

**News Alert from Amita Desai & Co.**  
**w.r.t amendments made by the Ministry of Corporate Affairs**

**A. NEW DEFINITION OF SMALL COMPANY:**

On September 15, 2022, MCA revised the definition of “Small Company” under Section 2(85) of the Companies Act, 2013. With this amendment the threshold limits, for Small Companies are as follows:

Criteria	Old	New
<b>Paid-up share capital</b>	2 Crores	4 Crores
<b>Turnover</b>	20 Crores	40 Crores

This revised definition would help more businesses and start-ups get access to lighter compliances under Companies Act, 2013 which are as under:

- (a) No need to prepare Cash Flow Statement as part of financial statement
- (b) Advantage of preparing and filing an Abridged Annual Return
- (c) Mandatory rotation of Auditor is not required
- (d) Annual return of the Company can be signed by Company Secretary or where there is no Company Secretary by a Director of the Company
- (e) An Auditor of small company is not required to report on adequacy of internal financial controls and its operative effectiveness in its reports
- (f) Holding of only two Board Meeting in a year
- (g) Lesser penalties for small Companies

**Rationale- To increase Ease of Doing Business in India attracting foreign investor for making investment.**

The link for the aforesaid Notification is as below:

<https://egazette.nic.in/WriteReadData/2022/238857.pdf>