

The MCA vide its Notification No. G.S.R. 700(E) Dated 15th September, 2022 has revised the definition of Small Company

*Applicable from 2023 exams*

**Small Company** under section 2(85): Small Company means a company, other than a public company

1. **Paid-up share capital of** which does not exceed four **crore rupees or such** higher amount as may be prescribed which shall not be more than ten crore rupees and
2. **turnover of which** as per profit and loss account for the immediately preceding financial year does not exceed forty crore **rupees or such higher** amount as may be prescribed which shall not be more than one hundred crore rupees

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**;

*Small Company is, Not a public Co., having*

- Paid up share capital  $\leq 4$  Cr*
- Turnover as per P&L A/c of immediately preceding year  $\leq 40$  Cr*

*Not a Small Co.*

- ① *H or S Co*
- ② *uls 8*
- ③ *Registered under any Special Act*

Question –

(a) For ABC Pvt. Ltd., facts are as follow. Discuss applicability of CARO for the year 23-24.

	22-23	23-24
Paid up capital	40 Lac	40 Lac
Capital Reserve	12 Lac	12 Lac
Revenue reserve	05 Lac	10 Lac
Turnover	02 Crores	03 Crores
Loan from banks	28 Lac	30 Lac

(b) Would your answer be different if it is given that ABC Pvt. Ltd. Has turnover 41 crores in 22-23?

(c) Would your answer be different if ABC Pvt. Ltd. is a Company carrying out banking activities (Banking Company)?

**Hint Answer:**

(a) Check if it is a small company, on which CARO is not applicable.

(b) Not a small company, thus check limits for Private Ltd. Company (for the year under question)

(c) Not applicable on banking company.]

Apply Question handling technique

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