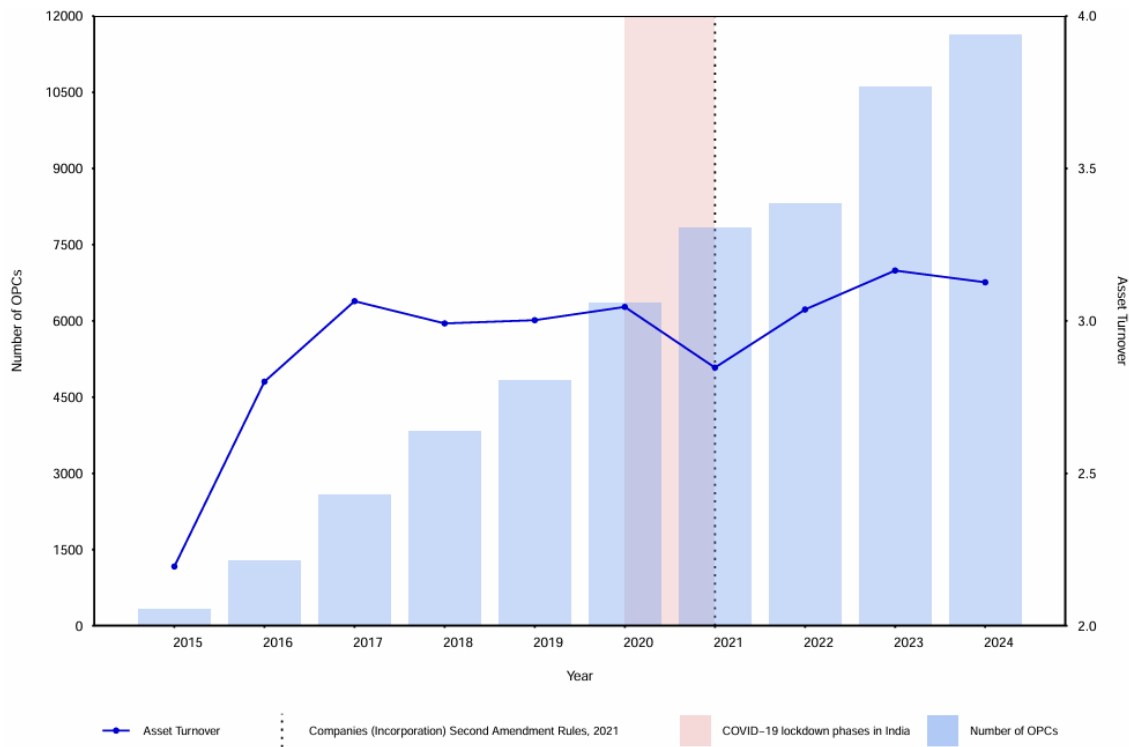
54. Figure 3.13 captures the average PBITDA to assets of the OPCs from the year 2015 until 2024. In the years 2015 to 2018, the PBITDA to assets remained positive throughout, commencing at 1.61% in the year 2015 but subsequently declined to 0.41% in the year 2016, followed by a recovery to 2.18% in the year 2017. However, in the year 2018, a downward trend is observed with PBITDA to assets declining to 1%, followed by consistent negative PBITDA to assets for the years 2019- 2021. From the year 2022 onwards, recovery is observed, PBITDA to assets recovered to 1.62%, furthermore to 2.17% in the year 2023. However, this upward trend showed sign of contraction, PBITDA to assets declining to 0.92% in the year 2024.

Figure 3.14: Profitability Ratio (Profit After Tax/ Assets)



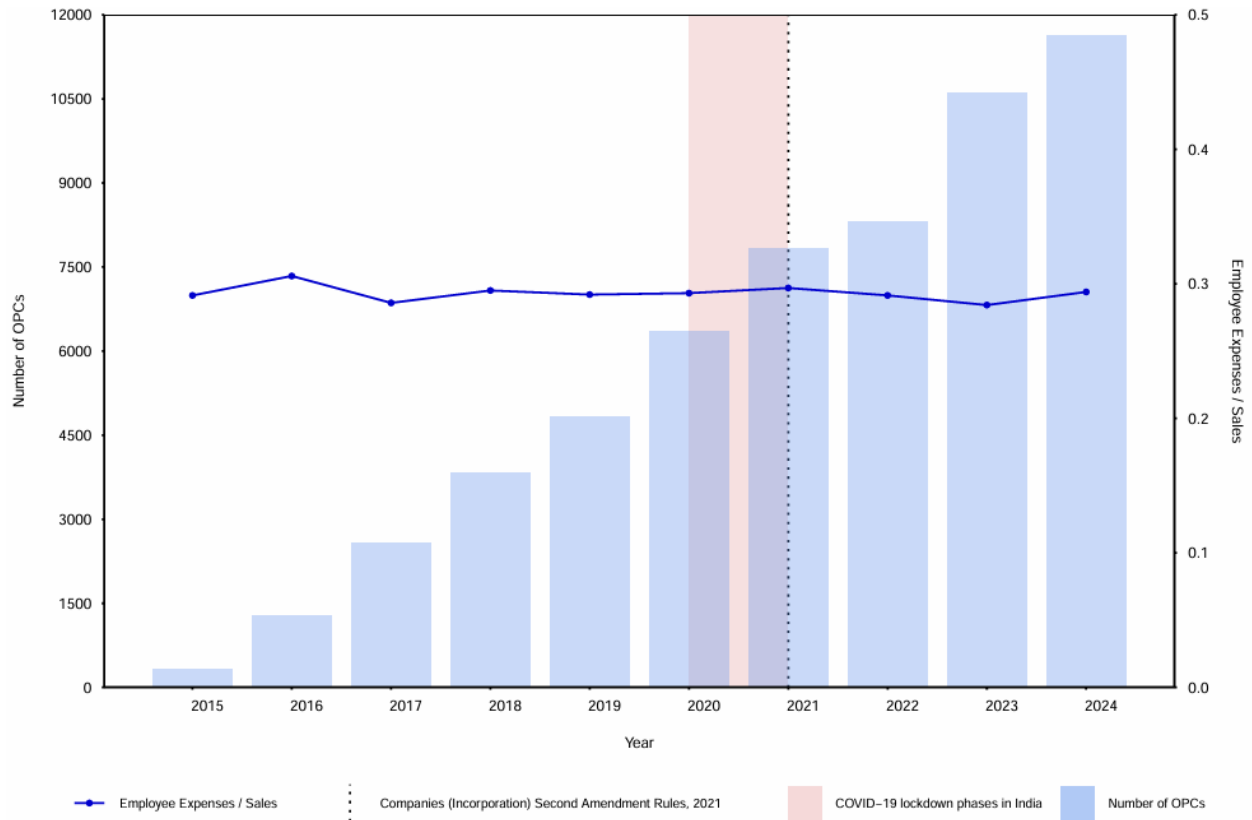
55. Figure 3.14 indicates that the average profit after tax to assets of the OPCs has consistently remained negative over the ten-year period. A notable sign of recovery is observed from the year 2022 onwards, where the profit after tax to assets -6.39% in the year 2021 recovered to -4.87% in the year 2022 and -4.60% in the year 2023. However, this upward trend showed signs of contraction, with profit after tax to assets declining to -5.96% in the year 2024.

Figure 3.15: Turnover ratio (Asset Turnover)



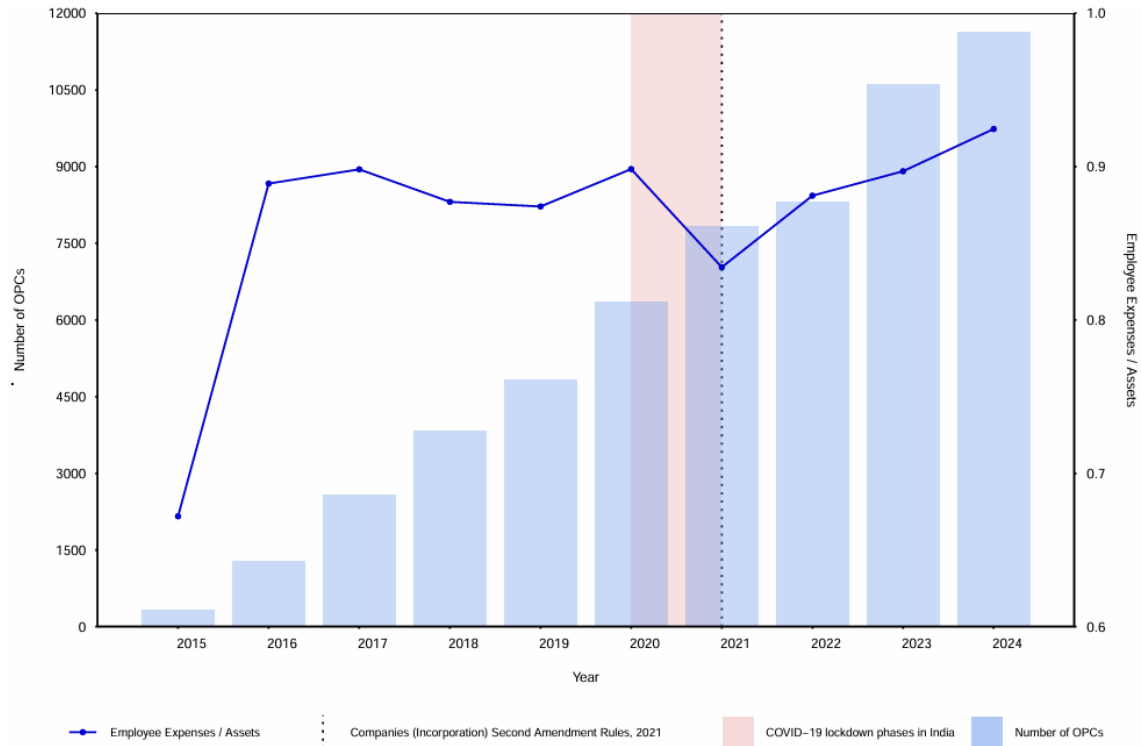
56. Figure 3.15 captures the average asset turnover of OPCs from the year 2015 until 2024. The result indicates gradual upward trend over the ten-year period. In the year 2015, the asset turnover was 2.19, which increased to 3.13 in the year 2024. A notable downward trend is observed in the year 2021, where the asset turnover marginally declined from 3.04 in the year 2020 to 2.84 in the year 2021. However, the asset turnover recovered to 3.04 in the year 2022, following the upward trend in the subsequent years. However, this upward trend shows sign of contraction, asset turnover marginally declining from 3.17 in year 2023 to 3.13 in the year 2024.

Figure 3.16: Labour ratio (Employee Expenses / Sales)



57. Figure 3.16 shows the average employee expenses to sales from the year 2015 until 2024. The result indicates a consistent stable trend over the ten-year period. Across the years 2019 to 2022, the employee expenses to sales remained broadly stable, recording 29.20% in the year 2019, 29.31% in the year 2020, 29.69% in the year 2021. A marginal improvement is observed thereafter, 29.14% in the year 2022 and further to 28.42% in the year 2023. However, in the year 2024 the employee expenses to sales increased to 29.40%.

Figure 3.17: Labour ratio (Employee Expenses / Assets)



58. Figure 3.17 shows the average employee expenses to assets from the year 2015 until 2024. The result indicates gradual increase over the ten-year period. Across the years 2016 to 2020, employee expense to assets remained broadly stable, recording 88.9 % in the year 2016, 89.82% in the year 2017, 87.7% in the year 2018, 87.4% in the year 2019, 89.84% in the year 2020. However, in the year 2021 moderation is observed at 83.44%. From 2022 onwards, an upward trend is observed with employee expenses to assets reaching highest at 92.45% in the year 2024.

Conclusion:

The decadal journey of One Person Company (2014–2024) reflects a significant, yet evolving, shift in India’s corporate landscape. Registrations have increased from 2,223 in FY2014-2015 to total of 68,329 in FY2024-2025. Business Services accounts for the largest share of registrations. From a geographical perspective, Maharashtra records the highest registration of OPCs across India.

A key turning point in the evolution of OPCs was the Companies (Incorporation) Second Amendment Rules, 2021 which amended the rules governing OPC incorporation and registration. The amendment removed mandatory conversion thresholds, relaxed residency requirements, and reduced paid-up capital conditions, which significantly enhanced the structural flexibility of the OPC model.

The empirical analysis of the financial performance of OPCs over the ten-year period reveals underlying profitability challenges. Operating margins remained extremely narrow, fluctuating between -1.05% and +1.18%, with six out of ten years recording negative values. However, a post-2021 recovery trend suggests a shift toward operational stability. Net margins, however, remained consistently negative throughout the study period. While PBITDA to assets were largely positive, they turned negative during 2019–2021, indicating weak asset productivity and thin operating profits. The PAT to assets remained consistently negative over the ten-year period.

Efficiency ratios present a mixed picture. Asset turnover represents gradual improvement over the ten-year period, indicating OPCs efficiency in generating revenues from their assets. The Employee Expenses to Sales remained stable throughout the ten-year period, fluctuating narrowly between 28.42% and 30.58%. The Employee Expenses to Assets steadily increased from 67.2% in 2015 to 92.5% in 2024, reflecting employee cost are growing faster than asset accumulation.

The OPC regime was introduced with the expectations of seeing quicker incorporation of ideas and with the hope that MSMEs/sole proprietorships will be converted to OPCs by offering the benefits of the company structure while easing their administrative burdens. As of today, it continues to be in its nascent stages and has had a very little noticeable impact on entrepreneurship in India.