



### **MCA notified Companies (Accounting Standards) Rules, 2021**

MCA vide notification dated 23.06.2021 notified the accounting standards for small and medium companies. The rules have redefined the Small and Medium Companies (SMC) as :

- (i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;
- (ii) which is not a bank, financial institution or an insurance company;
- (iii) whose turnover (excluding other income) does not exceed rupees Two Hundred fifty crore in the immediately preceding accounting year;
- (iv) which does not have borrowings (including public deposits) in excess of rupees Fifty crore at any time during the immediately preceding accounting year; and
- (v) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.

Explanation.- For the purposes of this clause, a company shall qualify as a Small and

Medium Sized Company, if the conditions mentioned therein are satisfied as at the end of the relevant accounting period.

\*SMC which is a holding company or subsidiary company of a non-SMC will not qualify as a small and medium company,

Also, central government has specified Accounting Standards 1 to 5, 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India. The Accounting Standards shall come into effect in respect of accounting periods commencing on or after 01.04.2021.

**Source: MCA Notification dated 23.06.2021**

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### **Clarification on passing of Ordinary and Special Resolution due to COVID outbreak**

On account of COVID outbreak and in continuation of Circular No 14/2020, 17/2020, 33/2020 and 39/2020, MCA has extended the time period for Companies to conduct their EGMs through VC or OAVM or transact items through postall ballot upto 31.12.2021. Keeping all other requirements provided in the earlier circular unchanged.

**Source: MCA Notification dated 24.06.2021**

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