

Small Companies

CA Anil Gupta

Section - 2(85)

Small Company

Small Company means a company, other than a public company,—

- (i) paid-up share capital of which does not exceed **50 lacs** rupees or such higher amount as may be prescribed which shall not be more than five crore rupees;
[and]
- (ii) turnover of which as per its **last** profit and loss account does not exceed **two crore rupees** or such higher amount as may be prescribed which shall not be more than twenty crore rupees:

Section - 2(85) Small Company

Provided that nothing in this clause shall apply to—
(A) a holding company or a subsidiary company;
(B) a company registered under Section - 8; or
(C) a company or body corporate governed by any special Act;

1. Section – 2(40) Financial Statement

Cash Flow Statement not applicable to One Person Company (OPC), Small Company(SMC), Dormant Company(DMC), Start up Private Company(SUC).

2. Section - 92(1)(g) Annual return

In Annual Return, for SMC, only Director's Remuneration to be given and of KMP not to be given.

3. Section – 92(1) Proviso

OPC, SMC, SUC – AR to be signed by CS and if CS not there, then by Director.

4. Section 141(3)(g)

Eligibility, qualifications and disqualifications of auditors

Chartered Accountant(CA) or a firm of CAs can be auditor of more than 20 Companies (OPC+DMC +SMC + Private Companies having PUC < Rs. 100 Crores).

5. Section – 143(3)(i)

Powers and duties of auditors and auditing standards

Reporting on IFC not applicable in case of OPC, SMC or a Pvt. Co.

which has turnover < Rs. 50 Crores as per latest audited financial statements

and Aggregate Borrowings from Bank + FI + Any Body Corporate at any point of time during the F.Y. < Rs. 25 Crores.

6. Section – 173(5) Meetings of Board

In case of OPC, SMC, DMC, SUC , at least 1 meeting of the BOD has been conducted in each half of a Calendar Year (Not a F.Y.) and the gap between 2 meetings is more than 90 days and nothing contained in this subsection and Section – 174 shall apply to OPC in which there is only 1 Director in BOD.

7. Notes to Notification No. GSR 464(E) dtd. 05.06.2015

- (i) The Private Companies while complying with such exceptions , modifications and adaptations , as specified in column(3) of the Notification's Table , shall **ensure** that the **interests of shareholders** are protected.
- (ii) The exceptions , modifications and adaptations , as specified in column(3) of the Notification's Table shall be applicable to a Private Company which has not committed a default in filing its financial statements under section 137 of said Act or Annual Return under Section – 92 of the said Act with the Registrar.

7. Notes to Notification No. GSR 464(E) dtd. 05.06.2015

- (i) The exceptions , modifications and adaptations , as specified in column(3) of the Notification's Table shall be applicable to a Private Company
- (ii) which has not committed a default in filing its financial statements under section 137 of said Act
- (iii) or Annual Return under Section – 92 of the said Act with the Registrar.

7. Notes to Notification (Continued)

- (iii) A Copy of this Notification has been laid in draft before both Houses of Parliament as required by sub- section (2) of Section 462 of the Companies Act 2013.

1 yr...2Yr...3Yr...5Yr

- Withdrawal of small co relaxation vide notification number GSR 464E, 583E, SO 2218E if co committed default u/s 137 or 92
- Inactive Company means a company or has **not filed financial statement and Annual Returns during last 2 years**. Then its dormant co 455
- 164(2) has not filed FS or AR for continuous 3 yrs
- 271 winding up... if the co has defaulted in filing FS or AR for five consecutive years.
- Rule 3 sec 248... vanishing co

DORMANT COMPANY (Section 455)

- i) Where a company is formed and registered for a future project or
 - ii) To hold an asset or intellectual property and
 - iii) Company has no significant accounting transaction.
- or
- ii) Any inactive company

can apply for obtaining status of Dormant Company.

Inactive Company means a company not carrying on any business or operation or has not made any significant accounting transaction during last 2 financial years or has not filed financial statement and Annual Returns during last 2 years.

8. Further relaxation in following sections.

Section - 2(76)

Section - 43

Section - 47

Section - 62(1)(a)(i)

Section - 62(1)(b)

Section - 67

Section - 73(a) to (e)

Section - 101 to 107,

Section - 109

Section - 117(3)(g)

Section - 160

Section - 162

Section - 174(3)

Section – 180

Section – 184(2)

Section – 185

Section – 188(1) Proviso 2nd

Section 196(4) & (5)



Thank You