



CA Inter Law ALL Amendments

May & Sept 2026

Ch. No.	Chapter Name	Amendment Topics
1	Preliminary	Definition of Small Company
9	Accounts of Companies	Section 134: Few Additions in Board Report Section 137: Attachments in pdf with AOC-4 and e-Form Extract of Board Report, Extract of Auditor's Report (Standalone & Consolidated)
10	Audit & Auditors	Section 143 (12): Online filing of e-form ADT-4

Chapter 1 – Definition of Small Company

Section 2 (85): Small Company: means a company, other than a Public Company:

- Paid-Up Share Capital** of which does not exceed **₹ 10 crores** or such higher amount as may be prescribed which shall not be more than **₹ 10 crores** AND
- Turnover** of which as per profit and loss account for the immediately preceding financial year does not exceed **₹ 100 crores** or such higher amount as may be prescribed which shall not be more than **₹ 100 crores**.

Proviso: Provided that nothing in this clause shall apply to:

- A holding company or a subsidiary company.
- a company registered under section 8; or
- a company or body corporate governed by any special Act.

Twin Conditions:

PUSC ≤ ₹ 10 crores AND
Turnover ≤ ₹ 100 crores

Appendix 3 – Numeral Limits in Companies Act, 2013 – Page A.6

Section	Numeral Limits (₹)
2 (85)	Small Company: PUSC ≤ 10 crores + Turnover ≤ 100 crores.

Chapter 9 – Accounts of Companies (Amendment in Yellow Box only)

Section 134 + Rule 8, 8A: Financial Statement, Board Report, etc. (BR)

Board Report: Board Report shall be attached to the FS laid before company in GM. It includes :-

Section 134 (3) (q): Such other matters as may be prescribed (**Rule 8**):-

(x)	Statement that company has complied with constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with: - (a) number of complaints of sexual harassment received in the year; (b) number of complaints disposed off during the year; and (c) number of cases pending for more than 90 days.
(xiii)	A statement w.r.t compliance of provisions relating to the Maternity Benefit Act 1961 .



Section 137 (1) + Rule 12: Filing of FS with ROC

Filing of FS with ROC: A copy of FS, CFS, along with all Annexures & Attachments, **duly ADOPTED at AGM**, shall be filed with ROC **within 30 days** of AGM in the following Forms (**Rule 12**) :-

Type of Company	Form of FS	Form of CFS
(1) All Listed Companies and their Indian subsidiaries. (2) All companies having PUSC \geq ₹ 5 crores (3) All companies having Turnover \geq ₹ 100 crore (4) All companies required to follow IndAS Rules, 2015 Rule 3(1A): Companies which have filed their FS in XBRL, shall also attach a copy of signed FS duly authenticated u/s 134 (including Board's report, auditors' report and other documents) in PDF format in e-Form AOC-4 XBRL. Once they report in XBRL format, they shall continue to do so in succeeding years also, even if criteria mentioned above is not met in succeeding years. Exemption from filing XBRL format: NBFC Housing Finance Co. Banking Co Insurance Co NBFC companies that are required to follow IndAS Every Other Company not covered above Every company covered u/s 135(1) shall	Companies (XBRL) Rules, 2015 They shall mandatorily file FS in Extensible Business Reporting Language (XBRL) format in e-form AOC-4 XBRL . By using Taxonomy in :- Annexure-II (for AS) and Annexure-II A (for IndAS) of	AOC-4 NBFC (IndAS) AOC - 4 AOC-4 CFS NBFC (IndAS) AOC - 4 (CFS) Shall furnish a "Report on CSR" in Form CSR-2 as an addendum to Form AOC-4 .

Rule 12 (1C): Every company, along with relevant e-Form No. AOC-4, AOC-4 CFS, AOC-4 XBRL, AOC-4 NBFC (Ind AS) or AOC-4 CFS NBFC (Ind AS) and **respective attachments in PDF** as required, **shall also file e-Form Extract of Board Report, Extract of Auditor's Report (Standalone & Consolidated):**
 Provided that a copy of signed FS duly authenticated u/s 134 (including Board's Report, Auditors' Report & other documents) in **PDF shall also be attached with XBRL Forms.**

Chapter 10 – Audit & Auditors (Amendment in Yellow Box only)

Section 143 (12) to (15) + Rule 13: Fraud Reporting by Auditor

Rule 13: Manner of Reporting Frauds by Auditor where Fraud \geq ₹ 1 crore

- Inform AC /BOD:** Auditor shall report the matter to AC /BOD, **immediately but not later than 2 days** of his knowledge of fraud, **seeking their reply or observations within 45 days;**
- Reply received:** Auditor shall forward his REPORT (along with the REPLY or observations of AC /BOD) and his COMMENTS to CG **within 15 days** from the date of receipt of such reply or observations;
- Reply NOT received:** If no reply from AC /BOD is received within 45 days, he shall forward his REPORT to CG along with a note containing the details of his report sent to AC /BOD;
- Format of Report:** The report shall be filed electronically in **Form ADT-4.**



- (e) **Report to Whom:** Secretary, MCA in a sealed cover by "Registered Post with Acknowledgement Due" or "Speed Post" followed by "an e-mail in confirmation of the same"; [RPAD /SP + Email]
- (f) **Contact Details in the Report:** Report on Auditor's Letter head containing postal address, e-mail address, contact telephone /mobile number. It shall be signed by Auditor with his Seal and Membership Number;

CA Inter Law Question Bank – Descriptive Questions

Chapter 1 – Page 1.9 onwards

Question 14: Section 2 (85) – Small Company; Section 2 (40) – Financial Statements

The information extracted from the audited Financial Statement of Smart Solutions Private Limited as at 31st March, 2025 is as below:

- (1) Paid-up equity share capital ₹ 50,00,000 divided into 5,00,000 equity shares (carrying voting rights) of ₹ 10 each.
- (2) The turnover is ₹ 2,00,00,000.

It is further understood that Nice Software Limited, which is a public limited company, is holding 2,00,000 equity shares, fully paid-up, of Smart Solutions Private Limited. Smart Solutions Private Limited has filed its Financial Statement for the said year with the Registrar of Companies (ROC) excluding the Cash Flow Statement within the prescribed time line during the financial year 2025-26. The ROC has issued a notice to Smart Solutions Private Limited as it has failed to file the cash flow statement along with the Balance Sheet and Profit and Loss Account. You are to advise on the following points explaining the provisions of the Companies Act, 2013:

- (i) Whether Smart Solutions Private Limited shall be deemed to be a small company whose significant equity shares are held by a public company?
- (ii) Whether Smart Solutions Private Limited has defaulted in filing its financial statement? **(6 Marks) (July 2021) (MTP May 2024)**

Answer

Sec 2 (85) – Small Company

Small Company: means a company, other than a Public Company:

- (iii) **Paid-Up Share Capital** of which does not exceed ₹ 10 crores or such higher amount as may be prescribed which shall not be more than ₹ 10 crores AND
- (iv) **Turnover** of which as per profit and loss account for the immediately preceding financial year does not exceed ₹ 100 crores or such higher amount as may be prescribed which shall not be more than ₹ 100 crores.

Provided that nothing in this clause shall apply to—

- a holding company or a subsidiary company
- a company registered under section 8 or
- a company or body corporate governed by any Special Act.

Sec 2 (71) – Deemed Public Company

A Private company which is a subsidiary of a Public company shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.

Section 2 (40) – Financial Statements

Financial Statement: in relation to a company, includes:

- (i) **Balance Sheet (BS)** as at the end of the FY;



- (ii) Profit & Loss Account (PL), or "Income & Expenditure Account" for the FY (Section 8 Company);
- (iii) Cash Flow Statement (CFS) for the FY;
- (iv) Statement of Changes in Equity (SOCE), if applicable; and
- (v) any explanatory Notes annexed to, or forming part of, any doc. referred in above sub-clause.

Proviso: Exemption from Cash Flow Statement: The FS of OPC, Small company, Dormant company and Start-up Private company, may not include CFS.

Analysis & Conclusion

- (i) In the given question, Nice Software Limited (a public company) holds 2,00,000 equity shares of Smart Solutions Private Limited (having paid up share capital of 5,00,000 equity shares @ ₹ 10 totaling ₹ 50 lakhs). Hence, Smart Solutions Private Limited is not a subsidiary of Nice Software Limited. Therefore, Smart Solutions Private Limited is **not a deemed public company** u/s 2(71). Further, the paid up share capital (₹ 50 lakhs) and turnover (₹ 2 crores) is within the limit as prescribed under section 2(85), hence, Smart Solutions Private Limited can be categorised as a **SMALL** company.
- (ii) Smart Solutions Private Limited being a small company is exempted from filing a cash flow statement as a part of its financial statements. Thus, Smart Solutions Private Limited has **not defaulted** in filing its financial statements with ROC.

Question 15: Section 2 (85) – Small Company

MNP Private Ltd. is a company registered under the Companies Act, 2013 with a Paid Up Share Capital of ₹ 12 crores and turnover of ₹ 60 crores. Explain the meaning of the "Small Company" and examine the following in accordance with the provisions of the Companies Act, 2013:

- (i) Whether the MNP Private Ltd. can avail the status of small company?
- (ii) What will be your answer if the paid up Share capital is ₹ 8 crore? **(New ICAI Study Material)**

Answer

Section 2 (85) – Small Company

Small Company: means a company, other than a Public Company:

- (i) **Paid-Up Share Capital** of which does not exceed ₹ 10 crores or such higher amount as may be prescribed which shall not be more than ₹ 10 crores AND
- (ii) **Turnover** of which as per profit and loss account for the immediately preceding financial year does not exceed ₹ 100 crores or such higher amount as may be prescribed which shall not be more than ₹ 100 crores.

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**.

Analysis & Conclusion

- (i) In the present case, MNP Private Ltd., a company registered under the Companies Act, 2013 with a paid-up share capital of ₹ 12 crores and having turnover of ₹ 60 crore. To be declared as Small Company, it has to fulfill both the TWIN conditions. Satisfying only one of them is not sufficient. Since Paid up share capital exceeds ₹ 10 crores, MNP Ltd. **CANNOT** avail the status of small company.



(ii) If the paid up Share capital is ₹ 8 crores, then both the criteria will be fulfilled and MNP Ltd. **CAN** avail the status of small company.

Question 16: Section 2(85) – Small Company

Ram Pvt. Ltd. is the holding company of Laxman Pvt. Ltd. As per the last profit and loss account for the year ending 31st March, 2023 of Laxman Pvt. Ltd., its turnover was ₹ 1.80 crore; and paid up share capital was ₹ 80 lakh. The Board of Directors wants to avail the status of a small company. The Company Secretary of the company advised the directors that the company cannot be categorized as a small company. In the light of the above facts and in accordance with the provisions of the Companies Act, 2013, you are required to examine whether the contention of Company Secretary is correct, explaining the relevant provisions of the Act. (RTP May 2024, May 2023, RTP Sept 2025)

Answer

Section 2(85) – Small Company

As per section 2(85) of the Companies Act, 2013, small company means a company, other than a public company:

- (i) paid-up share capital of which does not exceed ten crore rupees, and
- (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed 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.

Analysis & Conclusion

In the instant case, as per the last profit and loss account for the year ending 31st March, 2023 of Laxman Pvt. Ltd., its turnover was to the extent of ₹ 1.80 crore, and paid-up share capital was ₹ 80 lakh. Though Laxman Pvt. Ltd., as per the turnover and paid-up share capital norms, qualifies for the status of a 'small company' but it cannot be categorized as a 'small company' because it is the subsidiary of another company (Ram Pvt. Ltd.). Hence, the contention of the Company Secretary is correct.

CA Inter Law Question Bank – MCQs

Chapter 1 – Page 1A.1

Q1: Small Company u/s 2(85) has to fulfil which of the following thresholds:

- (a) PUSC ≤ ₹ 10 crores
- (b) Turnover ≤ ₹ 100 crores
- (c) Both (a) and (b)
- (d) Either (a) or (b)

Solution: Refer Sec 2(85). Definition of Small Company. Both PUSC ≤ ₹ 10 crores AND Turnover ≤ ₹ 100 crores. So, the answer is (c).



Q4: Angel Infrastructures Pvt. Ltd. with a paid-up capital of ₹ 1.95 crores and annual turnover of ₹ 15 crores, is a wholly owned subsidiary of Almighty Infrastructure Development Ltd. a listed company. Can Angel Infrastructures be called a small company?

- Yes. The paid up capital and annual turnover of Angel Infrastructure Pvt. Ltd. is not exceeding the limit as specified under the definition of Small company.
- No. Because Angel Infrastructure Pvt. Ltd. is a wholly owned subsidiary company.
- No. Because Angel Infrastructure Pvt. Ltd. is not a subsidiary of a listed company.
- No. Because the paid-up capital is ₹ 195 lacs less than prescribed limit of ₹ 10 cores but its turnover is exceeding ₹ 10 crores.

Solution: The answer is (b). Refer Sec 2(85). Definition of Small Company. Although in the given case, the Paid-up Share Capital < 10 crores and Turnover is < 100 crores, yet it is NOT a Small Company because it is a Subsidiary Company. There are 3 exceptions in the Definition of Small Company as follows: -

- a holding company or a subsidiary company
- a company registered under section 8 or
- a company or body corporate governed by any Special Act.

Whether it is a partial Subsidiary or a wholly owned Subsidiary is irrelevant.

Q7: Savita and her husband Sukesh have got incorporated Savi Trading Company Private Limited with authorised and paid-up share capital of ₹ 1.80 crores. As per its last profit and loss account relating to the FY 2024-25, the turnover was ₹ 17 crores. Accordingly, their company is considered as a 'small company' in the FY 2025-26. They think that the status of 'small company', once bestowed, will continue till next 10 financial years. Advise.

- Their contention that the status of 'small company', once bestowed, will continue till next 10 financial years is absolutely correct.
- The status of 'small company', once bestowed, can continue till next 7 financial years only.
- The status of 'small company' will keep on changing from time to time, for it is not permanent for any particular period.
- If ROC permits, the status of 'small company' can continue maximum for three years including the year in which it is attained.

Solution: Answer is (c). Refer Sec 2(85). Definition of Small Company. The Law does not bestow the status of Small Company permanently or for a certain number of years. Hence, option (a) and (b) are wrong. The threshold limits of Paid up share Capital (10 cr) has to be checked everytime and Turnover (100 cr) has to be considered for the immediately preceding financial year. So, the status of 'small company' will keep on changing from time to time.

Q8: Roma along with her six friends has got incorporated Roma Trading Ltd. in May 2024. She kept the paid-up share capital at ₹ 1.5 crores. Further, in April 2025, she noticed that in the last financial year, the turnover of the company was well below ₹ 40 crores. Advise whether the company can be treated as a 'small company'.

- Roma Trading Ltd. is definitely a 'small company' since its paid -up capital is much below ₹ 10 crores and also its turnover has not exceeded the threshold limit of ₹ 100 crores.
- The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company cannot enjoy benefits of 'small company'.
- Unlike a private limited company/OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small company', Roma Trading Ltd. being a public limited company has to maintain the norms



applicable to a 'small company' continuously for two years so that, thereafter, it is treated as a 'small company'.

- (d) If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid share capital and also turnover exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'.

Solution: Answer is (b). Refer Sec 2(85). Definition of Small Company. The first line of the Definition reads "Small Company means a company, other than a public company—". So, Roma Trading Ltd being a Public Company cannot be considered as Small Company irrespective of its Paid-up share Capital and Turnover.

Q9: H Ltd. is the holding company of S Pvt. Ltd. As per the last profit and loss account for the year ending 31st March, 2026 of S Ltd. its turnover was to the extent of ₹ 15 crores; and paid-up share capital was ₹ 1.80 crores. Since S Pvt. Ltd., as per the turnover and paid-up share capital norms, qualifies for the status of a 'small company' it wants to be categorized as 'small company'. Advise.

- (a) If H Ltd. converts itself into a private limited company, S Pvt Ltd. being its subsidiary can be categorized as a 'small company' since it meets turnover and paid-up share capital norms applicable to a 'small company'.
- (b) So long as S Pvt. Ltd. meets the turnover and paid-up share capital norms applicable to a 'small company' (which at present is the case), it shall be categorized as a 'small company'.
- (c) S Pvt. Ltd. cannot be categorized as a 'small company' because it is the subsidiary of another company.
- (d) Categorisation of S Pvt. Ltd. is possible only if H Ltd., the holding company, also meets the turnover and paid-up share capital norms applicable to a 'small company'.

Solution: Answer is (c). Refer Sec 2(85). Definition of Small Company. Although in the given case, the Paid-up Share Capital < 10 crores and Turnover is < 100 crores, yet it is NOT a Small Company because it is a Subsidiary Company. There are 3 exceptions in the Definition of Small Company as follows:-

- a holding company or a subsidiary company
- a company registered under section 8 or
- a company or body corporate governed by any Special Act.

Whether it is a partial Subsidiary or a wholly owned Subsidiary is irrelevant.

Q10: Abhilasha and Amrita have incorporated a 'not for profit' private limited company which is registered under Section 8 of the Companies Act, 2013. One of their friends has informed them that their company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2025, its turnover was less than ₹ 100 crores and its paid-up share capital was less than ₹ 10 crores. Advise.

- (a) A section 8 company, which meets the criteria of 'turnover' and 'paid-up share capital' in the last financial year, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the ensuing financial year.
- (b) If the acquisition of minimum 5% stake in another 'small company' materializes in the second financial year (and not in the ensuing financial year) after meeting the criteria of 'turnover' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small company'.
- (c) The status of 'small company' cannot be bestowed upon a 'not for profit' company which is registered under Section 8 of the Companies Act, 2013.
- (d) A section 8 company, if incorporated as a private limited company (and not as public limited company) can avail the status of 'small company' with the permission of concerned ROC, after it meets the criteria of 'turnover' and 'paid-up share capital'.



Solution: Answer is (c). Refer Sec 2(85). Definition of Small Company. Although in the given case, the Paid-up Share Capital < 10 crores and Turnover is < 100 crores, yet it is NOT a Small Company because it is a Section 8 Company. There are 3 exceptions in the Definition of Small Company as follows:-

- a holding company or a subsidiary company
- a company registered under section 8 or
- a company or body corporate governed by any Special Act.

Chapter 10

Question 38: Section 143(12) – Fraud reporting by Auditor

An auditor observed a fraud of ₹ 2 crores committed by an employee of the company. State the manner and timing of reporting of the fraud by the auditor. **(4 Marks) (Nov 2016)**

Answer

Section 143(12) – Fraud reporting by Auditor

Reporting of frauds by auditor and other matters:

- (1) If an auditor has reason to believe that an offence of fraud involving individually an Amount of \geq ₹ 1 crore, is committed against the company by its officers or employees, the auditor shall report the matter to the CG.
- (2) The auditor shall report the matter to the CG as under:
 - (a) **Inform AC /BOD:** Auditor shall report the matter to AC /BOD, immediately but not later than 2 days of his knowledge of fraud, seeking their reply or observations within 45 days;
 - (b) **Reply received:** Auditor shall forward his REPORT (along with the REPLY or observations of AC /BOD) and his COMMENTS to CG within 15 days from the date of receipt of such reply or observations;
 - (c) **Reply NOT received:** If no reply from AC /BOD is received within 45 days, he shall forward his REPORT to CG along with a note containing the details of his report sent to AC /BOD;
 - (d) **Format of Report:** **The report shall be filed electronically in Form ADT-4.**