

MCA NOTIFIES NEW THRESHOLDS FOR SMALL COMPANY

The Ministry of Corporate Affairs (“MCA”) vide its Notification dated 1st December, 2025; has revised the definition of the “**Small Company**” under Section 2(85) of the Companies Act, 2013 (“Act”) by amending Rule 2(1)(t) of Companies (Specification of Definition Details) Amendment Rules, 2025.

The thresholds for eligibility to qualify as a small company under the provisions of the Act has now been increased from :

- paid up capital INR 4 Crore to **INR 10 Crore** and
- turnover INR 40 Crore to **INR 100 Crore**.

These revised limits take effect immediately from the date of the notification, i.e., 1st December, 2025.

Note: *Public Companies, Holding & Subsidiary Companies, Section 8 Companies and any company or body corporate governed by any special Act will continue to remain outside the scope of Small Company regardless of their paid-up capital and/or turnover.*

Key Impact of the Amendment:

1. Exemption from mandatory dematerialization under Rule 9B of Companies (Prospectus and Allotment of Securities) Rules, 2014
2. No requirement to include Cash Flow Statements (CFS) in their financial statements
3. Limited Disclosures under Board Report and Annual Return (Form MGT-7A)
4. Reduced auditor reporting requirements under Section 143(3) of the Act
5. Lower frequency of Board Meetings
6. Lower penalties under various sections of the Act.

For more details, please refer to the MCA Notification dated 1st December, 2025:

<https://www.mca.gov.in/bin/dms/getdocument?mds=CVIJxHWXV1QAr0wxTM5ICA%253D%253D&type=open>

DISCLAIMER: - *The summary information herein is based on MCA Notification dated 1st December, 2025. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*