

Rajput Jain & Associates

Chartered Accountants

Privileges to Small Companies

**New Delhi / Mumbai /
Noida / Faridkot /
Varanasi**



About US



Rajput Jain & Associates Chartered Accountants

Offers its clients a full range of services. the company has been setup by a group young ,enthusiastic highly skilled and motivated professional who has taken experience from the top consulting firm and are extensively experienced in their chosen fields has providing a wide array of consultancy in the field of accounting. ,taxation assurance and business advisory service to various clients and other stakeholder.

We are the exclusive member in India of the association of international tax consultants an association of independent professional firm represented throughout Europe, us, Canada, south Africa, Australia and Asia

Privileges to Small Companies

Definition of Small Company (Section 2(85))

Small Company means a Company, Other than a Public Company whose paid up capital and turnover of the small company shall not exceed rupees *four crore and rupees forty crore* respectively.”(Latest Amendment as on 15th September,2022).

Exceptions

1. A holding Company or a Subsidiary Company
2. A Company Registered under Section 8
3. A Company or Body Corporate governed by Special Act.

Definition of Paid-up Capital

Means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;

Companies Act 2013 provides certain benefits to the Small companies which includes:-

❖ Board Meetings

A small company may hold **only two board meetings** in a year instead of fulfilling the requirement of four meetings in a year like other companies, i.e. A small company may hold one Board Meeting in each half of the calendar year with a minimum gap of ninety days between the two meetings.

❖ Signing of Annual Return

The annual return of a small company can be signed by the company secretary alone, or where there is no company secretary, by a single director of the company.

❖ Financial Statement

Financial statement as defined under section 2(40) of Companies Act 2013, includes cash flow statement for the financial year. However, this section specifically excludes requirement of cash flow statements for small companies, One Person Company and Dormant Company. Thus, a small company need not include Cash Flow Statement as a part of its financial statements.

❖ Rotation of Auditor

Provisions regarding mandatory rotation of auditor/maximum term of auditor being 5 years in case of an individual and 10 years in case of a firm of auditors is not applicable to a small company as per section 139(2) of the Companies Act, 2013.

❖ **Matters to be included in Board's Report**

Small companies are exempted from the matters to be included in the Board's report as per Rule 8 of Companies (Accounts) Rules, 2014. Instead the Board's report of One Person Company (OPC) shall include the matter stated in Rule 8A of Companies (Accounts) Rules, 2014.

❖ **Lesser Fees**

Fees for filings and other formalities u/s 403 of the Companies Act, 2013 is also comparatively lower for the small Companies.

❖ **Internal Financial Controls:**

A small company is not required to report on the adequacy of the internal financial controls and its operating effectiveness in the auditor's report.

❖ **Lesser penalties for Small Companies under Section 446B of the Companies Act, 2013:**

If a small company fails to comply with the provisions of section 92(5) (Annual Return), section 117(2) (Resolutions and Agreement to be filed with ROC) or section 137(3) (Annual Filing), such company and officer in default of such company shall be liable to a penalty which shall not be more than one half of the penalty specified in such sections.

Thank You

**CONNECT
WITH
US**



Connect with Us:

CORPORATE OFFICE

P-6/90, Connaught circus
Connaught Place New Delhi 110001
Phone no.9555555480

Email.info@carajput.com

www.carajput.com



**We are the exclusive member of in
India of the Association of international
tax consultants, an association of
independent professional firms
represented throughout worldwide**

DISCLAME-

No part of this article may be reproduced, reprinted or utilized in any form or by any means electronic or mechanical without prior permission of the publisher. While every care is taken in compilation of information contained herein, the publisher cannot accept any responsibility for error or omission or for the use of trademark, copyrights, brand name , logos or other identifying symbol provided in supporting and participating companies and organizations however all possible and reasonable care has been taken to ensure that the information in this newsletter is as accurate and up-to-date at the time of printing this newsletter is for internal use only