

Board's report

Performance report for shareholders?

- CS Saurabh Agarwal
- 

Users...



- Registrar of Companies
- Stock Exchange(s)
- SEBI

- Statutory Auditors
- Secretarial Auditors
- Internal Auditors

- Investors (existing and proposed)
- Proxy Advisors
- Analysts

01

ROC Adjudication

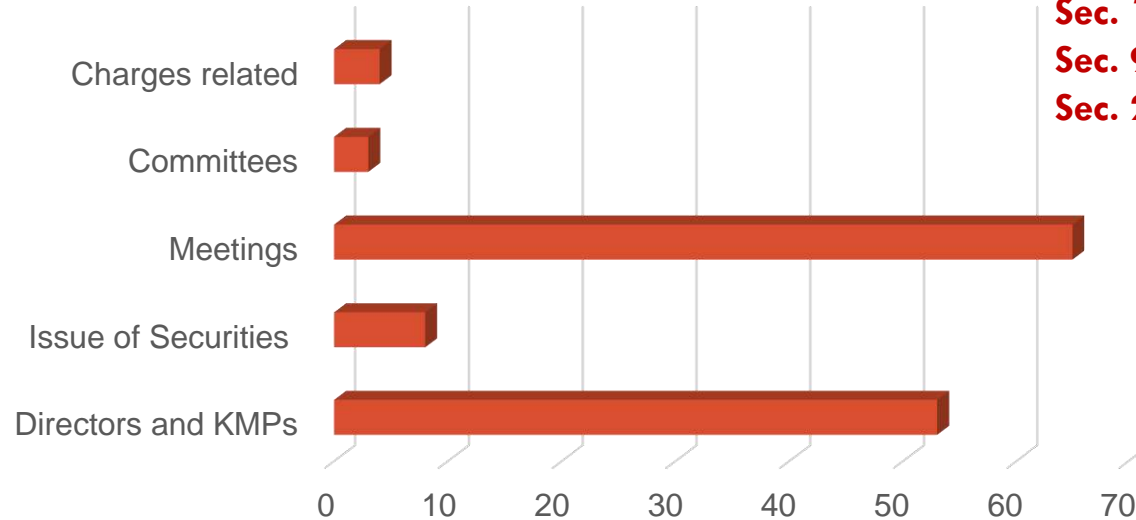


Adjudication Orders - Statistics

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Total – 1400+
Orders
(30 Sections)

Chart Title



Maximum orders served on
Sec. 12 – 500+
Sec. 92 & 137 – 300+
Sec. 203 - 50+

ROC Mumbai
No. of Directors
Penalized – 140+
Penalty Amt. – 2.80
Cr+

Annexures to Board's report

1. AOC 1
2. AOC 2
3. CSR
4. MR 3
5. ESG + Forex
6. Remuneration
7. ESOS



Signing of Board's report



Timing

- Financial Statement
- Board's report



Who

- Chairperson; OR
- 2 Directors (1 of whom MD)



Mode

- Physical
- Digital



Michelin
India

Impact on Financial Position

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1 Material
Changes

UNIC –
USD
23mn

2 Commitments

Reco. with Reg.
30.?

02

SEBI Adjudication

Urja Global - SEBI Mapping Board's Report with Regulation 30

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Disclosure of the same was given on website and Stock Exchange of the company but no mention of same in annual report of the company



Finally asked PCS to certify all disclosures from this company to Stock Exchange for next 3 yrs

Company received a big order for a particular product from a Japanese Company

SEBI questioned this practice



IZMO Limited - Defence contract - Name of Subsidiary matched with Board's Report

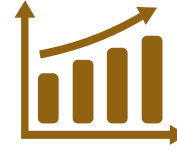
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Disclosure in
annual report
of bagging an
order



Regulation 30
disclosure
was mapped
with Annual
Report
Disclosure



Later company
admitted
Regulation 30
was correct but
there was a
misstatement
in annual
report

Bajaj Hindusthan Sugar Ltd - SEBI AO

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Non disclosure of Show Cause Notices in BRR report under Question 7
(Principle 6)

Non-Disclosure to
Stock Exchange under
Reg. 30

BHSL did not disclose issue of SCN and consequent closure of distilleries during season running of distilleries with conditions stating it was not crossing 10% of consol. turnover [‘materiality criteria’] and closure during off-season.

Disclosure of Issuance of Show
Cause Notice [‘SCN’]/ Litigations

Clause 8 Para B: closure of
operation of unit or division
entirely or piecemeal.
Clause 2 Para B:
Litigations(s)/disputes/regu
latory actions with impact.

Total 14 SCN issued in 2019-20. All resolved and no
pending as at end of FY hence not disclosed. BRR
voluntary.

**SEBI on Materiality and
BRR**

No materiality criteria in materiality policy. In
absence of policy Reg. 30(4)(a) and (b). Not all
SCN were resolved as at end of FY 20 that
warranted BRSR closure. Contradictory
statements in BRR for 19-20 and 20-21

BRR vs Reg. 30.

SCN and Legal Notice to be
mentioned in BRR/BRSR
irrespective of materiality but
under Reg. 30 only on
materiality?



Adjudication Order - Dwitiya Trading Limited

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No submission on any disclosure relating to utilization of issue proceeds either as a separate disclosure or as a part of its financial results and Annual Report.



Information was sought whether disclosure as per Listing Agreement.

Essar Shipping - SEBI Adjudication Order

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Essar Shipping
issued FCCBs



01



02

Renewal
Terms of
FCCBs
disclosed
every year in
annual
report

FCCB Holders
decided to
convert
FCCBs and
not redeem
the same



03



04

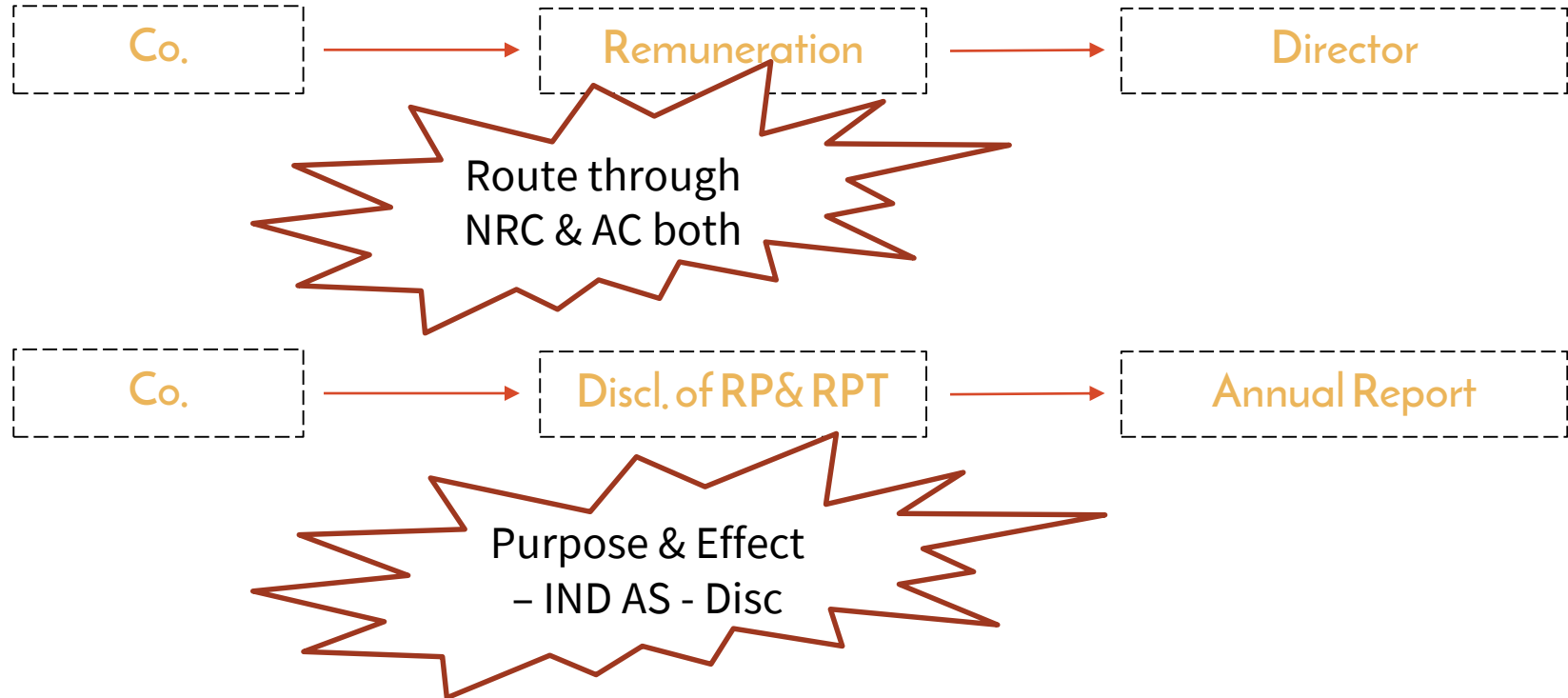
SEBI
considered
this event as
UPSI

Company
disclosed the
same under
Regulation
30



Disclosure of RPT in Annual Report - ILFS

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03

Key aspects of Board's report



Classification of Auditor's remarks



Qualification: Material but not pervasive



Adverse: Material + Pervasive



Disclaimer: Unable to obtain evidence



Reservation: No specification



Directors' responsibility Statement

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Statutory audit report



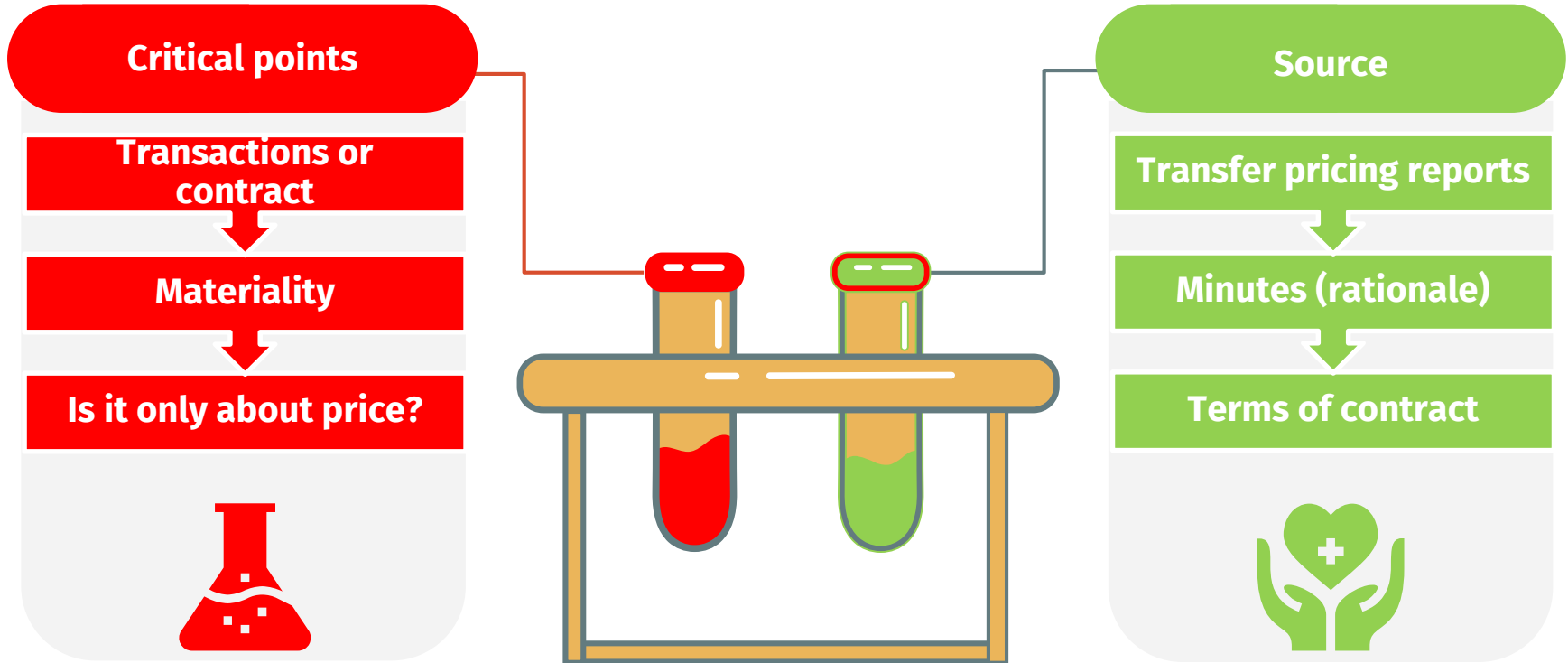
Internal audit report



Special reports (frauds,
default, etc.)

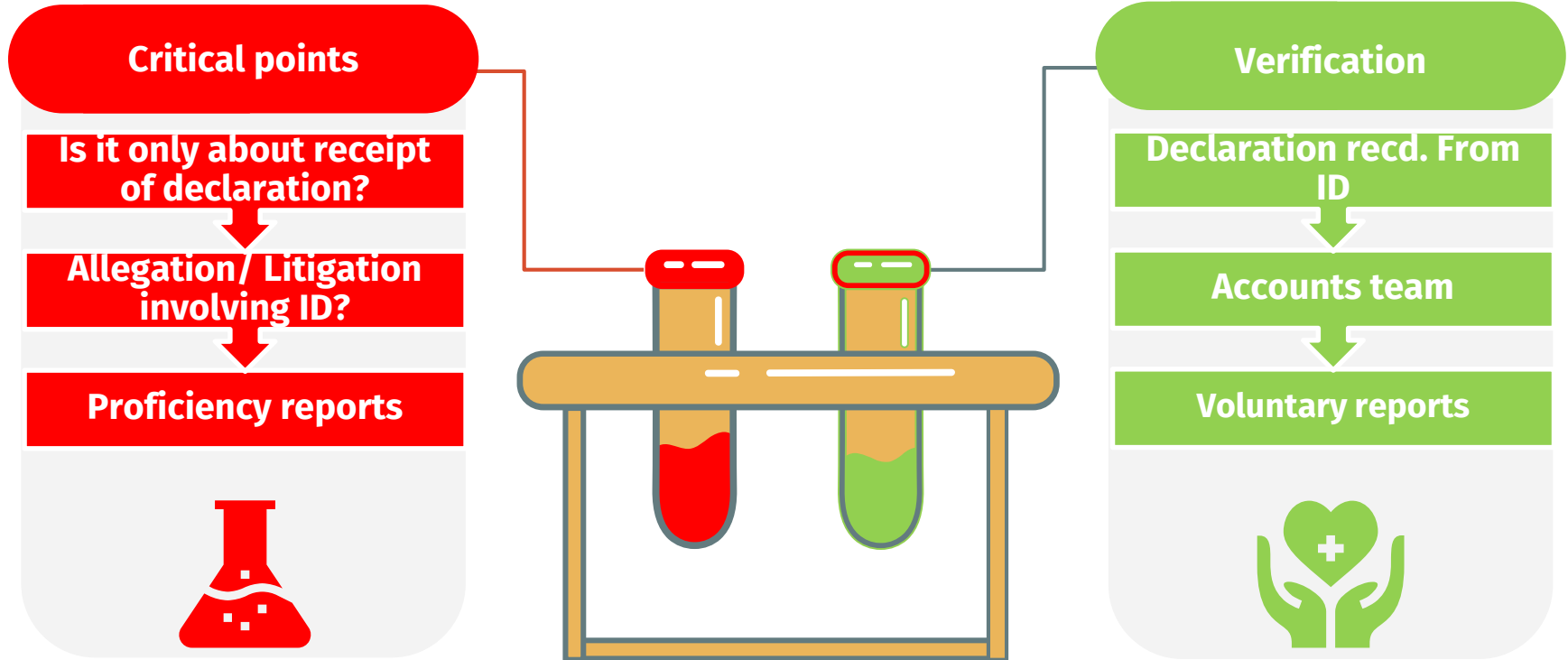
Related Party Transaction

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Independence of Independent Directors

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Is extract of P&L good enough?

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1 134(3)(i)
State of
the
Company's
affairs

2 Rule 8(5) –
financial
summary
or
highlights

Some critical points

Disclosure about LIGS

- Is reference to financial statement good enough?



Performance of investments

- Performance of Subsidiaries, Associates and Joint Venture COS



Compliance with SS1

- Misrepresentation
- O&M case



04

Other elements of Board's report



Reporting under FEMA

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Shareholders



Board of Directors

First Level Indian Co. making Downstream Investment (DI) – to ensure compliance with provisions of applicable rules for DI made by it and all downstream investments (Rule 23(6))

Reporting about POSH

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Shareholders



Board of Directors

Confirmation of compliance with POSH + Annual Report of the Board to contain No. of cases filed and disposed off during the year (EQL + HVLD)

Kandan
Mutual Benefit

Reporting relating to IBC

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Shareholders



Board of Directors

Details of application made or any proceeding pending

Reporting relating to OTS

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Shareholders



Board of Directors

Difference between valuation done at the time of OTS and valuation done while taking loan from Banks or FI along with reasons thereof

Revision in Board's report



Can I alter Board's report?

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**After BR approval but
before circulation**



**After BR circulation
but before adoption**



After BR adoption

Grounds of non compliance
section 129/134

Consequences



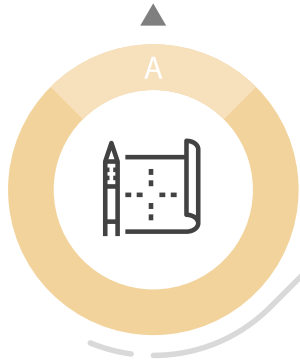
Penalties under sections that are covered under Annual Report

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Fixed Penalty
Co/OID – Rs 10,000

Continuing Penalty –
Rs 100/- per day

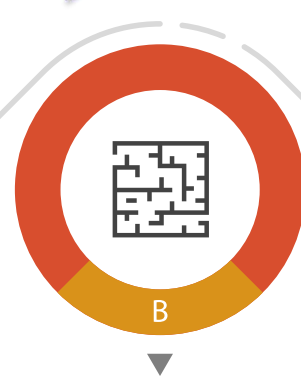
Maximum:-
On Company - Rs.2,00,000
On OID - Rs.50,000



Section
92

Section
134

Fixed Penalty
Co – Rs 25,000/-
OID – Rs 5,000/-



Fixed Penalty
Co – Rs 3,00,000/-
OIC – Rs 50,000/-



Section
136

Section
137

Fixed Penalty
Co/OID – Rs 10,000

Continuing Penalty –
Rs 100/- per day

Maximum:-
On Company - Rs.2,00,000
On OID - Rs.50,000



Penalty prescribed in SEBI law for violation

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1

15A - Failure to furnish information or returns etc.

Minimum - One lakh
Maximum - One lakh per day upto Rs 1 crore

2

15C - Failure to redress investor grievance

Minimum - One lakh
Maximum - One lakh per day upto Rs 1 crore

3

15HB - Penalty for contravention where no separate penalty is prescribed

Minimum - One lakh
Maximum - One crore

Sec 448



- If any return, report etc contains a statement which is false or it is made knowing it to be false or any material statement is omitted then BOD will be made liable u/s 447 of Companies Act, 2013

Sec 447



- Penalty under 447 depends upon the amount involved in fraud.



Alvin Toffler

“The illiterate of the future
are not those who can’t read
or write but those who
cannot learn, unlearn, and
relearn.”



**Thank you for your
patient listening**

