



# **ANNUAL REPORTS – SOME ASPECTS & THOUGHTS**

Sudheendhra Putty

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# OVERVIEW



- The celebrated English case of *Solomon vs Solomon & Co. Ltd*
- Hypothesis of ownership and management of the company – bulwark of company law
- Fiduciary and trusteeship concepts
- Life cycle of the annual report

# PHILOSOPHY



## Need to view the annual report from varied perspectives:

- Statutory document
- Report to the owners on qualitative and quantitative aspects
- Update to the shareholders on performance
- Calling card/marketing tool
- Key area of showcasing the capabilities of the CS

# GENESIS



## Inherent limitations of the Board's report

- *Post-mortem* and backward looking
- Driven entirely by statutory framework
- Limited scope, despite some tweaking
- Led to the need for more insights and meaningful information

# CHAIRMAN'S MESSAGE



- Gains significance with each year and developments
- Articulate company philosophy, credo, vision and mission from a strategic and business perspective
- Broad insights on global, national and regional trends and impact on the business.
- Value proposition and interface among the stakeholders

# CHAIRMAN'S MESSAGE



Analysis and overview from varied view points

- SWOT
- PEST
- VUCA – *Volatility, uncertainty, complexity and ambiguity*

Dovetailing the company into the economy – national and global

Forecasting of trends

CSR and other achievements

# MANAGEMENT DISCUSSION & ANALYSIS



- Industry structure and developments
- Opportunities and Threats
- Segment-wise or product-wise performance.
- Outlook
- Risks and concerns
- Internal control systems and their adequacy
- Discussion on financial performance with respect to operational performance
- Material developments in Human Resources / Industrial Relations front, including number of people employed
- ***Key ratios – changes***

# CORPORATE GOVERNANCE REPORT



- Philosophy on corporate governance
- Board of directors and varied aspects – *mapping of skill sets*
- Meetings of the board and related details
- Committee functioning – charters, details of composition, meetings and allied details
- Details of general meetings
- Communication with the shareholders
- General shareholder information
- Varied other disclosures including under POSH



# CORPORATE GOVERNANCE REPORT



- Key area for company secretaries
- Plethora of other information that may be given
- Imperative to gain exposure to best global practices
- Greater disclosure
- Qualitative aspects of governance and impact on business

# NOTICE



- Mandatory requirements of ordinary and special business
- Explanatory statements
- Profiles of directors seeking appointment/re-appointment
- ***Recommendation of the board on each specific item in the notice***
- Guidance given in the Act, Standard and LODR and allied regulations, ICSI publications

# GENERAL GUIDANCE



- Consistency
- Homogenous and heterogeneous – need to combine
- Focus on language and presentation
- Theme needs to be permeating

# WAY AHEAD



- Proxy advisory firms and their role
- Overload of information
- Integrated reporting
- Role of agencies – content writers
- Role of the CS

# CONCLUSION



*“One ought to be conscious of means and ends. The decision on cost benefit analysis could be myopic, because it refuses to know that the long-term effects endanger humanity; one should not be a victim of short term solutions however attractive they may be. The human values should be the touchstone of economic theories. Economic and non-economic variables ought to be the synthetic test of a theory and decisions of the policy makers..... The truest test of any policy is the extent of benefit received by the last man standing in the last line of the social strata. That is integral humanism.”*

*- Pt. Deen Dayal Upadhyaya*



THANK YOU  
HAVE A PLEASANT DAY