Annual Report- 2019-Compliance aspects for Listed & Un-listed Companies

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Annual Report – Listed & Unlisted

1. Annual Report Compliance & Contents
2. Disclosures Under the Companies Act, 2013
3. Disclosures under SEBI Listing Regulations
4. Event Based Disclosures under the Companies Act, 2013
5. Event Based Disclosures under SEBI Listing Regulations, 2015
6. Other Disclosures
Annual Report - Compliance

Companies Act, 2013 & Rules

Annual Report

SEBI Listing & Other Regulations (Ex. ESOP)

Other Acts (Ex. HFC, MSME)
Annual Report Disclosures

- **Normal** Disclosures
- **Event** based Disclosures

- **Listed** Companies
- **Unlisted** Public Companies
- **Other** Companies (Ex. Pvt, OPC, Small Company etc)
1. Annual General Meeting Notice

2. Director’s Report & Annexures

3. Management Discussion and Analysis Report

4. Corporate Governance Report

5. Business Responsibility Report

6. Secretarial Audit Report

7. Auditors Report (Stand Alone & Consolidated)

8. Financial Statements (Standalone & Consolidated)

9. Notes to Financial Statements
Annual Report – Listed & Unlisted

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Director’s Report - Disclosures under the Companies Act, 2013

Sec. 134 Financial Highlights

- **Financial Performance (FP) of the Company** – *Standalone / Consolidated – Sales / Income / EBITDA / PBT / PAT*

- **FP and Position of Subsidiary / Associate / Joint Venture Company (AOC-1)**

- **Director’s Responsibility Statement**

- **No. of Meetings of Board**

- **Internal Financial Controls adequacy**

- **Changes in Directors / KMP**
Director’s Report - Disclosures under Companies Act, 2013

Sec. 134 Statement of Affairs

- **Operational** overview / **Changes** in the nature of **Business** /state of **Company Affairs**
- **Dividend** / Transfer to Reserves
- **Material** changes /commitments affecting **financial position** during the **end of FY** & Directors Report **date**
- Comments / Explanation on **qualification, reservation** or **adverse remarks** or **disclaimer** made by the **Statutory Auditor** in his report and **PCS** in **Secretarial Audit Report**
The Extract of Annual Return (MGT-9) to be annexed.

Auditor reported Fraud other than those reportable to Central Government;

Statement of Energy Conservation, Technology Absorption, Foreign Exchange (Earnings & Outgo)

Implementation of Risk Management Policy

Corporate Social Responsibility Policy and initiatives taken, CSR Annual Report
- **Independent Director** (ID) declaration

- Director’s **Appointment** & **Ratio** of **Remuneration** to the **median remuneration** of employees and **Committees** (Audit, NRC & Stakeholder)

- Annual **Evaluation** of the performance of the **Board/ Committees/ Individual directors**

- Also **Evaluations** made by **NRC & IDC** to be given
Disclosures included in Financial Statements then **such reference** to be given instead of being *repeated* in the Board’s Report

**Significant** and *material orders* passed by the **Regulators** or **Courts** or **Tribunals** impacting the **going concern** status and company’s **operations** in future

**CSR, NRC** Policies brief to be given with web-link if complete policies are made available on website; (effective **31-Jul-18**)

**Cost Auditor** appointment (disclosure **not** mandatory),

**Statement of Maintenance of Cost Audit Records** (effective **31-Jul-18**)

**Constitution of Internal Complaints Committee** under **SHWW** (effective **31-Jul-18**)

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SHWW :-The Sexual Harassment of Women at Workplace (Prevention, Prohibition, & Redressal )Act, 2013
Public Deposits –

- Accepted during the year /
- Un-paid or Un-Claimed at the EoY
- default in repayment (at the beginning of year / maximum during the year / at the end of the year)

Details of deposits which are not in compliance with the requirements of Acceptance of Deposits - Chapter V of the Act
Directors Report - Disclosures under the Companies Act, 2013

Sec. 177

- Audit Committee (AC) Composition, the Board had not accepted any recommendation of AC
- Vigil Mechanism establishment on website & Director’s Report

Sec. 186 & 188

- Loans, Guarantees or investments – forms parts of Notes to Financial Statements
- Related parties – transactions / contracts – justification – AOC-2
Names of **Top 10 employees** in terms of remuneration drawn

Names of every **employee** who was in receipt of remuneration more than Rs. 1.02 Crores if employed **entire year** or remuneration **not** less than Rs. 8.50 Lakhs per month if employed **part of year**

Names of **employee** drawing **more** than MD or WTD and holding **not** less than 2% shares by himself or with spouse or dependent children
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 Listed Co. and its Indian Subsidiary Companies:

- **Secretarial Audit Report** from PCS to be annexed in Annual Report (Effective from year ended **March 31, 2019**)

- **Secretarial Compliance report**- Annex with Annual Report (To be filed with Stock Exchange)
Annual Report - Disclosures under SEBI Listing Regulations

Reg. 34

- **Audited** Financial Statements (FS) and **Statement of Impact of Audit Qualifications**
- **Consolidated** FS
- **Directors Report**
- **Management Discussion and Analysis Report** (either Part of Director’s Report or addition)
- **Business Responsibility Report** (Top 500 as on 31st March every FY) (Listed entities other than top 500, BRR voluntary)
- All Other Disclosures **Covered under the Companies Act, 2013**
- **Schedule V** (Annual Report) of SEBI Listing Regulations
New director or re-appointment – information

- Brief Resume
- Nature of expertise in specific functional area
- Relationships between directors inter-se
- No. of Listed Co. Directorship and committees
- Shareholding of Non Executive Director

Dividend Distribution Policy – Top 500 List Co. (As on March 31 every year) – to be formulated and Disclosed in Annual Report & on website

Changes in Policy along with rationale in Annual Report
A. Related Party Disclosures – Holding / Subsidiary, Entity or Person belong to Promoter / Promoter Group holding >10% in List Co. (effective 01-Apr-19), As per AS Format;

☐ Exception: listed Banks;

B. Management Discussion and Analysis Report

✓ Industry Structure and Developments
✓ Opportunities and Threats
✓ Segment wise or Product Wise Performance
✓ Out look
✓ Risks and Concerns….. Contd
B. Management Discussion and Analysis Report (contd…)

- **Internal control Systems and their adequacy**
- Discussion on **Financial Performance** with respect to **Operational Performance**
- **Material Developments in Human Resources / Industrial Relations**
- 25% or **more** changes in comparison with immediate Previous Financial Year (PFY) in **Key Financial Ratios** including: (effective 01-Apr-19)
  - **Debtors** Turnover,
  - **Inventory** Turnover,
  - **Interest** Coverage Ratio,
  - **Debt Equity** Ratio
B. Management Discussion and Analysis Report (contd…)

- Operating Profit Margin (%), Net Profit Margin (%) or Sector Specific equivalent ratios
- Change in Return on Net worth compared to PFY along with detailed explanation

Disclosure of Accounting Treatment, if Financial Statements are prepared based on a treatment different from AS, together with explanation as to why such alternative treatment represents true and fair view of the Underlying Business Transaction
C. Corporate Governance Report

- **Statement** of Philosophy on **Code** of **Governance**

- **Board of Directors** :-
  - Composition & Category, attendance in BoD meetings & AGM, no. of other Board Directors or Committees (including names of list Co. Category of Directorship [effective year ended 31-Mar-19 Annual Report],

- meetings date & no., Inter-se relationship, no. of shares / convertible instruments held, web link of familiarization program,
- Chart of Matrix setting out the Skills\Expertise\ Competence of the Directors covering list and to those actually available with Board (effective from year ended 31-Mar-19),

- Names of Directors having such skills (effective from year ended 31-Mar-20)

- Board Confirmation on Independent Directors (ID) full-fill the conditions

- Reasons for resignation of ID who resigns before expiry of term with a confirmation from such ID that there are no material reasons other than those provided
C. Corporate Governance Report

- **Committees** :- Audit / Stakeholder Grievance / Nomination & Remuneration covering terms of reference, Composition, members, meetings & attendance

- **Remuneration of Directors**:-
  - All elements of *remuneration* package, stock options, service contracts, fixed & variable pay etc.
  - **Criteria** for payments to *Non Executive Directors*. Alternatively, this may be put up on the company’s website and reference drawn thereto in the annual report
  - **Pecuniary** relationship or *transactions* of *Non Executive Directors*
C. Corporate Governance Report

- **General Body Meetings**: last three AGM venues, time & location, Special Resolutions, Postal ballots,

- **Means of communication**: Quarterly/news papers/website/presentations of Investors

- **General Shareholder Information**: Ex. AGM date & Time, Book closure, FY, dividend payment date, stock code, market price data etc.,

- **Other Disclosures**: Ex. Non compliance penalties, vigil mechanism etc.,
  - Details of utilization of funds raised through Preferential allotment / QIP (effective 01-Apr-19)
  - Certificate from PCS on None of Directors disqualified by SEBI\ MCA\ other authority (effective 01-Apr-19)
C. Corporate Governance Report

- Web link of material subsidiary policy
- Web link policy dealing with related party transactions
- Commodity price risks and commodity hedging activities
- List of Credit Ratings along with revisions (effective 01-Apr-19)
- Where the Board has not accepted any Committee recommendations
- Total fee paid to Statutory Auditors by Listed Co., and Subsidiary Company (effective from 01-Apr-19)
C. Corporate Governance Report (contd…)

- Disclosure of Sexual Harassment of Women at work place covering no. of complaints filed / complaints disposed off / pending complaints at the end of year (effective 16-Nov-18)
- Declaration by CEO stating that Members of Board and Senior Management affirmed compliance of Code of Conduct
- CG Compliance Certificate from PCS or Statutory Auditor
- Demat Suspense Account :- no. of shareholders at the beginning of year, no. of shareholders approached the Listed Co. , no. of shares transferred from suspense account to shareholder, outstanding no. at the end of year, voting rights remain frozen till right full owner of such share claims
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Event - Disclosures under the Companies Act, 2013

Section 67

- Disclosure of **Purchase** by the Company or **Loans given** to **Purchase of its shares** –voting rights **not** exercised by the employees

Others

- **Issue of Employee Stock Option** [Rule 12 Cos Share Capital & Debenture) Rules]

- **Buy Back** of shares

- **Issue of Bonus Shares**

- **Issue of sweat equity shares** [Rule 8 Cos Share Capital & Debenture) Rules]

- **Revision of Financial Statements** (Sec. 131)

- **Issue of differential voting shares** [Rule 4 Cos Share Capital & Debenture) Rules]
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Event - Disclosures under SEBI Listing Regulations & Others

Reg. 32

- Statement of **Deviations** in the **use of funds**, utilization of funds category wise (capital expenditure, Sales, Marketing etc.) raised through Public, rights, preferential issue along with the **explanation** in Annual Report

- **Utilization** of funds raised through Public, rights, preferential issue until such funds are fully utilized, in Annual Report

Others

- Disclosure on **Employee Stock Option** (SEBI Share Based Employee Benefits Regulations)
- Details of **Voluntarily delisting** [SEBI (Delisting of Equity) Regulations]
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Housing Finance Companies – additional disclosures- **Unclaimed** NCDs (NCD on private placement basis (NHB) Directions 2014)

Any **buyer** from MEME **Supplier** - disclose in **Audited Financial Statements**

- Interest & principle **paid** beyond **due** date
- Interest & Principle **Outstanding**
- Interest due for **Principle paid** beyond **due** date
- Balance interest **accrued** for Principle **un-paid**
- Status of Interest upto **reporting date**
Thank You

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