

# *An Analysis on the “Dormant Company”*

**navneet k. arora & co.**  
COMPANY SECRETARIES

**navneet k. arora & co.**  
COMPANY SECRETARIES



J6-9/104, Khirki Extn. Commercial Complex,  
(Opposite M Block Tikona Park),  
Malviya Nagar, New Delhi-110017  
+91 11 29545877

info@navneetaroracs.com  
aroranavneet@rediffmail.com  
www.navneetaroracs.com

# Proprietor 's Profile at a Glance

## Navneet K. Arora & Co., Company Secretaries

### BASIC DETAILS

- ✂ Name of the Proprietor – **CS Navneet Arora**
- ✂ Year of Passing of ICSI Final Examination – **June 1990**
- ✂ Date of becoming Associate Member of ICSI (ACS - 8421) – **3<sup>rd</sup> March 1992**
- ✂ Date of becoming Fellow Member of ICSI (FCS - 3214) – **21<sup>st</sup> July 1997**
- ✂ Date of holding Certificate of Practice (CP - 3005) – **20<sup>th</sup> November 1998**
- ✂ Experience (No. of Years) – **25 Years (15 Years in Practice)**



### EDUCATIONAL QUALIFICATION:

- ✂ Master of Commerce.
- ✂ Fellow Member of The Institute of Company Secretaries of India
- ✂ Post Graduate Diploma in Financial Management

### PROFESSIONAL ASSOCIATION / RECOGNITION / MEMBERSHIP OF CONFEDERATION BODIES:

- ✂ Member - **All India Management Association New Delhi (AIMA).**
- ✂ Professional Member - **PHD Chamber of Commerce and Industries, New Delhi.**
- ✂ Appointed as **Peer Reviewer** by ICSI to conduct peer review of Practicing Member of ICSI.
- ✂ ICSI Certified participant of **National Workshop on Diligence Report for Banks.**
- ✂ **Convener South Delhi Study Group of NIRC of the ICSI** -2011, 2012, 2013 & 2014. Also Past Governing Body Member of Kanpur Chapter of NIRC of the ICSI & Past Member of various Professional Development Committee of NIRC of the ICSI.
- ✂ Regular Participant, Speaker of Seminars / Workshop on the Professional Development Program of various Professional Management Institutes including Institute of Company Secretaries of India (ICSI), Asia Pacific Institute of Management (AIM), National Foundation for Corporate Governance (NFCG) etc.

# *An Overview of Dormant Company*

- This is a new Concept under the Companies Act, 2013
- A Company is Dormant if it has no Significant Accounting Transaction during the Accounting Period. A Significant Accounting Transaction is one which the Company should enter in its accounting records.
- When a Company is formed for a future project or to hold an asset or intellectual property and has no significant accounting transaction that kind of Company may be incorporated as the Dormant Company under the Companies Act, 2013.
- **Section 455 of the Companies Act, 2013 and Companies (Miscellaneous) Rules, 2014 specify the law and procedure regarding the Dormant Company.**

# *Meaning of Dormant Company*

- **Extract of the relevant provisions prescribed in Section 455 of the Companies Act, 2013 as under :-**
  - Where a Company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar for obtaining the status of a dormant company.
  - Inactive Company means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years
  - Significant accounting transaction means any transaction other than, (a) payment of fees by a company to the Registrar, (b) payments made by it to fulfil the requirements of this Act or any other law, (c) allotment of shares to fulfil the requirements of this Act and, (d) payments for maintenance of its office and records.
  - A Dormant Company shall have such minimum number of directors, file such documents and pay such annual fee to the Registrar to retain its dormant status in the register and may become an active company on an application made in this behalf.

# *Obtaining status of Dormant Company*

- **Relevant Rules in the Companies (Miscellaneous) Rules, 2014 as under :-**
  - A Company may make an application in Form **MSC-1** to the Registrar for obtaining the status of a Dormant Company in accordance with the provisions of Section 455 after passing a special resolution to this effect in the general meeting of the company or after issuing a notice to all the shareholders of the company for this purpose and obtaining consent of at least 3/4th shareholders (in value)
  - Provided that a company shall be eligible to apply under this rule only, if
    - (i) no inspection, inquiry or investigation has been ordered or taken up or carried out against the company
    - (ii) no prosecution has been initiated and pending against the company under any law
    - (iii) the Company is neither having any public deposits which are outstanding nor the company is in default in payment thereof or interest thereon
    - (iv) the company is not having any outstanding loan, whether secured or unsecured
    - (v) there is no dispute in the management or ownership of the company and a certificate in this regard
    - (vi) the Company does not have any outstanding statutory taxes, dues, duties etc. payable to the Central Government or any State Government or local authorities etc.;
    - (vii) the company has not defaulted in the payment of workmen's dues;
    - (viii) the securities of the Company are not listed on any stock exchange within or outside India.

# *Minimum number of Directors & Return of Dormant Companies*

- **Relevant Rules in the Companies (Miscellaneous) Rules, 2014 as under :-**
  
- **Minimum number of Directors**
  - A dormant company shall have a minimum number of **three directors in case of a public company, two directors in case of a private company and one director in case of a One Person Company.**
  
  - Provided that the provisions of the Act in relation to the rotation of auditors shall not apply on dormant companies.
  
- **Return of Dormant Company**
  - A dormant company shall file a Return of Dormant Company annually, inter-alia, indicating financial position duly audited by a chartered accountant in practice in Form **MSC- 3** within a period of thirty days from the end of each financial year.
  
  - Provided that the company shall continue to file the return or returns of allotment and change in directors in the manner and within the time specified in the Act, whenever the company allots any security to any person or there is any change in the directors of the company.

# *Application for seeking status of an active company*

- **Relevant Rules in the Companies (Miscellaneous) Rules, 2014 as under :-**
- An application, under sub-section (5) of section 455, for obtaining the status of an active company shall be made in Form **MSC-4** and shall be accompanied by a return in Form **MSC-3 in respect of the financial** year in which the application for obtaining the status of an active company is being filed.
  - Provided that the Registrar shall initiate the process of striking off the name of the company if the company remains as a dormant company for a period of consecutive five years
  - Where a dormant company does or omits to do any act mentioned in the Grounds of application in Form **MSC-1 submitted to Registrar for** obtaining the status of dormant company, affecting its status of dormant company, the directors shall within seven days from such event, file an application, under sub-rule (1) of this rule, for obtaining the status of an active company.
  - Where the Registrar has reasonable cause to believe that any company registered as 'dormant company' under his jurisdiction has been functioning in any manner, directly or indirectly, he may initiate the proceedings for enquiry under section 206 of the Act and if, after giving a reasonable opportunity of being heard to the company in this regard, it is found that the company has actually been functioning, the Registrar may remove the name of such company from register of dormant companies and treat it as an active Company.

# ***Form to be filed***

- ❖ **MSC 1 :-** Application for obtaining status of dormant company, certificate that there is no dispute in the management or ownership of the company, there is any outstanding unsecured loan obtaining concurrence of the lender.
- ❖ **MSC 2 :-** Certificate allowing the status of a Dormant Company.
- ❖ **MSC 3 :-** Return of dormant companies
- ❖ **MSC 4 :-** Application for seeking status of an active company
- ❖ **MSC 5 :-** Certificate allowing the status of an active company to the applicant



# *Our Gamut Of Services*

- ❖ Corporate Law Advisory, Corporate Compliance Management Advisory Services for Public, Private, OPC and LLP Organization.
- ❖ Secretarial Audit / Due Diligence Audit / Corporate Governance Compliance Certification Services.
- ❖ Advisory Services for Initial Public Offer, Right Offer, Preferential Offer, Public Offer through Book-Building Process, Capital Restructuring, Public, Private & Preferential offer of Tax Free Bonds.
- ❖ XBRL Data Conversion & E-filing of Corporate Returns with MCA and other Statutory Authorities.
- ❖ Corporate Restructuring, Valuation & Strategic Advisory services Including Merger, Demerger, Amalgamation & Takeover Advisory Services.
- ❖ Project Management, Profitability Analysis Study & Financial Advisory Services.
- ❖ Implementation of Strategic Issues including preparation of documents, submission and appearances thereof before various regulatory authorities such as Ministry of Corporate Affairs, ROC, CLB, RD, NCLS etc.
- ❖ India Entry Advisory Services, FEMA Compliance Management Services, Branch / Liaison office Formation & Compliance, Joint Venture, WoS Company Incorporation & Management, Advisory services for seeking approval from Secretarial for Industrial Assistance (SIA) / Foreign Investment Promotion Board (FIPB) & E-filing Of International & Indian Corporate Returns.
- ❖ Intellectual Property Right Related Services viz Compliance Management of Trade Mark, Copy Rights & Patents.
- ❖ Other Offerings:
  - ❑ Virtual Office Management Services,
  - ❑ Accountancy, Direct And Indirect Taxation & E-filing Compliance Management Services.



*Thanking you*

*&*

*Assuring of best services at all times*

**navneet k. arora & co.**  
COMPANY SECRETARIES

E8/1, Near Geeta Bhawan Mandir, Shivalik Road, Malviya Nagar, New Delhi-110017

☎ 011- 65233450, 011-29545877, 011- 26686432, 9810328141

**Disclaimer:** For Authentication of Data/Information provided please refer the respective Acts and LAWS. For any further query, you may please contact us at "[contact@navneetaroracs.com](mailto:contact@navneetaroracs.com)"