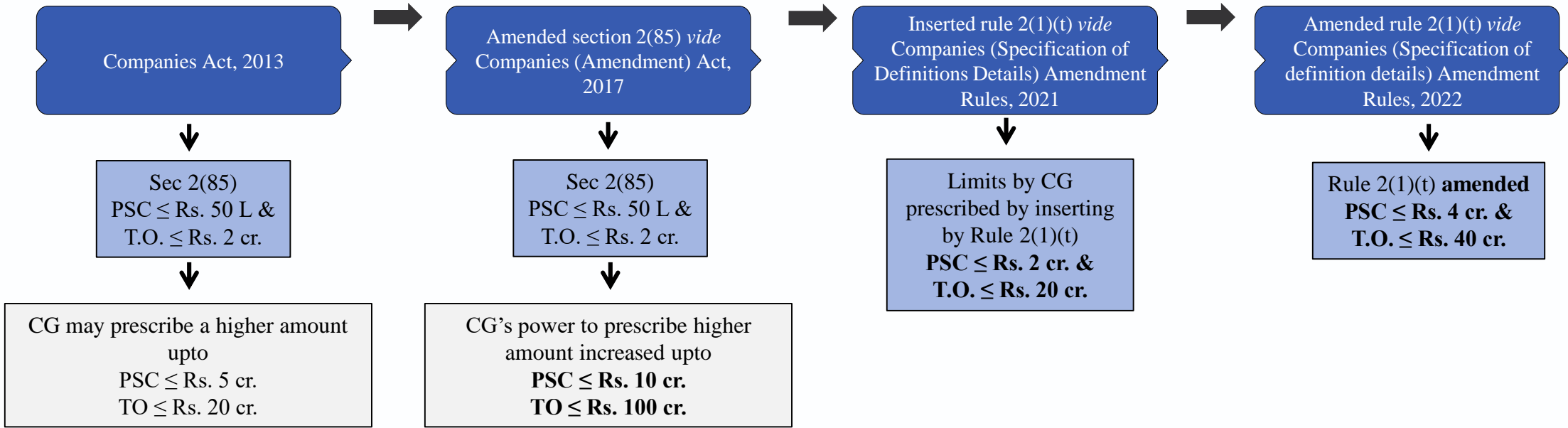


Definition of Small Company – Evolution over time



Quick snapshot of advantages to a Small Co.

- Cash Flow Statement not required
- 2 Board Meetings per FY are sufficient – min. gap 90 days
- Signing of annual return – by CS, if any, otherwise by any director
- Lesser amount of penalties for non-compliances
- Rotation of statutory auditors not required
- Abridged format of director's report
- Abridged annual return in MGT-7A
- Comment on adequacy of IFC in the financial statement by the auditor

Rationale behind the amendment as per [PIB](#)

- To promote ease of doing business
- Cover more start-ups under the ambit
- Reduce compliance burden
- To promote entrepreneurship culture

In an earlier move, MCA vide its [notification](#) dated 01.02.2021, has included small companies under the fast track route of merger (sec. 233).