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**INCORPROAITON OF A SMALL COMPANY**

The scheme of the new Companies Act, 2013 has bought a new kind of private company, called as “Small Company”

Section 2(85) of the Companies Act, 2013 defines “Small Company”, which means a company, other than a public company -

(*i*) whose paid-up share capital does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees;

AND

(*ii*) whose turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees:

Both the above conditions shall be fulfilled, for a company to be classified as a small company.

Further, following class of companies does not fall under the category of Small Company:-

(*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;

**There are certain exemptions available to Small Companies. They are:**

* + - 1. The financial statement of a small company shall not have a cash flow statement.
      2. Annual return i.e. Form No. MGT-7 shall be signed by the company secretary or if no company secretary, then by the director of the company.
      3. It is sufficient, if at least one meeting of the Board ofDirectors is conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days.