




भारतीय कंपनी सचिव
संस्थान

THE INSTITUTE OF
CHARTERED ACCOUNTANTS
OF INDIA

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**The Specified Companies
(Furnishing of information about
payment to micro and small enterprise
suppliers) Order, 2019.**

NOTIFICATION

COMPANIES ACT

Notification issued by the Central Government u/s 405 of Companies Act on **22nd January, 2019.**

This Order may be called the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019.

Every specified company shall file in **MSME Form I** details of all outstanding dues to Micro or Small Enterprises suppliers existing on the date of notification of this order within 30 days from the date of publication of this notification.

Every specified company shall file a return as per MSME Form I by 31st October for the period from April to September and by 30th April for the period from October to March.

**ORIGINAL
NOTIFICATION**

GENESIS

Original notification was issued by the Central Government u/s 9 of MSME Development Act, 2006 on **2nd November, 2018**

All Companies, who get supplies of goods or services from micro and small enterprises and whose payments to those suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance as per the provisions of S 9 of MSME Act (Specified Companies),

shall submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- (a) the amount of payment due; and
- (b) the reasons of the delay;

Section 9 of MSME Development Act, 2006

for the purposes of facilitating the promotion and development and enhancing the competitiveness of MSME **particularly of the micro and small enterprises**, by way of development of skill in the employees, management and entrepreneurs, provisioning for technological upgradation, marketing assistance or infrastructure facilities and cluster development of such enterprises with a view to strengthening backward and forward linkages, specify, by notification, such programmes, guidelines or instructions, as it may deem fit.

CHAPTER XXV COMPANIES TO FURNISH INFORMATION OR STATISTICS

405. Power of Central Government to direct companies to furnish information or statistics.

The Central Government may, by order, require companies generally, or any class of companies, or any company, to furnish such information or statistics with regard to their or its constitution or working, and within such time, as may be specified in the order.

The limit for investment in plant and machinery/equipment for manufacturing / service enterprises for determining the status of the enterprise as Micro, Small or Medium or are as under (Udyog Aadhaar Memorandum-UAM)

Enterprises	UAM Category	Type	Investment in plant & machinery/equipment
Micro Enterprises	A	Manufacturing	Does not exceed 25 lakh rupees
	B	Service	Does not exceed 10 lakh rupees
Small Enterprises	C	Manufacturing	More than 25 lakh rupees but does not exceed 5 crore rupees
	D	Service	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	E	Manufacturing	More than 5 crore rupees but does not exceed 10 crore rupees
	F	Service	More than 2 crore rupees but does not exceed 5 crore rupees

(e) "enterprise" means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services;

ORDER

Every specified company shall file details of all outstanding dues to Micro or small enterprises suppliers

existing as on the date of notification of this order

within 30 days from the date of publication of this notification. (20/02/2019)

As on date the Form MSME I is not yet deployed by the Ministry.

shall file half yearly return as per MSME Form I

By 31st October for the period from April to September.

and by 30th April for the period from October to March.

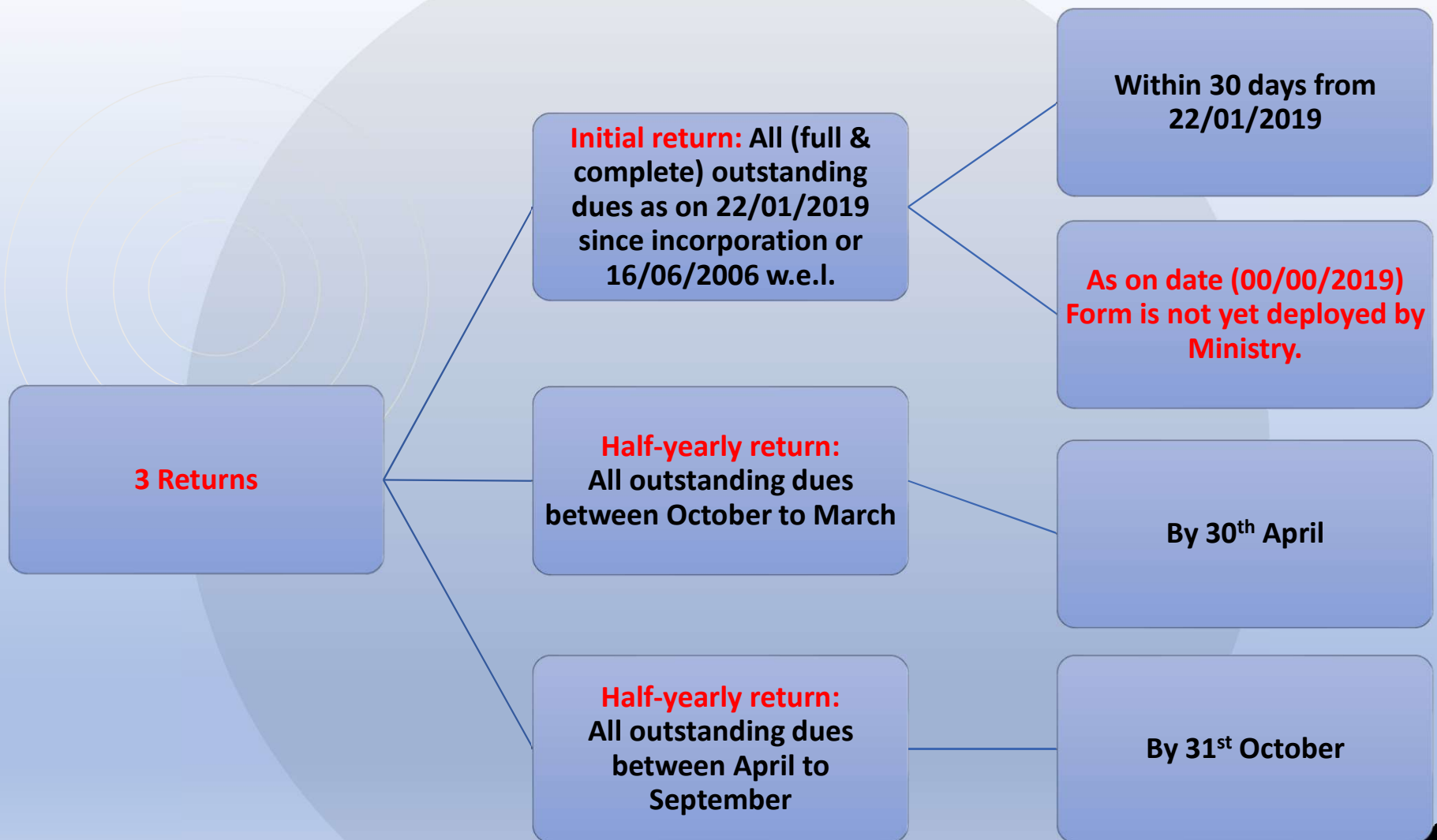

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graph LR; A[Specified Company] --- B[all companies, who get supplies of goods or services from micro and small enterprises and]; A --- C[whose payments to micro and small enterprise suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services]; A --- D[All Companies: Public, Private, Listed, Unlisted, Dormant or Government Company, etc.];
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Specified Company

all companies, who get supplies of goods or services from micro and small enterprises and

whose payments to micro and small enterprise suppliers exceed 45 days from **the date of acceptance or the date of deemed acceptance of the goods or services**

All Companies: Public, Private, Listed, Unlisted, Dormant or Government Company, etc.





**A glance on
The Micro, Small And Medium Enterprises
Development Act, 2006**



MSME ACT

“supplier” means a micro or small enterprise, which has filed a memorandum with the authority referred to in sub-section (1) of section 8, and includes

(i) the National Small Industries Corporation, being a company, registered under the Companies Act, 1956 (1 of 1956);

(ii) the Small Industries Development Corporation of a State or a Union territory, by whatever name called, being a company registered under the Companies Act, 1956 (1 of 1956);

(iii) any company, co-operative society, trust or a body, by whatever name called, registered or constituted under any law for the time being in force and engaged in selling goods produced by micro or small enterprises and rendering services which are provided by such enterprises;

As per Section 8

Any person who intends to establish (a) a micro or small enterprise, may, **at his discretion**; or (b) a medium enterprise engaged in providing or rendering of services may, **at his discretion**; or (c) a medium enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951

shall file the memorandum of micro, small or, as the case may be, of medium enterprise with such authority as may be specified by the State Government under sub-section (4) or the Central Government under sub-section (3):

Provided that any person who, before the commencement of this Act, established (a) a small scale industry and obtained a registration certificate, may, at his discretion; and

(b) an industry engaged in the manufacture or production of goods pertaining to any industry specified in the 1st Schedule to the IDRA Act, 1951, having investment in plant and machinery of more than Rs. 1 Cr but not exceeding Rs. 10 Cr and, in pursuance of the notification of the Government of India in the erstwhile Ministry of Industry (Department of Industrial Development), 1991 filed an Industrial Entrepreneur's Memorandum,

shall within one hundred and eighty days from the commencement of this Act, file the memorandum, in accordance with the provisions of this Act.



CHAPTER V
DELAYED PAYMENTS TO MICRO AND SMALL
ENTERPRISES

Section 15 of MSME Act: Liability of buyer to make payment.

Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing, or, where there is no agreement in this behalf, before the appointed day.

“appointed day” means the day following immediately after the expiry of the period of 15 days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall **exceed 45 days** from the day of acceptance or the day of deemed acceptance.

date of acceptance or the date of deemed acceptance of the goods or services

Section 2 (1) (b) (i)“the day of acceptance” means:	Section 2 (1) (b) (ii)“the day of deemed acceptance” means:
<p>(a) the day of the actual delivery of goods or the rendering of services; or</p> <p>(b) where any objection is made in writing by the buyer regarding acceptance of goods or services within 15 days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;</p>	<p>where no objection is made in writing by the buyer regarding acceptance of goods or services within 15 days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;</p>

Section 16 of MSME Act: Date from which and rate at which interest is payable

Where any buyer fails to make payment of the amount to the supplier, as required under section 15,

the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force,

be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon @3 times of the bank rate notified by the Reserve Bank.

Section 22 of MSME Act: Requirement to specify unpaid amount with interest in the annual statement of accounts

Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely

(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; s

(ii) the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;

(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;

(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and

(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23.

Section 23 of MSME Act: Interest not to be allowed as deduction from income

Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961), the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

Section 24 of MSME Act: Overriding effect.

The provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

DISCLOSURE IN FINANCIAL STATEMENTS OF A COMPANY

SCHEDULE III Companies Act, 2013

Trade Payables

The following details relating to Micro, Small and Medium Enterprises shall be disclosed in the notes:-

- (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;**
- (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;**
- (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;**
- (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and**
- (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.**

Explanation, -The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier', shall have the same meaning assigned to those under clauses(b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.

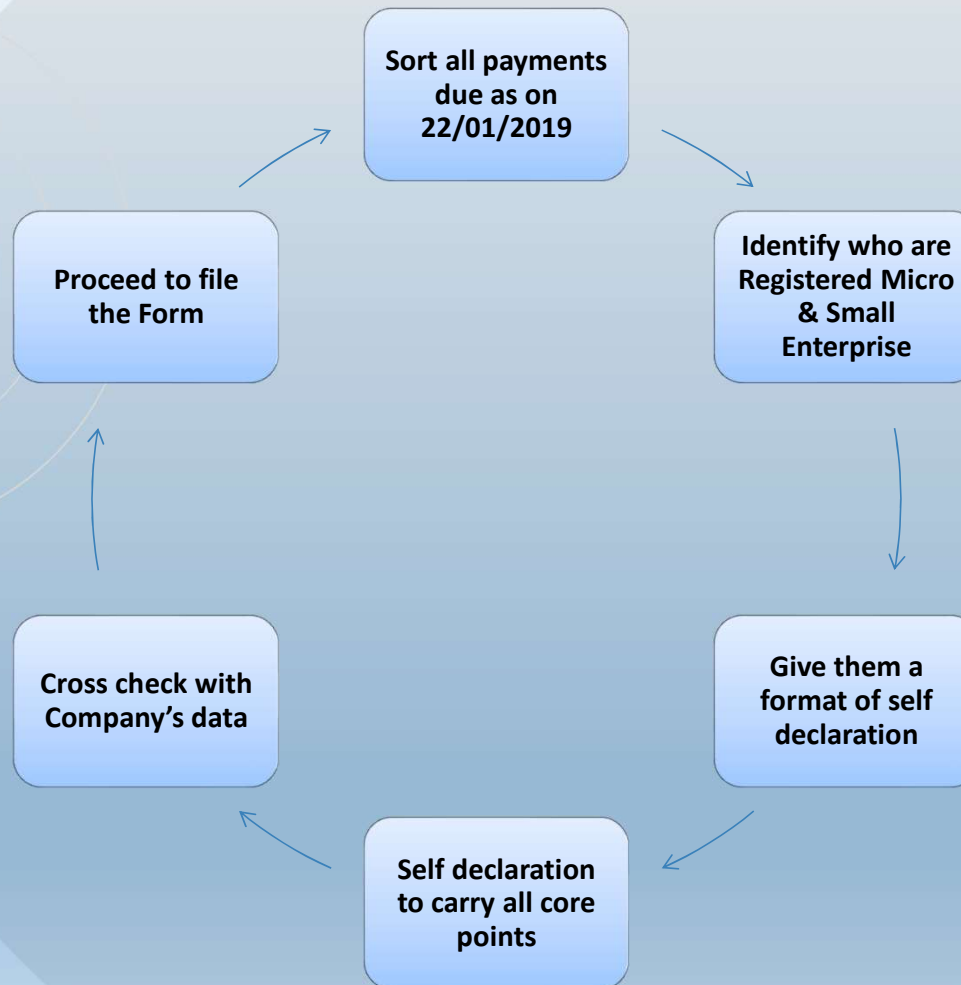
The Company has not received any intimation from creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosure, if any, relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act has not been given.



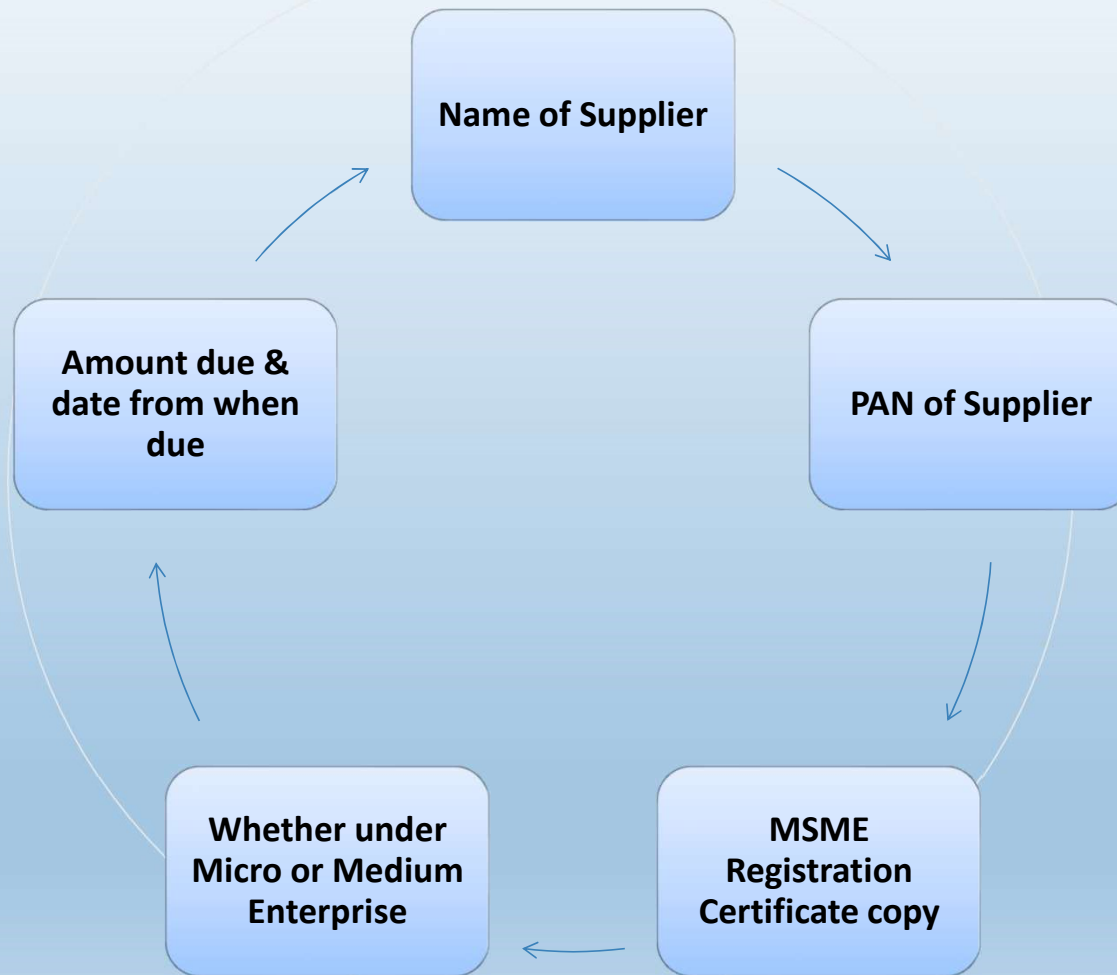


**STEPS IN
COMPLYING WITH
THE ORDER**

Steps in arriving at the data to be filed:



**Contents for Self
Declaration by
Supplier**



MSME FORM I

1. (a) Corporate Identity Number (CIN) of company	2. (a) Name of the Company	3. Initial return of outstanding dues to Micro or Small Enterprises Suppliers.	4. REGULAR RETURN OF OUTSTANDING DUES TO MICRO AND SMALL ENTERPIRSES
(b) Global location number (GLN) of company	(b) Address of the registered Office of the company	(a)* Total outstanding amount due as on date of notification of this order	I. total outstanding amount during April to September Particulars of the name of suppliers and amount of payments due
(c) * Permanent Account Number (PAN) of company	(c) *email id of the company	(b).* Particulars of the name of suppliers and amount of payments due (Detailed column next page)	II. total outstanding amount during October to March Particulars of the name of suppliers and amount of payments due

MSME FORM I continued..

5. *Reasons for Delay in amount of payments due	6. Attachments (if any)	Declaration It is hereby declared that the information given in the form and attachments are true and correct with the best of my knowledge.	Note: Attention is drawn to provision of sub section 4 of section 405 of Companies Act, which provide for punishment for any information statistics which is incorrect or incomplete in any material respect.
		* To be digitally signed by * Designation * DIN of the director; or PAN of the manager of CEO or CEO; or membership number of the company secretary	

Particulars of the name of suppliers and amount of payments due

Financial Years/Particulars	Name of Suppliers	PAN of Suppliers	Amount Due	Specify the date from which amount is due

Punishment: u/s 405 of CA 2013:

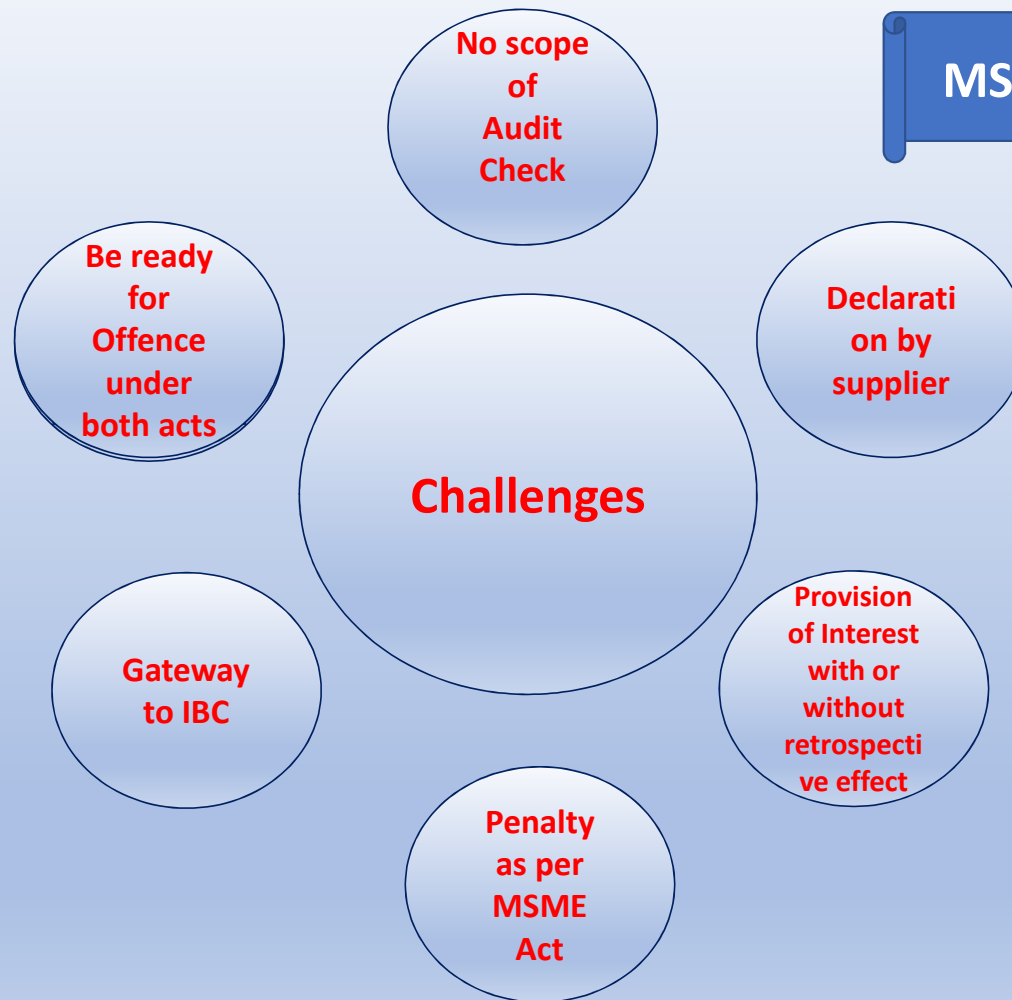
If any company fails to comply with an order or knowingly furnishes any information or statistics which is incorrect or incomplete in any material respect

Company shall be punishable with fine which may extend to twenty-five thousand rupees

every officer of the company who is in default, shall be punishable with imprisonment for a term which may extend to six months or

with fine which shall not be less than twenty-five thousand rupees but which may extend to three lakh rupees, or with both.

MSME, Order



Thank You!

Pooja Ojha
Company Secretary

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