

N D A Update on Small Companies

The definition of Small Companies has further been revised by a notification dated 15-09-2022. The revised threshold limits are as under:

Particulars	Existing Limit	Revised Limit with effect from 15-09-2022
Paid up capital	not exceeding Rs. 2 crore	not exceeding Rs. 4 crore
Turnover	not exceeding Rs. 20 crore	not exceeding Rs. 40 crore

Some of the benefits available to small companies are as under:

- No need to prepare cash flow statement as part of financial statement.
- Advantage of preparing and filing an Abridged Annual Return.
- Mandatory rotation of auditor not required.
- An Auditor of 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.
- CARO reporting by the auditor is not required
- Holding of only two board meetings in a year.
- Annual Return of the company can be signed by the company secretary, or where there is no company secretary, by a director of the company.
- Lesser penalties for small companies.

<https://www.mca.gov.in/bin/dms/getdocument?mds=tiMs9IFJ8xuPm%252B%252Ffoxc6fUw%253D%253D&type=open>