

VARIOUS LIMITS APPLICABLE TO PRIVATE COMPANIES OTHER THAN SMALL & ONE PERSON COMPANIES UNDER THE COMPANIES ACT, 2013.

DEFINITIONS

PRIVATE COMPANY

Section 2(68)

As per Section 2(68) of the Companies Act, 2013 Private companies are those companies whose articles of association;

- Limits the number of its members to **200** (except in case of one person company)

Provided that

- a. person who are in the **employment of the Company** and
 - b. persons who, having been **formerly in the employment of the company**, were members of the company while in that employment and have continued to be members after the employment ceased, **shall not be included in the number of members.**
- Restrict the transferability of shares;
 - Prohibits any invitation to the public to subscribe to any securities of the Company.

START - UP COMPANIES

“Start-up Companies” means a **private company incorporated under the Act** and **recognised as Startup** in accordance with the notification issued **by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry**, Government of India.

An entity shall be considered as Startup:

- Upto a period of **ten years from the date of incorporation/** registration, if it is **Incorporated as a private limited company** under **Companies Act, 2013** or registered as a **partnership firm** under **Partnership Act, 1932** or a **limited liability partnership** under **Limited Liability Partnership Act, 2008** in India.

MOBILE.NO: 9940118446/ 9677158446

MAIL ID: sridharan.r@arves.in

WEBISTE: www.arves.in

- **Turnover** of the entity for **any of the financial years since incorporation/** registration **has not exceeded one hundred crore rupees.**
- Entity is **working towards innovation, development or improvement** of products or processes or services

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

Source: <https://www.startupindia.gov.in/content/dam/invest-india/Templates/public/198117.pdf>

SMALL COMPANY

A Company which has **Paid up share capital** equal to or below Rs 4 crores or such a higher amount specified not exceeding more than Rs 10 crores and **Turnover** equal to or below Rs 40 crores or such a higher amount specified not exceeding more than Rs 100 crore.

Source: <https://www.mca.gov.in/bin/dms/getdocument?mcs=tiMs9tFJ8xuPm%252B%252F0xc6fUw%253D%253D&type=open>

S.NO	REQUIREMENTS	APPLICABLE PROVISIONS	THRESHOLD LIMITS FOR PRIVATE LIMITED COMPANIES
1.	CERTIFICATION OF ANNUAL RETURN BY PCS. (Form MGT-8)	Sec. 92(2) read with Rule 11(2) of the Companies (Management and Administration) Rules, 2014.	A Company having Paid up capital of Rs. 10 Crore or more or Turnover of Rs. 50 Crore or more.
2.	IND-AS APPLICABILITY	Sec. 133 read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.	<p>For unlisted Companies With effect from 01.04.2016</p> <ul style="list-style-type: none"> • Networth equal to or more than Rs.500 Crore. <p>With effect from 01.04.2017</p> <ul style="list-style-type: none"> • Networth equal to or more than Rs.250 Crore.

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3.	CORPORATE SOCIAL RESPONSIBILITY & ITS COMMITTEE.	Sec. 135(1) read with Rule 3 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.	Every Company having Net worth of Rs. 500 Crore or more or Turnover of Rs. 1000 Crore or more or Net profit of Rs. 5 Crore or more during the immediately preceding financial year. <i>CSR Policy shall be approved by the board.</i> <i>CSR committee is not applicable if the amount of CSR spent does not exceed Rs. 50 Lakhs.</i>
4.	FILING OF FINANCIAL STATEMENTS & OTHER DOCUMENTS IN XBRL MODE	Sec. 137 read with Rule 12 of the Companies (Accounts) Rules, 2014 & Rule 3(1) of the Companies (Filing of Documents and Forms in XBRL) Rules, 2015.	Every Company having Paid up Capital of Rs. 5 Crore or more or Turnover of Rs. 100 Crore or more or All companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015.
5.	INTERNAL AUDITOR	Sec. 138(1) read with Rule 13(1) of the Companies (Accounts) Rules, 2014.	Every Private Company having Turnover of Rs. 200 Crore or more. (Or) Outstanding loans or borrowings exceeding Rs. 100 Crore more during the preceding financial year.
6.	ROTATION OF STATUTORY AUDITORS.	Sec. 139(2) read with Rule 5 of the Companies (Audit and Auditors) Rules, 2014.	All Private Companies having Paid up capital of Rs. 50 Crore or more. All Companies having Public Borrowing or Public deposits of Rs. 50 Crore or more.

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7.	APPLICATION OF COST RECORDS.	Sec. 148(1) read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014	Companies having Turnover of Rs. 35 Crore or more during the immediately preceding financial year.
8.	APPLICABILITY OF COST AUDIT.	Sec. 148(2) read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014	Every Company [Covered in Item (A) of Rule-3] Overall Annual Turnover = Rs. 50 Crore or more from all its products & Services during the immediately preceding financial year. & Aggregate Turnover = Rs. 25 Crore or more of Individual Product/Service [Covered in Item (B) of Rule-3] Overall Annual Turnover = Rs. 100 Crore or more from all its products & Services during the immediately preceding financial year. & Aggregate Turnover = Rs. 35 Crore or more of Individual Product/Service.
9.	VIGIL MECHANISM	Sec. 177(9) read with Rule 7(1) of the Companies (Meetings of Board and its Powers) Rules, 2014.	Every Company accepting deposits from the Public or Borrowings from Banks & Public financial institution in excess of Rs. 50 Crore.
10.	APPOINTMENT OF WHOLE TIME	Sec. 203(1) read with Rule 8A of the	Every Private Company which has a Paid up

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	COMPANY SECRETARY	Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Capital of Rs. 10 Crore or more.
11.	SECRETARIAL AUDIT	Sec. 204(1) read with Rule 9(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Every Company having outstanding loans or borrowings from financial Institutions of Rs. 100 Crore or more as on the last date of latest audited financial statement shall be taken into account.

R SRIDHARAN & ASSOCIATES

BY

R. SRIDHARAN & ASSOCIATES

New No.44, Old No.25, Thiruvaramangam Apartments, 1st Floor, Unnamalai Ammal Street, T.Nagar, Chennai - 600 017.

LOCATION



WEBSITE



25 Years of Professional excellence and exceeding expectations !

In case of any queries
Ph.No: 9940118446/ 9677158446
MAIL ID: sridharan.r@aryes.in
WEBISTE: www.aryes.in

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WEBISTE: www.aryes.in

RS R.Sridharan & Associates
Company Secretaries