



**PRESENTATION ON  
BOARD'S REPORT  
SECTION-134 &  
SECRETARIAL STANDARD -4**

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# Background-Section 205 of Companies Act, 2013

- Functions of Company Secretary

**(a)** To report the Board

(i) Compliance of Co. Act. 2013 and Rules.

(ii) Compliance of other law applicable.

**(b)** Ensure Compliance of Applicable Secretarial Standards.

**(c)** Discharge such other duties as may be prescribed.

# What is Secretarial Standard.

(i) Issued by ICSI

(ii) Approved by Central Govt

- Thus Secretarial Standard are mandatory to all Companies except One Person Company.
- ICSI constituted Secretarial Standard Board (SSB).
- SSB Comprises representatives of major Industry Associations and eminent members of the ICSI in employment and in practice,
- MCA has notified SS-1 & SS-2 on 10.04.2015 and published in Gazette.
- Effective from 01<sup>st</sup> July, 2015 revised w.e.f 01.10.2017
- Scope of SS is to supplement such laws, rules and regulations.
- SS in Bold type with background material.
- **SS-4 shall come into effect from 1<sup>st</sup> October, 2018.**

# Objectives of Secretarial Standard


- To integrate, harmonise and standardise diverse secretarial practices.
- To bring Clarity in legal provisions- where law is ambiguous and silent.
- To Improve the compliance of corporate governance norms by India Inc
- Setting International benchmarks in secretarial practices.


# Section 134 of Companies Act

- 134(1)** The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director, if any, and the Chief Executive Officer, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of One Person Company, only by one director, for submission to the auditor for his report thereon.]
- (2) The auditors' report shall be attached to every financial statement.

(3) There shall be attached to statements laid before a company in general meeting, **a report by its Board of Directors, which shall include—**

- (a) the web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed]
- (b) number of meetings of the Board;
- (c) Directors' Responsibility Statement;
- (ca) details in respect of frauds reported by auditors under sub-section (12) of [section 143](#) other than those which are reportable to the Central Government;
- (d) a statement on declaration given by independent directors under sub-section (6) of [section 149](#);
- (e) in case of a company covered under sub-section (1) of [section 178](#), company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of [section 178](#);

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- (f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—
    - (i) by the auditor in his report; and
    - (ii) by the company secretary in practice in his secretarial audit report;
  - (g) particulars of loans, guarantees or investments under [section 186](#);
  - (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of [section 188](#) in the [prescribed form](#);
  - (i) the state of the company's affairs;
  - (j) the amounts, if any, which it proposes to carry to any reserves;
  - (k) the amount, if any, which it recommends should be paid by way of dividend;
  - (l) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;
  - (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner [as may be prescribed](#);

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- (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
  - (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
  - (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors has been made;
  - (q) such other matters as may be prescribed.



- <sup>9</sup>[Provided that where disclosures referred to in this sub-section have been included in the financial statements, such disclosures shall be referred to instead of being repeated in the Board's report.
- Provided further that where the policy referred to in clause (e) or clause (o) is made available on company's website, if any, it shall be sufficient compliance of the requirements under such clauses if the salient features of the policy and any change therein are specified in brief in the Board's report and the web-address is indicated therein at which the complete policy is available]
- <sup>9</sup>(3A) The Central Government may prescribe an abridged Board's report, for the purpose of compliance with this section by One Person Company or small company

# OPC

(4) *The report of the Board of Directors to be attached to the financial statement under this section shall, in case of a One Person Company, mean a report containing explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.*

(5) **The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) shall state that—**

(a) *in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;*

(b) *the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;*


(c) *the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;*

(d) *the directors had prepared the annual accounts on a going concern basis; and*

(e) *the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.*

*Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;*

(f) *the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.*

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- (6) *The Board's report and any annexures thereto under sub-section (3) shall be signed by its chairperson of the company if he is authorised by the Board and where he is not so authorised, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.*
- (7) *A signed copy of every financial statement, including consolidated financial statement, if any, shall be issued, circulated or published along with a copy each of—*
- (a) any notes annexed to or forming part of such financial statement;*
  - (b) the auditor's report; and*
  - (c) the Board's report referred to in sub-section (3).*
- (8) *If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.*

# BOARD'S REPORT

- There have been several disclosures scattered over different places under Act & Rules. Board's Report has been devised to bring all disclosures & compliances at one place.
- Board's Report in a way is as document containing various disclosures required under the Act & Rules.

# SCOPE

- This Standard prescribes a set of principles for making disclosures in the Report of the Board of Directors of a company and matters related thereto.
- In case, a particular disclosure which is required to be made as per this Standard is not applicable to a particular company, the company need not disclose the same in the Board's Report except where the Standard requires specific disclosure in this respect.
- The Board's Report of a One Person Company (OPC) and Small Company shall be prepared in the abridged form as prescribed by the Central Government. This Standard is in conformity with the provisions of the Act. However, if due to subsequent changes in the Act, any part of this Standard becomes inconsistent with the Act, the provisions of the Act shall prevail.
- Adherence to this Standard is recommendatory.

# Revised SS-I Requires:

As per Sr. No. 9. Disclosure **The Report of the Board of Directors shall include a statement on compliances of applicable Secretarial Standards.**

**EFFECTIVE DATE** This Standard shall come into effect from 1st October, 2017.

**SS-1&2 are Mandatory whereas  
SS-3&4 are recommendatory in nature  
for the time being**

# SS-4

## PART I: DISCLOSURES

### I. COMPANY SPECIFIC INFORMATION

I.1 Financial summary and highlights

I.2 Amount, if any, which the Board proposes to carry to any reserves.

I.3 Dividend

I.4 Major events occurred during the year

a) State of the company's affairs

b) Change in the nature of business.

c) Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report.

I.5 Details of revision of financial statement or the Report




## 2. GENERAL INFORMATION

### 3. CAPITAL AND DEBT STRUCTURE

Any changes in the capital structure of the company during the year, including the following:

- (a) change in the authorised, issued, subscribed and paid up share capital;
- (b) reclassification or sub-division of the authorised share capital;
- (c) reduction of share capital or buy back of shares;
- (d) change in the capital structure resulting from restructuring; and (e) change in voting rights

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- 3.1 Issue of shares or other convertible securities.
  - 3.2 Issue of equity shares with differential rights.
  - 3.3 Issue of Sweat Equity Shares.
  - 3.4 Details of Employee Stock Options.
  - 3.5 Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees.
  - 3.6 Issue of debentures, bonds or any non-convertible securities.
  - 3.7 Issue of warrants.

## 4. CREDIT RATING OF SECURITIES

The disclosure shall include the following:

- (a) credit rating obtained in respect of various securities;
- (b) name of the credit rating agency;
- (c) date on which the credit rating was obtained;
- (d) revision in the credit rating;
- (e) reasons provided by the rating agency for a downward revision, if any.

## 5. INVESTOR EDUCATION AND PROTECTION FUND (IEPF).

### 6. MANAGEMENT

6.1 Directors and Key Managerial Personnel.

6.2 Independent Directors.

6.3 Declaration by Independent Directors and statement on compliance of code of conduct.

6.4 Board Meetings.

6.5 Committees.

6.6 Recommendations of Audit Committee.

6.7 Company's Policy on Directors' appointment and remuneration.

6.8 Board Evaluation.

6.9 Remuneration of Directors and Employees of Listed Companies.

6.10 Remuneration received by Managing/Whole time Director from holding or subsidiary company.

6.11 Directors' Responsibility Statement.

6.12 Internal Financial Controls.

6.13 Frauds reported by the Auditor.



## 7. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

7.1 Report on performance and financial position of the subsidiaries, associates and joint ventures.

7.2 Companies which have become or ceased to be subsidiaries, associates and joint ventures.



8. DETAILS OF DEPOSITS

9. PARTICULARS OF LOANS,  
GUARANTEES AND INVESTMENTS.

10. PARTICULARS OF CONTRACTS OR  
ARRANGEMENTS WITH RELATED  
PARTIES.


11. CORPORATE SOCIAL  
RESPONSIBILITY (CSR)



## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

- (a) Conservation of energy –
- (b) Technology absorption –
- (c) Foreign exchange earnings and Outgo .

## 13. RISK MANAGEMENT

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14. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM.
  15. MATERIAL ORDERS OF JUDICIAL BODIES /REGULATORS.
  16. AUDITORS.
  17. SECRETARIAL AUDIT REPORT
  18. EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS.
  19. COMPLIANCE WITH SECRETARIAL STANDARDS
  20. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)
  21. FAILURE TO IMPLEMENT ANY CORPORATE ACTION
  22. ANNUAL RETURN.
  23. OTHER DISCLOSURES





## 24. ADDITIONAL DISCLOSURES UNDER LISTING REGULATIONS

24.1 Statement of deviation or variation

24.2 Management Discussion and Analysis Report (MDAR)

24.3 Certificate on Compliance of conditions of Corporate Governance.

24.4 Suspension of Trading.

25. DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

# PART II: OTHER REQUIREMENTS

## 26. APPROVAL OF THE REPORT

The Report shall be considered and approved by means of a resolution passed at a duly convened meeting of the Board.

## 27. SIGNING OF THE REPORT

## 28. DISSEMINATION

28.1 Right of Members to have Copies of the Report.

28.2 Placing of the Report on the Website.

## 29. FILING AND SUBMISSION OF THE REPORT

29.1 The Report along with the audited financial statement of the company shall be filed with the Registrar of Companies.

29.2 Every listed company shall submit to the stock exchanges on which its securities are listed, its financial statement together with a copy of the Report within twenty one working days of it being approved and adopted in the annual general meeting.



# Thank You

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