

Drafting Board's Report & Role of CS in Financial Supervision

Amita Desai & Co.
Company Secretaries Mumbai
www.amitadesai.com
9280177691
amita@amitadesai.com

Disclaimer

This Presentation is **for knowledge sharing** only and not be considered as legal opinion

The Views expressed herein are of my own and **not of the ICSI or MCA.**

Request to seek professional guidance for **specific query** before acting upon any view expressed in this material or during the presentation

Why is Board Report Important

1. Communication from the Company/ Management
2. Brand/Image Building
3. Statutory Disclosures
4. Management Discussion & Analysis (MDA)– perspective
5. Corporate Governance matters
6. BRR/ BRSR-ESG (**Environmental, Social & Governance**)
7. CSR Programs/ activities
8. Any initiative taken by the Company
9. **Integrated Report**- Principles based approach to provide an account to financial capital providers – investors, shareholders and financial institutions – and stakeholders, of how a company creates, preserves or erodes value across the short, medium and long term.

Integrated Report



What is the purpose of Board's Report

1. Investors & Analysts analyze Performance, Ratios, Remuneration of KMPs, Future Growth prospects, Mission and Vision Statement of the company with MDA
2. Communication collated at one place about various Awards and Achievements of the Company
3. Gives insight of strategy , capability to diversify and growth
4. Governance
5. Reply on qualifications of Auditors
 - For any Due Diligence exercise
 - For Performance Evaluation
 - For any kind of Rating
 - Details of subsidiaries

When is Board 's Report placed and before whom?

1. Directors' Report **gives details of entire Financial Year** and not just as on last day of FY (that is March 31)
2. Board Report to be attached to the **financial statements** to be laid before the members at the AGM (Annual General Meeting).
3. It is to be prepared on standalone financials basis and consolidated numbers be given , if Consolidation is applicable



Board's Report to be given

Ministry of Corporate Affairs

Stock Exchanges, if listed entity

Lenders/ Investors /Bank/ FI

Applicable Laws for Board's Report

1. The Companies Act, 2013 [Section 134 read with the Companies (Accounts) Rules, 2014]
2. LODR, 2015 or Listing Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014
3. Any other sector specific law as applicable to the Company like FEMA or IRDA/ RBI/ Housing Finance Company etc
4. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act , 2013

Certain critical aspects

New disclosure since past 2 years

1. Additional Disclosures IBC related- Notification March 24, 2021
2. Link of Annual Return- Notification March 05, 2021
3. New Format of MGT 7 and MGT 7A- Notification March 05, 2021
4. CFS- JV, Associate Companies, Subsidiaries – Section 2 (6)
5. Material changes and Impact- **Small company do not wish**
6. Debt Listed are not Listed Entity---Rule 2A the Companies (Specification of Definitions details) Second Amendment Rules, 2021 inserted vide Notification dt February 19, 2021 and effective from April 01, 2021

Certain critical aspects

7. How to approve Report during lockdown ?
8. How to affix Signature (Pasted / DSC)
9. Can we revise Board's Report?
10. What if my company has no website or Not India specific website
11. Software used by the company to have audit trail– wef
01.04.2023
12. Whether small company/ Private company need Risk Mangt
Policy
13. CARO and Sch III amendments- qualification and its reply

Certain critical aspects

14. Whether Impact Assessment is required?
15. How to fill Annexure II of CSR Rules?
16. What is Outgoing Project?
17. What is to be set off or carry forward CSR spend?
18. Foreign Company & CSR Obligation
19. Section 8 Company & CSR Obligation
20. POSH Act – 10 employees- ICC- Report

Definition of Small Company

MCA vide Notification dt **February 01, 2021** defined Small Company as a Company other than a Public Company: (Effective from April 01, 2021)

Paid- up Share Capital of the Company shall not exceed **Rs. 2 Crores** (instead of Rs. 50 Lakhs) and maximum of Rs. 10 Cr; and

Turnover of the Company shall not exceed **Rs. 20 Crores** (instead of Rs. 2 Crores) and maximum of Rs. 100 Cr.

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered u/s [8](#); or
- (C) a company or body corporate governed by any special Act;



Content of Board's Report- Section 134

1. State of the Company's Affairs
2. Transfer to Reserves,
3. Dividend and Dividend Distribution Policy
4. Directors' Responsibility Statement;
5. Subsidiary companies
6. Directors and KMPs
7. Statement on declaration by ID
8. Policy on Directors appointment and remuneration
9. Explanations on every Qualification/Reservation/ Adverse Remark or Disclaimer made by the Auditors (Statutory & Secretarial)
10. Particulars of loans/guarantees/investments u/s 186
11. Transactions with Related Party u/s 188 plus Regl 23 of LODR

Content of Board's Report- Section 134

12. Link of Annual Return MGT -7: **March 05, 2021**
13. Number of Meetings of the Board
14. Material changes and commitments between end of FY to date of the Report;
15. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo– **Environmental Sustainability Policy**
16. Internal Financial Control System
17. Audit Committee
18. Risk Management Policy
19. BRSR and CSR Policy
20. Annual Evaluation of the performance of the Board, its Committees and of Individual Directors
21. Fraud other than those which are reportable to the CG

Content of Board's Report- Section 134

- 22. Vigil Mechanism & Policy – u/s 177 (9) Regl 22 of LODR
- 23. Particulars of Employees – u/s 197 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014
- 24. Deposits from Public
- 25. Acknowledgment from Management- to staff, Lender, Vendors, Customers

Reference for Drafting of Board's Report

- Section 134 of the Companies Act, 2013
- Rule 8 and 8A of the Companies (Accounts) Rules, 2014
- FEMA (Non Debt Instrument) Rules, 2019
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Recommend

- ICSI Secretarial Standard 4
- ICSI Guidance Note on Report of the Board of Director

Content of Board's Report [Rule 8 of Companies (Accounts) Rule, 2014]- Not applicable to Small Company and OPC

1. Board Report shall be prepared on standalone financial statements of the company and **CFS Performance** to be given
2. Highlights of performance of subsidiaries, associates and joint venture companies.
3. Particulars of contracts or arrangements with Related Parties and Transaction details in the Form AOC-2.
4. Statement indicating formal Annual Evaluation made by the Board of its own performance and that of its committees and individual directors. (listed co + Public Co >25 Cr Paid up share capital)

Content of Board's Report [Rule 8 of Companies (Accounts) Rule, 2014]- Not applicable to Small Company and OPC

5. Details of Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo
6. Financial Summary or highlights
7. Change in Nature of Business
8. Details of Directors & KMPs changed during the FY
9. The Statement of Opinion of Board about ID (Integrity, Expertise, Experience and Proficiency)

Content of Board's Report [Rule 8 of Companies (Accounts) Rule, 2014]- Not applicable to Small Company and OPC

10. The names of companies which have become or **ceased to be its Subsidiaries, Joint Ventures or Associate companies** during the year
11. Details of **Deposits** covered under Chapter V and not in compliance with Chapter V
12. Details of **significant and material Orders** passed by the Regulators or Courts or Tribunals impacting the going concern status & company's operation in future.

Content of Board's Report [Rule 8 of Companies (Accounts) Rule, 2014]- Not applicable to Small Company and OPC

13. Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements
14. Disclosure whether maintenance of Cost Records is required
15. Statement that Company has complied with provisions relating to the constitution of Internal Complaints Committee under POSH, 2013

Content of Board's Report [Rule 8 of Companies (Accounts) Rule, 2014]- **Not applicable to Small Company and OPC**

Notification March 24, 2021

16. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.
17. Details of difference between amount of valuation done at the time of One Time Settlement (OTS) and the valuation done while taking loan from Banks or Financial Institutions along with the reasons thereof.



Content of Board's Report – Abridged Form
[Rule 8A of Companies (Accounts) Rule, 2014]-
Applicable to Small Company and OPC

Board Report of OPC and Small Company– Abridged form

1. On the basis of Standalone Financial Statements
2. Web Address where Annual Return u/s 92 has been placed
3. Number of meetings of the Board
4. Director's Responsibility Statement
5. Details in respect of Fraud by the Auditors u/s 143(12) of CA 2013
6. Explanations on every Qualification/Reservation/Adverse Remark or Disclaimer made by the Auditor in his report;
7. State of Company's affairs
8. Financial Summary and Highlights
9. Details of Directors who were appointed /resigned in the FY
10. Material changes between end of FY to date of the Report;

Content of Board's Report [Rule 8A of Companies (Accounts) Rule, 2014]- Applicable to Small Company and OPC

11. Details or Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.
12. Particulars of contracts or arrangements with related parties in the Form AOC- 2.

Detailed Discussion on content of Boards 's Report (SS-4 and Guidance Note of ICSI)

**1st October, 2018-. Adherence to SS-4 is recommendatory
Any part of the SS-4 becomes inconsistent with the Act, the
provisions of the Act shall prevail**

Guidance Note is with illustration of drafting of paragraph of Board Report

SS-4 and Guidance Note issued by ICSI

1. The SS-4 lays down the aspects of general information to be stated in the Report and facilitate uniformity in disclosures.
2. The Guidance Note on Report of the Board of Directors issued by the ICSI, sets out the explanations, procedures and practical aspects in respect of the provisions contained in SS-4 to facilitate compliance thereof by the stakeholders.
3. The Guidance Note aims in facilitating appropriate disclosure in a simplified and structured manner by adding the best practices therein.

1. Financial Summary and Highlights

The financial summary and highlights thereof should be accompanied by the **macro-economic, geo-political, financial, industry specific** as well as any **company specific information** affecting the business of the company and the market in which it operates, along with the industry performance vis-à-vis the company's performance.

In case of a **listed company** which has listed its specified securities, the business highlights should also be reported, to the extent possible, as per the **segment reporting requirements**.

In case of an unlisted company, the financial summary in the Report may be disclosed segment wise.

Affect due to Covid 19 Pandemic – Measure taken during Pandemic

2. Amount to be carried to Reserves

If amount is transferred to Reserves then mentioned the same and
Even if no amount is transferred to Reserves the same to be mentioned in the Boards' report.



3. Dividend

1. Amount of Dividend per share and percentage thereon is to be mentioned.
2. Amount of and percentage of Interim dividend declared
3. A Statement on compliance with Dividend Distribution Policy.
4. Payment of Dividend from Reserves.
5. In case no dividend has been Recommended by the Board, a statement to that effect shall be made.

4. State of Company's Affairs [Section 134 (3)(i)]

The state of affairs of the company shall include the following information –

1. **Segment-wise** position of business and its operations;
2. Change in **status** of the company;
3. **Key Business Developments**;
4. Change in the **FY**;



4. State of Company's Affairs [Section 134 (3)(i)]

5. Capital Expenditure programs;
6. Details and status of Acquisition, Merger, Expansion, Modernization and Diversification;
7. Developments, Acquisition and/or Assignment of material Intellectual Property Rights;
8. Any other Material Event having an impact on the Affairs of the Company.

5. Change in Nature of Business [Rule 8(5)(iii)]

1. **New** business or **Discontinued/ Sold/ Disposed off** any of its existing businesses or **hived off** any segment or division during the year
2. Details of significant changes in the nature of business carried on by its **Subsidiaries** (if the impact of such **changes is >10%** of the consolidated Turnover or consolidated Net Worth of the holding company).

6. Material changes and commitments affecting the financial position [Section 134(3)(I)]

1. Material changes / events, if any occurring after Balance sheet date till the date of Report
2. Remedial action taken against the same
3. Effect of such changes and commitments
4. An estimate of financial impact.
5. If estimate cannot be made, a statement to that effect be made.
6. Due to Covid there could be changes
7. Small Company may not like to give all the details as confidential matters and not to give details to competitors

7. Details of Voluntary Revision of Financial Statement [Section 131 (1)]

1. Pursuant to the Order of Tribunal (NCLT) such revision to be made.
2. Reason for such voluntary revision of financial statement to be given in the Board Report of relevant FY when the revision is being made
3. Reason should include the financial impact due to such revision of financial statement.
4. Revised financial statement or report shall not be prepared or filed more than once in a FY.

8. General Information

1. Overview of the **Industry and Changes** during last year;
2. **External, Environment and Economic** outlook;
3. Induction of **Strategic and Financial Partners** during the year;
4. In case of a company, **which has delisted** its equity shares, during the year or **till the date of the Report**, the particulars of delisting activity giving details like **price offered** pursuant to delisting offer, **offer period** of delisting, **number of shares tendered and accepted**, **total consideration paid** and the **holding of the Promoters** in the company post delisting.

9. Capital and Debt Structure

Following changes in the capital structure of the Company during the year should be reported in the Board Report:

1. Change in the Authorized/ Issued/ Subscribed/ Paid-up capital;
2. Reclassification or Sub-division of Authorized Share Capital;
3. Reduction of share capital or Buy -back of Shares;
4. Change in the capital structure resulting from Restructuring;
5. Change in Voting Rights.

9.1 Issue of Shares or Other Convertible Securities

Issuance of any equity shares or preference shares or any securities which carry a right or **option to convert** such securities into shares, the disclosure shall include the following:

1. Date of **issue and allotment**;
2. **Method of allotment** (QIP, FPO, ADRs, GDRs, rights issue, bonus issue, preferential issue, private placement, conversion of securities, etc.);
3. **Issue price** and/ or conversion price;

9.1 Issue of Shares or Other Convertible Securities

4. Date of issue and allotment, Number of shares allotted or to be allotted in case the **right or option is exercised** by all the holders of such securities, issue price, conversion price;
5. Number of shares or securities allotted to the **promoter group** (including shares represented by Depository Receipts);
6. in case, shares or securities are issued for **consideration other than cash,** a confirmation that price was determined on the basis of a Valuation Report of Registered Valuer.

9.1 Issue of Shares or Other Convertible Securities

In case the shares or securities are issued for consideration other than cash, a statement confirming the following should be included in the Report:

1. the **price** was on the basis of a Valuation Report of Regd Valuer (RV)
2. the **Valuation Report** was given by RV appointed by the Audit Committee or Board
3. all other **provisions of section 247 of the Act** and Rules made thereunder have been duly complied with.

9.2 Issue of Equity Shares with Differential Voting Rights

1. Total number of shares allotted with differential voting rights;
2. Details of the differential rights relating to voting rights and dividend;
3. Percentage of the shares with differential rights to the total post issue equity share capital;
4. Price at which shares with differential rights have been issued;

9.2 Issue of Equity Shares with Differential Voting Rights

5. Particulars of **Promoters, Directors or Key Managerial Personnel** to whom shares with differential rights have been issued;
6. **Diluted EPS** (Earnings Per Share) pursuant to the issue of each class of shares, calculated in accordance with the applicable AS;
7. **Pre and Post issue shareholding pattern** along with voting rights in the prescribed format.



9.3 Issue of Sweat Equity Shares

1. Class of **Directors or Employees** to whom sweat equity shares were issued;
2. **Class of shares** issued as sweat equity shares;
3. Reasons or **justification** for the issue;
4. **Principal terms & conditions** for the issue, including pricing formula;
5. **Total number of shares** arising as a result of the issue ;

9.3 Issue of Sweat Equity Shares

6. Number of sweat equity shares issued to the Directors, Key Managerial Personnel or other employees showing separately the number of such shares issued to them, if any, for **consideration other than cash** and the names of allottees holding 1% or more of the issued share capital;
7. % of the sweat equity shares to the total post issued and paid up share capital;
8. Consideration, including consideration other than cash, received or benefit accrued to the company from the issue ;

9.4 Details of Employees Stock Options

1. Options granted/ Options Vested/ Options exercised;
2. Total No. of shares arising as a result of exercise of options;
3. Options lapsed;
4. Exercise price;
5. Variation in terms of Options;
6. Money realized by exercise of Options;
7. Total number of Options in force;



9.4 Details of Employees Stock Options

8. employee wise details of options granted to:
 - (i) **Key Managerial Personnel;**
 - (ii) Any **other Employee** who receives a grant of options in any one year of options amounting to **5% or more of total options** granted during that year;
 - (iii) Identified employees who were granted options, during any one year, equal to or exceeding **1% of the issued capital**, excluding outstanding warrants and conversions, of the company at the time of grant

9.4 Details of Employees Stock Options

9. In case of a company whose shares are listed:
- (i) any **material change** to the scheme and whether such scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014;
 - (ii) **web-link of disclosures** made on the website of the company, as required under SEBI (Share Based Employee Benefits) Regulations, 2014.

9.5 Shares **held in TRUST** for the benefit of employees where the voting rights are not exercised directly by the employees

1. Names of the employees **who have not exercised** the voting rights directly;
2. **Reasons for not voting** directly;
3. Name of the person **who is exercising such voting rights**;
4. Number of shares **held by or in favour of such employees** and the percentage of such shares to the total paid up share capital of the company;
5. **Date of the General Meeting** in which such voting power was exercised;
6. **Resolutions** on which votes have been cast by persons holding such voting power;
7. **Percentage of such voting power** to the total voting power on each resolution;
8. Whether the votes were cast **in favour of or against** the resolution.

9.6 Issue of Debentures, Bonds and any Non- Convertible Securities

1. Date of **Issue and allotment** of the securities;
2. **Number** of securities;
3. Whether the issue of the securities was by way of **preferential allotment, private placement or public issue**;
4. Brief details of the **Debt Restructuring** pursuant to which the securities are issued;
5. Issue price;
6. Coupon rate;
7. Maturity date;
8. Amount raised

9.7 Issue of Warrants

1. Date of issue and allotment of warrants;
2. Number of warrants;
3. Issue price;
4. Whether the issue of warrants was by way of **preferential allotment, private placement, public issue;**
5. Maturity date;
6. Amount raised, specifically stating as to whether 25% of the consideration has been collected upfront from the holders of the warrants;
7. Terms and conditions of warrants including conversion terms.

10. Credit Rating of Securities

1. Types of securities;
2. Name of the credit rating agency;
3. Date on which the credit rating was obtained;
4. Revision in the credit rating and Reasons provided by the rating agency for a downward revision, if any.

CREDIT RATING

10. Credit Rating of Securities

5. As per the Listing Regulations, listed companies are required to disclose in the **Corporate Governance Report a list of all credit ratings obtained by the company** along with any revisions thereto during the relevant financial year.
6. In case a company obtains the credit rating but has not used / using the same, the **reasons thereof should** be mentioned in the Report.

11. Investor Education and Protection Fund

1. Details of the transfer to the IEPF made during the year as per the mentioned below:
 - a) Amount of unclaimed/ unpaid dividend and the corresponding shares;
 - b) Redemption amount of preference shares;
 - c) Amount of matured deposits, for companies other than banking companies, along with interest accrued thereon;

11. Investor Education and Protection Fund

- d) Amount of **matured debentures** along with interest accrued thereon;
- e) Application money received for allotment of any securities **and due for refund along with interest accrued;**
- f) Sale proceeds of **fractional shares** arising out of issuance of bonus shares, merger and amalgamation;
- g) Details of the resultant benefits arising out of shares already transferred to the IEPF;

11. Investor Education and Protection Fund

2. Year wise amount of unpaid/unclaimed dividend lying in the **unpaid account up to the Year** and the corresponding shares, which are liable to be transferred to the IEPF, and the due dates for such transfer;
3. the amount of **Donation, if any, given by the company to the IEPF**;
4. such other **amounts transferred to the IEPF**, if any, during the year.

The **web-addresses of the company, IEPF Authority** and other website specified by the Government, where the details of unpaid and unclaimed amounts lying with the company is uploaded, should also be disclosed in the Report.

12. Directors and Key Managerial Personnel [Rule 8 (5)(iii) of Companies (Accounts) Rules, 2014]

1. Names of the persons who have been appointed / ceased to be **Directors including Independent Directors and/or Key Managerial Personnel** of the company:
 - (i) During the year;
 - (ii) After the end of the year and up to the date of the Report;
2. Mode of such appointment/cessation;
3. Independent Director, appointment, re-appointment, **justification** of appointment, **Declaration** by the Board of compliance of independence and Code of Conduct for Directors and KMPs

12. Directors and Key Managerial Personnel [Rule 8 (5)(iii) of Companies (Accounts) Rules, 2014]

3. Names of the Directors retiring by rotation at the ensuing AGM and whether or not they offer themselves for re-appointment.
4. In case the company operates in a specific sector where approval of any regulatory authority is required before the appointment of a Director/ Key Managerial Personnel, the Report shall also state whether the company has obtained the approval of such regulatory authority. **(Telecom/ IRDA/ Banking Companies/ HFC)**

13. Board and Committee Meeting [Section 134 (3)(b)]

1. The **number of Board Meetings held** during the year and the dates of the Board Meeting along with the details of Board meetings **attended by each of the Director** should be mentioned in the Director's Report.
2. **Composition of Committees** of the Company and the **number of meetings held** during the year along with the dates of the Committee Meetings and details of **Members attending** the Committee Meeting should be disclosed.

14. Recommendation of Audit Committee [Section 177 (8)]

As per Section 177 (8) of Companies Act, 2013, the Board Report should disclose the **composition of the Audit Committee**

where the **Board has not accepted any recommendation** of the Audit Committee, the same shall be disclosed in such Report along with the reasons.



15. Company's Policy on Directors' Appointment and Remuneration [Section 134 (3)]

1. Every Listed Company and every other Public Company having
 - Paid up capital of **Rs.100 crores** or more or
 - having aggregate, outstanding loans or borrowings or debentures or deposits exceeding **Rs. 50 Crores**

should disclose company's policy on **Directors' appointment and remuneration** and the criteria for determining qualifications, positive attributes and independence of a Director.

2. Where the policy is available on the **website of the company**, it would be sufficient to disclose salient features of such policy, any change therein and the web-link at which the complete policy is available.

16. Board Evaluation [Section 134 (3)]

The Boards' Report of :

- (a) Every listed company ; and
- (a) Public companies having **paid up share capital of Rs.25 crore or more** shall include 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.



17. Internal Financial Control [Rule 8(5) of Companies (Accounts) Rules, 2014]

The Board Report should contain details in respect of adequacy of **internal financial controls** with reference to the financial statements.



18. Disclosures relating to Associate Companies, Joint Ventures and Subsidiaries [Rule 8(5)(vi) of Companies (Accounts) Rules, 2014]

1. Report on **performance and financial position** of the subsidiaries, associates and joint ventures.
2. Companies which **have become or ceased** to be subsidiaries, associates and joint ventures.
3. Listed company need to give name of its **material subsidiary** and provide details as per the Listing Regulations and

The Board Report should also disclose the **manner of cessation** of subsidiary, associate or joint venture of the company.

For the purpose of harmonizing disclosures with Annual Return, the information mentioned in AOC-1 should be as per the Act.

19. Deposits

[Rule 8(5)(v) of Companies (Accounts) Rules, 2014]

1. Details of **Deposits accepted, remaining unpaid or unclaimed** as at the end of the year;
2. Whether any **default in repayment** of deposits or payment of interest thereon during the year;
3. Details of **Deposits which are not in compliance** with requirement of the Act;



19. Deposits

[Rule 8(5)(v) of Companies (Accounts) Rules, 2014]

4. Details of Order given by the National Company Law Tribunal (NCLT)/The National Company Law Appellate Tribunal (NCLAT);
5. In case of a private company, details of amount received from a person who at the time of the receipt of the amount was a Director of the company or relative of the Director of the company.



20. Particulars of Loans, Guarantees and Investment [Sec 134 (3)(g)]

- **Particulars** of the loans given, investments made, guarantees given or securities provided during the year
- **Purpose** for which the loans / guarantees / securities are **proposed to be utilized** by the recipient of such loan / guarantee / security.
- **Reference** to such particulars in the **notes to the financial statement** should be given in the Report.

21. Cost Records

If provisions of **Cost Record applicable** on the company have to give details in directors report that Company has maintained proper records and account of the same as required under the act.



22. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo [Section 134 (3)(m)]

The Board Report shall disclose about the following:

■ **Conservation of Energy**

Impact on the conservation of energy, Company utilization of alternative source, the capital investment on energy conservation, types of equipment.

■ **Technology Absorption**

Research and development expenditure, Advantages of product improvement, cost reduction , product development or impact substitution.

22. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo [Section 134 (3)(m)]

Foreign Exchange Earnings and Outgo

Terms of actual inflows during the year and the Foreign exchange outgo during the year in terms of actual outflows.



23. Risk Management Policy [Sec 134 (3)(n)]

A statement indicating the development and implementation of a **Risk Management Policy (RMP)** for the company. Such statement shall, inter alia, disclose:

1. various **elements of risk** which, in the opinion of the Board, may threaten the existence of the company and
2. **strategy to mitigate** such risks.



24. Details of Establishment of Vigil Mechanism

1. The Directors and employees to report their genuine concerns about **unethical behavior, actual or suspected fraud** or violation of the company's code of conduct;
2. Providing adequate **safeguards against victimization**;
3. Providing **direct access to the higher levels** of supervisors and/or to the Chairman of the Audit Committee, in appropriate or exceptional cases.
4. **Web-link of the Vigil Mechanism** shall also be disclosed in the Report.

25. Material Orders of Judicial Bodies/ Regulators [Rule 8 (5)(vii) of Companies (Accounts) Rule, 2014]

Details of significant and material orders passed by any Regulator, Court, Tribunal, Statutory and quasi-judicial body, impacting the going concern status of the company and its future operations shall be disclosed.

Auditors:

1. Details of the Statutory Auditors are to be disclosed.
2. Explanations in response to Auditor's qualifications are to be mentioned. **Even statement to be mentioned if there is no qualification in the Report. Matter of Emphasis** is it qualification.

Secretarial Audit Report: Secretarial Audit Report is to be annexed if applicable.

26. Compliance with Secretarial Standard

1. The Report shall include a statement on compliance of applicable **Secretarial Standards** and other Secretarial Standards voluntarily adopted by the company.
2. In case if a certain portion of applicable Secretarial Standards is not adhered, the **same should be highlighted** in the Report along with the **reasons for not** complying with the same.



SECRETARIAL STANDARD

27. Failure to Implement any Corporate Action (SS-4)

SS-4 provides as a matter of good corporate governance practice:

1. That if a company has failed to complete or implement any **Corporate Action** within the specified time limit, the Report should disclose **the fact and the reasons** for such failure.

Corporate Action means buy back of securities, payment of dividend declared, mergers and de-mergers, delisting, split and issue of any securities.

2. Even the Report to include any **cancellation of the Corporate Action** announced by the Company.

28. Annual Return [Section 134 (3)(a)]

1. A copy of the **Annual Return** shall be placed on the website of the company, if any, and the **web-link of such Annual Return** shall be disclosed in the Report.
2. Company is **not require** to attach the extract of Annual Return in **Form MGT-9**.
3. As per the amendment on March 05, 2021, the Central Government has prescribe abridged form of annual return for **“One Person Company, Small Company and such other class or classes of companies as may be prescribed”**.

29. Other Disclosures as per SS-4

1. A statement, wherever applicable, that the **consolidated financial statement** is also being presented in addition to the standalone financial statement of the company.
2. **Key initiatives** with respect to Stakeholder relationship, Customer relationship, Environment, Sustainability, Health and Safety.
3. **Reasons for delay**, if any, in holding the Annual General Meeting.

Disclosures under Listing Regulations

Statement of deviation or variation with certain terms or use of funds of a public issue, rights issue, preferential issue

1. Statement indicating **deviations in the use of proceeds** from the objects stated in the Offer document or Explanatory Statement to the Notice for the General Meeting;
2. Statement indicating **category wise variation** between the projected utilization of funds made by the Company in its Offer document or Explanatory Statement to the Notice for the General Meeting and the actual utilization of funds.

Disclosures under Listing Regulations

Management Discussion and Analysis Report

1. Industry structure and developments;
2. Opportunities and threats;
3. Segment wise and product wise performance;
4. Outlook;
5. Risks and concerns;
6. Internal Control systems and their adequacy;
7. Operational and financial performance

Disclosures under Listing Regulations

8. Material developments in human resources / industrial relations, including number of people employed;
9. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in **key financial ratios**
10. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation
11. Certificate on Compliance of conditions of Corporate Governance
12. Suspension of Trading

Business Responsibility Sustainability Report- BRSR From FY 2022-23

1. Applicable mandatorily for the **top1000 (earlier top 500) listed entities** based on market capitalization, describing the initiatives taken by them from an **Environmental, Social and Governance (ESG) perspective**, in the format as specified by the SEBI
2. Provided that other listed companies may include Business Responsibility & Sustainability Reporting (BRSR) on a **voluntary basis** in the format as specified.

SEBI Notification May 05, 2021 BRSR format on May 10, 2021

SEBI (Share Based Employee Benefits) Regulations, 2014

1. **Regulation 14:** The Board of Directors of the company shall disclose the details of the scheme being implemented, as specified by SEBI in this regard.
2. **SEBI Circular dated June 16, 2015 -Disclosure by Board of Directors in their report:**
 - a) Any **material change** in the scheme and whether the scheme is in compliance with the regulations.
 - b) The details as prescribed in Regulation 14 shall be disclosed on the company's website and a **web-link thereto** shall be provided in the Board Report.

Corporate Insolvency Resolution Process initiated under the Insolvency And Bankruptcy Code, 2016

1. Details of any application filed for CIRP (Corporate Insolvency Resolution Process) by a financial creditors or operational creditor or by the company itself under the IBC 2016 before the NCLT;
2. Status of such application;
3. For such company, Board Report can be signed by IRP/ RP or he can authorize Directors or officials of the Company to do the same.

Foreign Exchange Management (Non-debt Instruments) Rules, 2019

Rule 23- Downstream Investment

The first level Indian Company making **Downstream Investment** shall be responsible for ensuring compliance with the provisions of **Rule 23 of FEMA (NDI) Rules, 2019** for the Downstream Investment made by it at second level and so on and so forth.

Such first level company shall obtain a certificate to this effect from its **Statutory Auditor** on an annual basis and such **compliance of these rules** shall be mentioned in the **Director's Report** in the Annual Report of the Indian company

Disclosures Pertaining to the Sexual Harassment of Women at the Workplace

1. **A statement that the Company has** complied with the provision relating to the constitution of Internal Complaints Committee under the **Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.**
2. Details of **number of cases filed 6 disposed off**
3. The same is required under the provisions of Rule 8(5)(a) of the Companies (Accounts) Rules, 2014.

Disclosures Pertaining to the Sexual Harassment Of Women at the Workplace

The Listed Company should disclose the following in its **Corporate Governance Report:**

- No. of complaints **pending** at the beginning of the year;
- No. of complaints **filed** during the year;
- No. of complaints **disposed off** during the year;
- No. of Complaints **pending** as at the end of the year.

The above disclosure is as per the provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Director's Responsibility Statement [Section 134 (5)]

Director's Responsibility Statement– **Six Parameters**

1. Accounting Standard
2. Accounting Policy
3. Proper and sufficient care
4. Accounts are on Going Concern basis
5. Adequate Internal Financial Control (Listed Company only)
6. System is adequate and operating effectively



Particulars of Contracts and Arrangements with Related Party [Sec 188]

1. RPT which are **not at arm's length basis**;
2. **Material RPT which are at arm's length basis**;
3. RPT which are not in the OCB (ordinary course of business) and **justification for entering into such contract.**
4. Such disclosure in the prescribed form AOC-2 to be annexed



Particulars of Contracts and Arrangements with Related Party [Sec 188]

1. The expression '**material**' as a matter of practice has been differently applied by the listed and unlisted companies.
2. **Listed companies** apply the thresholds of **material related party** transactions as stated in Explanation to Regulation 23(1) or Regulation 23(1A) of the Listing Regulation (09.11.2021 amendmt)
3. **Unlisted companies** apply the thresholds mentioned in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014.
4. In **AOC-2** is only with respect to contracts or arrangements provided U/s 188 (1) of the Act.

Particulars of Contracts and Arrangements with Related Party [Sec 188]

AOC-2 to be filled carefully

1. Name of the related party & nature of relationship
2. Nature of contracts/arrangements/transaction
3. Duration of the contracts/ arrangements/ transaction
- 4. Salient terms of the contracts or arrangements or**
5. Transaction including the value, if any
6. Date of approval by the Board
7. Amount paid as advances, if any

Corporate Social Responsibility (CSR)

Board Report should specify the **Composition of CSR Committee.**
Annexure to Board Report relating to CSR to include:

1. Brief Outline of **CSR Policy**;
2. Composition of **CSR Committee, number of meetings** held during the FY;
3. **Web- link** where composition of CSR committee, policy & projects approved are disclosed;
4. Details of **Impact Assessment Report** of CSR Project, if applicable and Report to attach;
5. **Amount spent** on **Impact Assessment**;
6. Details of amount available for **set-off**;
7. CSR amount **spent/ unspent** for the FY;

Corporate Social Responsibility (CSR)

8. Details of CSR amount spent against **Ongoing Projects** and Other Than Ongoing Projects for the Financial Year;
9. Amount spent on **Administrative Overheads**;
10. Details relating to acquisition or creation of **Capital Asset** through CSR spent in the Financial Year;
11. Reasons, if company **fail to spend** CSR obligations;
12. Prescribed **CSR expenditure**;
13. A **Responsibility statement from the CSR Committee** that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the company.

Frauds Reported by Auditor [Section 134 (3)]

Details of frauds reported by the Auditor (Statutory Auditor, Secretarial Auditor or Cost Auditor) to the Audit Committee/ Board, as the case may be:

- **Nature of fraud** with Description;
- **Approximate Amount** involved;
- **Parties involved**, if remedial action not taken;
- **Remedial action** taken to prevent occurrence of such frauds

If no fraud is reported by the Auditor, a statement to this effect shall be given in the Report.

Approval of the Board Report

1. Section 179 (3) of the Companies Act, 2013 provides that the **Board of Directors** of a company shall approve the Financial Statement and the Board Report on behalf of the company by means of **Resolutions passed at Board Meeting and not by Circulation.**
2. If requisite quorum is present through **physical presence** of directors, any other director may participate through video conferencing or other audio visual means in Board Meeting for approval of Financials and Board Report.
3. However due to Pandemic MCA has relaxed this provision **and it can be approved by Board in meeting through VC.**

Signatures on Board's Report - Section 134 (6)

Section 134(6)

The Board's Report and any annexures thereto shall be signed by:'

Chairperson of the company if he is authorised by the Board and

Or

At least two Directors, one of whom shall be a Managing Director,

In case of OPC – it will be signed by one Director

Board's Report to be attached to Financial Statements - Section 134(7)

Section 134(7)

Financial Statement shall be issued, circulated or published along with Board Report referred to in Section 134(3)

Considering ESG buzz– it should be allowed to be given only thru Email and no hard copy will be dispatched



Penalty Section 134 (8)

If a Company is in default = Penalty of Rs.3 Lacs

and

Every officer of the Company who is in default == Penalty of Rs.50,000/-

Annexures to Board Report

1. Particulars of prescribed contracts / arrangements with related parties in **Form AOC-2**
2. Prescribed **particulars of Remuneration of Directors and Employees.**
3. Secretarial Audit Report for the relevant year in **Form MR-3.**
4. Secretarial Audit Report of Material unlisted Subsidiaries Companies
5. Secretarial Compliance Report as per Regl 24A of Listing Regulation
6. Annual Report on CSR activities with Impact Assessment Report , if applicable
7. BRR till 2021-22/ BRSR top 1000 co from 2022-23

Annexures to Board Report

7. Auditors' certificate on **Corporate Governance** in case of companies which have listed their specified securities.
8. **Web Link of Dividend Distribution Policy**
9. Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters.
10. Prescribed details of conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo.
11. ESOP details.

Role of CS in Financial Supervision



Lalit Modi, Vijay Mallya, Nirav Modi, Sanjay Bhandari and Deepak Talwar

Reasons for Fraud

Weak financial Controls

Poor performance of the company

Poor payment to Auditors

Heavy payment to Auditors

Poor or bad reporting and disclosures

Ballooned projections which can burst on a pinch

Tax planning which is leading ultimately to tax evasion

CS and Finance-- Relevant

A Company Secretary (CS) has to be competent in financial accounting and reporting.

CS needs to understand the significance & relevance of accounting information and the process by which it is acquired.



CS : Role in Financial Oversight

What is the importance of financial reporting in good corporate governance?

What is the role of CS in ensuring the transparency and accountability of the board and management?

Does CS need competency in financial accounting and reporting?

Users of Financial Information

Equity Investors
Creditors
Suppliers
Employees
Customers
Governments
Public

Why does CS need financial accounting and reporting skills?

1. To **ensure compliance** with legal, shareholder and other stakeholder requirements, including the financial statements.
2. To **interpret** in non-financial terms the financial performance and results of the organization.
3. To **advise** the board on the implications and the potential reputational risk of the financial performance and results for the organization, the shareholders and other stakeholders.
4. To **assist the Board & the Audit Committee** for their role.

CS : Role in Financial Oversight

1. Ensuring Compliance
2. Preparing Annual report
3. Devising Internal Control and assisting/ conducting internal audits
4. Guiding the board to have an efficient audit system
5. Laying the report
6. Delivering the statements to RoC & publishing the reports
7. Publishing the reports

CS should advise the Board on Independence of Auditor

Self interest threat (Getting larger fees itself is a ground of bias!)

Self review threat (Audit firm carrying out Non-audit works)

Advocacy threat (Audit firm is giving formal support in a legal case)

Familiarity threat (Auditor becomes too familiar with the organization)

Intimidation threat (Auditor feel threatened by a director or senior managerial person)

Non Audit Services

Management functions

HR Functions

Investment advisor/ broking

Booking/ Accounting services

MIS designing and implementation

Actuarial services

Internal Audit

Legal services (Including CS services)

Expert Services

Tax Services

Company Secretary and External Auditor

The CS should advise the Board on:

1. Appointment and remuneration of statutory auditor
2. Independence of statutory auditor
3. Non-Audit fees
4. Evaluation of work of the statutory auditor
5. Attendance at Annual General Meeting
6. Rotation of Auditor

Evaluation of Auditor

1. CS should advise the board on importance of evaluating the Auditor
2. If CS carry on the responsibilities of Internal auditor, then s/he can do the evaluation directly.
3. CS should ensure that the Auditor is invited for and present at the AGM.
4. CS should ensure the Audit letter for management from the Auditor after the end of the Audit period.
5. Ensure Auditor rotation as per the provisions of the Act.

Importance of Annual Report in good Governance

Principle way in which Directors make themselves accountable to shareholders

Provides a channel of communication between management & Stakeholders

Shareholders and other investors use the information to assess the stewardship of the directors and financial health of the company.

Role of CS in Internal Controls

1. In large organization role of CS in internal controls will be limited to liaising with internal Auditors;
2. If organization is small or mid-size, CS can play the role of Internal Auditor;
3. He can advise the Board of when to appoint an internal auditor;
4. CS should educate the Board about importance and advantages of having an internal audit

Internal Controls

Reasonable assurance is not an absolute assurance

Audits checks only adequacy of internal control on a sample basis.

Assessment are subject to statistical errors

It is important to take corrective measures based on audit outcome

Based on findings, additional layers of control to be installed in the system

Role of CS in Preventing Frauds

1. Make a written and communicated policy guarding against fraud.
2. Violations should not be tolerated and Violators to be sanctioned.
3. Use tough words and take tough stand.
4. Ensure disclosure of relevant relationships and make policies related to conflict of interest.

Role of CS in Preventing Frauds

5. Make a gifting (or No gift) policy and communicate it to shareholders.
6. Identify and report suspicious behaviour and irregularities
7. Keep a channel of communications to report irregularities in an anonymous manner
8. Periodic rotation of personnel and duties change to deter fraud
9. Controls should be visible to employees and outsider (CCTV camera effect!)

Relevance of Annual Report

Principal way in which the Board makes itself accountable to stakeholders.

It provides a channel of communication between the Board, shareholders and other stakeholders

Gives an idea on how an organization is managed and how its governance system functions.

Reflects the health of an organization.

Role of CS in the process

The Company Secretary should on Behalf of Board

1. Ensure Effectiveness of **Internal Controls**
2. **Reviews Internal Audit** Reports
3. Develop & Maintain a **Whistle Blower Policy** & Procedure
4. Obtain **Annual Certification by employees**
5. Review the **Management Letter** to be submitted to Statutory Auditor

Role of CS in the process

6. Manages or had **supervision of the process** of preparation
7. Conducts **quality control/verification**
8. **Connect to shareholders** and other stakeholders

Therefore, CS needs to understand the legal and regulatory requirements and standards for financial and non-financial reporting

CS to ensure that Annual report

Is transparent

It contains balanced information, both positive and negative aspects

Complies with all legal, shareholder and other stakeholder information.

Make is readable for “non-financial people”.

Not window dressed- True financial information is not hidden

Annual Report– do's and don't

Advise board on impact of its “aggressive accounting policies” and the **reputational risks**.

Short term “**glad news**” can turn into “**bad news**” in long term.

Many organisations had collapsed or reached near collapse stage due to **fraudulent reporting**

Ensure that the financial reporting is **reliable and honest**.

Ensure that the **opinion of Auditors** are objective and unbiased.

Requirements for financial information in the Annual Reports and Accounts

1. Statute (Companies Act, Securities laws)
2. Codes of Corporate Governance
3. Listing Regulations
4. IFRS- International Financial Reporting Standards
5. GAAP
6. Accounting Standards
7. Accounting Assumptions
8. Related Party Transaction

How to spot manipulated Annual Reports

1. Recording revenue too soon.
2. Recording bogus revenue
3. Boosting income using one-time unsustainable activities
4. Shifting current expenses to a later period
5. Employing techniques to hide expenses
6. Shifting current income to a later period.
7. Shifting future expenses to an earlier period.

How to spot manipulated Annual Reports

8. Shifting financial cash inflows to operative section.
9. Shifting normal operating cash outflows to the investing section.
10. Inflating operating cash flow using acquisitions or disposals.
11. Boosting operating cash flow using unsustainable activities.
12. Key matrix manipulators:
 - Showcasing misleading metrics that overstate performance.
 - Distorting balance sheet metrics to avoid showing deterioration.

Key points to look into Annual Report

Look for **Y-o-Y** changes in all figures reported

Do **percentage wise variations** to identify material changes that cannot be identified easily

Check whether those variations are as **per industry/economic standards**.

Check whether the **risk is being assessed**.

Read the **footnotes** (often enlightening than numbers)- Avoid “Enrons”.

Look for **changes in accounting policies** and its potential impact

Look for **size of debt obligations** in the next year and beyond

Look for **legal issues and litigations** and its impact on company

Review **Sales and purchases** and its valuations & compare with similar organisation

Financial Statement—Sec 2(40)

Assets: resources controlled by the entity from which future benefits are expected to flow to the company

Liabilities: present obligations of the company, for which when settled, future economic outflows expected

Equity -Shareholder's funds

Expenses –Outflows/ decreases in economic benefit

Requirements For Annual Report & Accounts

1. Financial statements are to be **prepared** using GAAP/IFRS
2. Accounts to be **audited within statutory time-limits**
3. If actual earning is lesser by 15% than budget, give an **alert to board**
4. **Related party transactions** are to be appropriately disclosed
5. **Material transactions** having significant impact on financials to be disclosed

Contents of Financial Statements

1. Statement of Accounting Policies
2. Balance Sheet and Profit and Loss Account
3. Notes on the accounts
4. Auditors Report and Boards' Report
5. Statement of the source and application of funds
6. Consolidated Financial statements of subsidiary/ associate companies

Ratios

What do ratios explain?

As the CS, what questions should you be ensuring that the directors ask about each ratio?

What might be the management's reasonable responses to these questions?

Ratio Analysis

Used to understand financial statements, their contents and relationships, include comparing ratios

- Within the company itself over time
- With competitors
- Within the industry and sector to establish trends and benchmarks

Ratio Analysis

Allows **diagnosis of financial position** of the Company

CS should be able to read the **financial strength** by analyzing the ratios

Identifies long term **solvency of company**.

CS should be **confident that misrepresentation** of numbers are not happening.

CS can **get the help of Statutory Auditors** in this role.

Ratio Analysis

- Current ratio
- Quick Ratio

Profitability Ratio

- Gross profit margin
- Net Profit margin
- Return on assets

Performance Ratio

- Gearing ratio
- Average collection period, debtors
- Stock turnover
- Overheads as a percentage of turnover

Thank
you



Amita Desai & Co.

Company Secretaries

1005, 10th Floor. Solaris Hubtown,
N.S. Phadke Marg, Andheri Flyover,
Andheri (E), Mumbai – 400 069

E-mail: info@amitadesai.com & amita@Amitadesai.com

Tel.: 022-26845919/20/21/23

The fine nuances of Corporate
Governance: Discussing the tactics
of communication with the Board of
directors and best Practices for
meetings

Ramaswami Kalidas

May, 28, 2022

Pune Chapter

CG-Definitions

- Milton Friedman : "The conduct of business in accordance with shareholders desires which generally is to make as much money as possible while confirming to the basic rules of the society embodied in law and local customs ."
- "It is all about promoting corporate fairness, transparency and accountability"-World Bank President-James D.Wolfensohn.

Corporate form-Trigger for Governance

- Cadbury Committee-It is a system by which companies are directed and controlled.
- Today's mantra –ESG-Governance is evolving.
- **Why Governance**
- Need for Governance
- Unique form of Company business
- Separation of ownership and control.
- Limited liability and perpetual succession.
- Position of directors-Agency and Trusteeship roles.
- Enforcement through Regulation- Its Necessity.
Hypothesis about human behaviour

Can Governance be voluntary

- Hypothesis about human behaviour-Theory X and Theory y.
- Theory X-postulates-Man is lazy, indolent, has to be driven to action.
- Opposed to discipline-Militant
- Hence the need for regulation –Carrot and stick
- Regulation only means to an end.

Why Good Governance?

Need for Governance:

- Creation of culture of transparency , accountability and disclosure.
- Adherence to moral and ethical values.
- Leads to improved corporate performance with assurances as to quality decision making , board independence .
- Enhanced Investor trust and confidence.
- Kautilya 's prophesy –Birds flock where fruits are borne.

Good Governance – A Passport

- Better access to global markets .
- Elimination of corruption.
- Enhancing enterprise valuation.
- Assurance against Corporate scandals and crisis.
- Greater accountability to the stakeholders.
- Reduced cost of borrowings

Pre-requisites for CG

- Good governance represented by:
- Strong and independent Board.
- Dynamic Legislation
- Management environment conduciveness.
- Board skills.
- Elaborate process of board selection .
- Induction and training of board.
- Proper conduct of board meetings.
- Transparency in board processes and reporting

Pre-requisites for CG

- Adherence to code of conduct –ethics and fairness.
- Strategy setting.
- Business and societal obligations
- Quality in financial and operational reporting.
- Constitution of board Committees –Mandated and voluntary.
- Board performance monitoring.
- Risk management robustness.
- Obsession with compliance-The cost of non-compliance

Corporate Governance influencers

- Management integrity
- Board's ability.
- Adequacy of board and company processes
- Commitment level of Individuals in governance process.
- Quality of corporate reporting-Transparency the hallmark
- Participation of stakeholders in the Governance process.

Chairman's Role in Governance process

- Generate positivity and fair play in board room.
- Encourage openness and frank interchange of ideas.
- Setting up high ethical standards of behaviour , encourage objectivity and independent judgment.

Development of CG in India

Historical perspective to Governance in India

- Ethos of Governance enshrined in ancient scriptures.
- Kautilya –the King as the CEO
- Four fold duties- Raksha of the border and subjects.
- Vriddhi-Growth
- Palana –Maintenance and compliance.
- Yogashema –Well being of society analogues to CSR.

Contemporary Developments

Contemporary evolution

- Opening up of the Economy and liberalization policy-1991.
- CII-Desirable Code of Governance-1998
- Emergence of SEBI and its status under the law.
- Kumar Mangalam Birla Committee-2000
- Introduction of Clause 49 in Listing Agreement
- Companies Act 2013-positive watershed
- Tightening of Regulations by SEBI
- Constitution of Committees through structured committees

Role of Independent directors

- Control over subject.
- Ability to disagree –without fear or favour
- No superficiality in approach.
- To question where needed and not to play the blood hound.
- Pre-eminence an advantage as it leads to acceptability.
- Insulation from liability in case of omission or commission-Section 149(12)
- Value of independent directors' meeting
- Approval of RPTs.
- Remuneration structure to IDs-The change in law

Need for Regulation

- Empirical evidence suggests need for regulations to instill governance
- Regulations promote homogeneity and easier benchmarking.
- Governance is but skin deep
- Process has to be pervasive and dynamic.
- Endless journey without destination.
- There is no zenith to Governance being relative. Zenith a myth.

Best corporate Governance practices in India

- Approach of companies during the pandemic
- Web casting-two way of General meeting-1993-BSES
- Subjecting RPT to approval before 2013 and post 2013 subjecting RPT below threshold to approval-ACC
- What is not prescribed is not necessarily proscribed.
- Withdrawal of senior independent directors due to proxy advisory role-HDFC.
- Levy of exemplary penalties for trading without pre-clearance-Infosys.

Regulation approach –End Result disaster

- Governance by letter of law-Recipe to disaster.
- Satyam saga
- Jet airways imbroglio
- Murmurs from the board room-Indigo Air.
- The king of good times fiasco.
- SREI situation.
- Many unreported skeletons in the cupboard.

Company Secretary-The Governance professional

- Lynchpin in the process.
- Promoting the culture of transparency and openness.
- Avoidance of opacity in board processes.
- Culture of emulating best practices.
- Updating the board on changes in legislation and practices.
- Maturity in approach

Best practices for meetings- quality of board practices-Yardstick of governance

- Transparency the mantra
- Compliance with Secretarial standards
- Briefing the chairman prior to meeting on agenda items
- Drafting of minutes adroitly. Minutes to capture quintessence of meeting and not a verbatim reproduction of proceedings.
- Simplicity in communicating .Two way process.
- Proactive CS.

Growing awareness to Governance from investors in India

- The role of the proxy advisory
- The overthrow of resolutions by members- Tata Motors, eicher motors, Raymonds, the goings on in Zee entertainment .
- The need to innovate and improve constantly
- Indian Regulation –measures up to the best.
- Test of Governance-The resilience of the Board in tough times shows up.

Reporting on materiality to market-

Reg.30

- Transparency and openness hall mark of governance.
- No selective approach to reporting-the obsession with feel good factor
- Report never based “low hanging fruits” policy
- Promptness, accuracy and timeliness.
- Do not be the Prince of Denmark-report when in doubt.

Road ahead

- Governance has no static equilibrium. The bar keeps rising.
- Changes in Regulations have made practices stronger.
- India has a robust system comparable with the best.
- Strengthening of role of committees and reforms harbinger of a stronger governance model.

Way forward

- Need for updating regulations for elevation of CG continuous
- Excess of compliance and reporting-Ticking the box approach.-the last straw broke the camel's back
- SEBI role –proactive and responsive to market sentiments and awareness to world standards.
- New amendments –harbinger of stronger regime of governance.

THANK YOU!

A large industrial facility, possibly a power plant or refinery, is situated along a river. The facility features several tall smokestacks, large cylindrical storage tanks, and complex piping systems. A prominent smokestack on the right is emitting a thick plume of white smoke that rises into a blue sky with scattered white clouds. The foreground shows the calm water of the river reflecting the sky and the industrial structures. A yellow banner is overlaid on the left side of the image, containing text.

**Sate Govt. Industrial Policy
support to MSME &
Industries.**

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. Above the 'Y' is a yellow chevron shape pointing upwards and to the right.

EY

Building a better
working world

Content

- 1 Pune Region
- 2 Pune Region – Investment Initiatives
- 3 Maharashtra Policies

Pune Region

- Pune region has important thrust sectors of Engineering, Auto and Auto Components, Pharma, IT & ITeS, Food Processing, Textile, Leather, Electrics and Electronics, Foundry and Agriculture.
- The region is well connected with Rail, Road and Air connectivity and is one of the highest exporting regions after Mumbai.
- The region has the highest number of engineering and auto components companies. The region has around 1,50,000 Large and MSME companies which focuses on the sector.
- The region is also the highest exporter of IT/ ITeS sector sharing the export of around INR 96,000 crore.
- There are specific clusters created to promote the industries and exports. Pune is coming with a Logistics hub to promote exports and domestic supply chain.
- Currently there are total of 3,66,947 MSME and Large units in Pune region generating an employment of 23,30,696.
- Pune Region has a strong agricultural base, with most irrigated lands having cash crops cultivation and supporting industries from Agri processing. The major agriculture produce fruits are Grapes, Pomegranate, Banana, Custard Apple, Guava, Strawberry, Sugarcane, etc.
- The region has currently identified 31 ODOP products for each district and Export action plan for each district has been prepared and shared.

Pune Region Infrastructure

Details of Micro, Small & Medium Enterprises Registration

Government of India has declared the MSME Act-2006 vide notification dated-16th June 2006 and made applicable from 2nd October 2006. Under this act the industries are classified as Micro, Small & Medium Enterprises. G.M. DICs have been empowered to issue Entrepreneurs Memorandum to Micro, Small & Medium Enterprises upto 2015 and afterwards it's through online portal itself.

MSME Units				
S. No	District	No. of Units	Investment (Lakh)	Employment
1	Pune	2,34,290	54,26,767.00	14,30,000
2	Satara	20,362	44,271.40	1,15,379
3	Solapur	35,348	5,51,594.00	2,03,626
4	Sangli	40205	98,330.00	2,10,289
5	Kolhapur	60,993	72,45,326.56	4,40,500
	Total	3,91,198	1,33,66,288.96	23,99,794
Large Units				
S. No	District	No. of Units	Investment (Lakh)	Employment
1	Pune	694	55,40,030.00	5,50,000
2	Satara	70	4,23708.00	25,000
3	Solapur	76	12,18,100.00	35,844
4	Sangli	101	1,16597.00	29,093
5	Kolhapur	91	23,58,546.00	34,400
	Total	1,032	96,56,981.00	6,74,337

Pune Region Infrastructure

MIDC Industrial Area

MIDC has developed about 60 industrial areas in the region with sector specific areas like Talegaon Floriculture Park, IT/ITeS park, Bio-technology park, Chemical zone and silver park. The details of Industrial Areas developed by M.I.D.C., in Pune Region is as under

District	No. of MIDCs Areas	Area (in Ha.)	No. of Enterprises
Pune	22	8440.03	6076
Satara	14	1722.24	2074
Sangli	12	1089.28	1288
Solapur	6	1681.55	1452
Kolhapur	6	1886.00	2036
Total	60	14819.10	12926

Industrial Setup under Co-operative Industrial Estates

There are Govt. approved 39 Co-op. Industrial Estates in Pune Region and already setup having 3308 No. of industrial units are established & functioning.

District	Total No. of Industrial Estates.	Total Plots	No of Units Established	Investments	Employment Generated
Pune	6	634	478	4792.22	5627
Satara	4	149	85	845.87	896
Sangli	6	684	493	40700.50	6900
Solapur	9	1245	507	38292.00	7181
Kolhapur	14	2249	1745	1310.00	65863
Total	39	4961	3308	85940.59	86467

Pune Region Infrastructure Textile Park

Maharashtra has the one of the major exports in textiles and to promote the sector the region has 5 Textile parks situated in Pune, Sangli, and Kolhapur

District	Park Name	Area in Ha	Project Cost (Crore)	No. of units	Investment in Crore	Employment
Pune	Baramati Hi-Tech Textile Park Ltd.	24.00	123.52	20	7500	3500
Sangli	Islampur Integrated Textile	13.78	102.39	10	330	4187
Kolhapur	Dhairyasheel Mane Textile Park	28.00	600.00	167	22	5000
	Metro Hi-Tech Co-operative Textile	40.00	105.00	85	10	3000
	Pride India Co-op Textile Park Ltd	10.56	131.00	85	10	3000

Pune Region Infrastructure

Industrial Infrastructure Up Gradation & IID

Industrial Infrastructure Upgradation Scheme (IIUS) was launched in 2003 with the objective of enhancing industrial competitiveness of domestic industry by providing quality infrastructure through public private partnership in selected functional clusters/locations which have potential to become globally competitive. A two-stage approval mechanism has been retained in the Scheme.

Under MIIUS scheme, 4 projects have been sanctioned, out of which 4 projects have been completed with and total cost of CFC of INR 184.6.

Industrial Infrastructure Up Gradation Scheme & IID Clusters				
District	Cluster Name	Status	Total Project Cost (Cr)	No. of units
Kolhapur	Ichalkaranji Textile Cluster	Completed	65.05	3000
Kolhapur	Kolhapur Foundry & Engineering Cluster	Completed	42.63	1250
Pune	Auto Cluster	Completed	59.01	1000
Pune	Mahasainik Industrial Estate (Mesco IID Cluster)	Completed	17.91	120

Pune Region- Investments Initiatives

Make In India Initiatives

Under the Make in India initiative a total no of Projects undertaken are 806, under which implemented project are 457 and under construction projects are 83.

Status	Category	Pune	Satara	Sangli	Solapur	Kolhapur	Total
Total Projects	No.	226	110	110	125	235	806
	Inv.	6849.22	285.08	634.79	322.86	4611.53	12703.48
	Empl.	48133	2507	3553	3391	6688	64272
Implemented Projects	No.	84	51	64	83	175	457
	Inv.	1363.03	84.91	532.62	190.74	1035.53	3206.83
	Empl.	3173	811	1551	1832	5245	12612
Under Construction Projects	No.	24	2	1	19	37	83
	Inv.	708.69	2.56	0.35	95.6	80.01	887.21
	Empl.	2310	23	10	900	412	3655
Initial Effective Steps Taken Projects	No.	64	47	31	6	23	171
	Inv.	3197.94	173.37	79.72	12.45	3495.99	6959.47
	Empl.	33777	1330	1140	228	1031	37506
No Steps Take Projects	No.	54	10	11	13	0	88
	Inv.	1579.6	24.24	17.83	21.22	0	1642.89
	Empl.	8873	343	820	375	0	10411
Idea drop/Cancel-Not Responding	No.	0	0	3	4	0	7
	Inv.	0	0	4.27	2.85	0	7.12
	Empl.	0	0	32	56	0	88

Pune Region- Investments Initiatives

Magnetic Maharashtra

Under Magnetic Maharashtra a total of 514 MoU has been signed and currently the implemented project is 253 and Ongoing project are 80.

Status	Category	MSME	LSI	Cluster	IT Park	Mega	Total
Total MoU	No.	439	23	15	11	26	514
	Inve.	1264.92	931.65	334.43	4536.42	16774.4	23841.8
	Empl.	7456	2457	690	96795	36262	143660
Implemented Projects	No.	238	6	3	0	6	253
	Inve.	668.35	218.72	17.72	0	2143.65	3048.44
	Empl.	4064	590	71	0	2540	7265
Ongoing Projects	No.	54	5	3	11	7	80
	Inve.	168.07	256.98	38.83	4536.42	3279	8279.3
	Empl.	1039	777	137	96795	6284	105032
Initial Effective Steps Taken Projects (Land in Possession)	No.	125	6	6	0	1	138
	Inve.	324.46	61.86	38.18	0	1000	1424.5
	Empl.	1942	652	190	0	3000	5784
No Steps taken Projects	No.	22	6	3	0	7	43
	Inve.	106.88	619.15	14.66	0	7745.98	11090.7
	Empl.	411	438	292	0	16928	25579

Products from Pune Region

Top Sectors and Products from Pune Region

Sr No	Sector	Prominent Produce of Region (Products)	Production Hubs
1	Automobile & Auto Components	Two Wheelers, 3 Wheelers, 4 Wheelers and their parts thereof	Pune, Kolhapur
2	Engineering	Engineering parts, Machinery Parts, Automobile parts, Gears and Gearing	Pune - Bhosari, Chakan, Pimpri Kolhapur - Shirol, Gokul-Shirgoan, Kagal
3	Textile / Handicraft	Terry Cotton, Chaddar, Woven Bags, Ready made garments, Cotton Weaving, Fabrics, Kolhapur Chappal	Satara – Man Taluka Kolhapur - Hatkanagle, Ichalkaranji Solapur - MIDC Akkalkopt, Mahol, Chincholi Kolhapur – Karveer
4	Electrical & Electronics	Electrical Parts, switch gears, Electrical circuits	Pune - Bhosari, Satara Road
5	Pharma	Drugs, Medicines	Pune - Ranjangoan
6	Agri/Horticulture	Purandar Fig, Sangli Turmeric, Sangli Raisins, Solapur Pomegranates, Strawberry, Waghaya Ghewda. Mangalwedha Jowar	Pune, Solapur, Sangli, Kolhapur
7	Food Processing	Jaggery, Fruit Juices, Jams, Sweets, Kumkum	Satara, Satara, Kolhapur
8	Gems and Jewellery	Silver Ornaments	Kolhapur - Hupari
9	IT & ITeS	Software	Hinjewadi, Talegoan

Pune Region Export Scenario

Pune Region Export Scenario (From April – January 2022)		
	Total Exports (INR Crore)	Percentage Contribution
Maharashtra	443645.29	
Pune Region	91808.52	20.69% of Maharashtra total export
Pune	68901.19	75% of Region export
Satara	8930.43	9.73% of Region Export
Kolhapur	7489.99	8.16% of Region export
Solapur	3482.34	3.79% of Region export
Sangli	3004.57	3.27% of Region Export

Top Exporting Products		
HS Code	Top 10 exporting products from Pune Region	Export Value (INR Crore)
300220	Vaccines for Human Medicine	4634.58
170114	Other Cane Sugar:	4559.89
170199	Refined Sugar	4423.51
870899	Auto Components	3093.43
870323	Automobile	3038.86
871120	Motorcycle	2481.72
300490	Medicine for Retail Sale	1620.62
843149	Other Machine Parts	1507.11
848310	Transmission Shaft	1457.98
840890	Other Engines	1455.26

Source: DGCIS

Initiatives for Industrial Infrastructure

- **A new proposed airport has been identified at Pune to enhance the exports and will help increase in hospitality, Logistics and Service.**
- **A new Exhibition center is getting formalized at Moshi. The exhibition center proposed is of 120 acres, and the center will include an exhibition hall, helipad, star hotels, museums, metro stations.**
- **New Industrial area by MIDC at Pune (Talegaon, Chakan, Ranjangaon, Baramati) and Satara (Vele – Wai taluka), Kolhapur (Karveer, Shirol, Sahuwadi Taluka, Bhudargad), Sangli (Kavathe Mahankal).**
- **2 IIA projects has been approved and almost 5-6 IIA are in conceptional stage**
- **Double Line railway network from Pune to Miraj, Pune to Solapur and High speed rail line from Pune to Nashik will boost for industrialization.**
- **A logistics park has been proposed at Pune.**
- **Medicity and Film city has been proposed by PMRDA.**

Pune Region- Investments Initiatives

Magnetic Maharashtra 2.0 (Jun, Nov and Dec 2020 and June 2021)

The Magnetic Maharashtra event which had been organized in 2020- 21 had attracted a huge inflow of money into the state of Maharashtra. The total number of MOUs were 56, getting an investment of 164939 Cr and generating an employment of 3,08,292.

Status of MOUs (Jun, Nov and Dec 2020 and June 2021)			
Sr No	Status	MOUs (Maharashtra)	MOU (Pune)
1	In Production	1	1
2	Under Construction	6	3
3	Land Allotted	32	17
4	Land Allotment in Process	9	1
5	Private Land Allotment in process	4	1
6	On Hold (Travel restrictions dure to Covid, Govt Order)	4	2
	Total	56	25

Maharashtra: Policy Support for MSME & LSI

Progressive policies aimed at improving the businesses environment

Fiscal Support	<ul style="list-style-type: none"> ➤ Abatement of State taxes ➤ Stamp Duty Exemption ➤ Electricity Duty Exemption ➤ Power Incentives ➤ Plus, a host of other benefits... 	<ul style="list-style-type: none"> ➤ Skill Development ➤ Single Window Clearance (SWC) ➤ Investor Facilitation ➤ Investor After Care Cell 	Non-Fiscal Support
Special Incentives			
<p>Mega and Ultra Mega project can qualify for fiscal incentives up to 100% of the fixed capital investment</p>		<p>10% additional incentive is provided by the state if the project creates double the employment required for the eligibility</p>	

Conducive Policy Environment in Maharashtra

Incentives for Strengthening MSMEs:

Incentive	Percentage	Support Amount
Capital Equipment for Technology Upgradation	25%	INR 25.00 Lakhs
Capital Equipment for Cleaner Production Measures	25%	INR 5.00 Lakhs
Expenses on Patent Registration	75%	INR 10.00 Lakhs (National Patents) INR 25.00 Lakhs (International Patent)
Quality Certification	50%	INR 6.00 Lakhs (in 5 Years)

Basket of Incentives for MSMEs under PSI Maharashtra

Taluka/ Area Classification	Maximum Permissible Fixed Capital Investment (INR crore)	Maximum ceiling of basket of incentives as % of FCI	Eligibility Period (Years)
A	For the purpose of this policy, MSME shall include units as per the MSMED Act, 2006 as well as the units with FCI of upto INR 50 crore	-	-
B		30%	7
C		40%	7
D		50%	10
D+		60%	10
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule		80%	10
No Industry District, Naxalism		100%	10

Conducive Policy Environment in Maharashtra

Industrial Policy Benchmarking

Incentive categories	Maharashtra
Stamp Duty Exemption	100% reimbursement
Investment promotion subsidy/ VAT/SGST	Up to 100% of Gross SGST for the first sale within State
	Large -50% of Gross SGST for the first sale within State
Interest subsidy	MSME's @5 % p.a. maximum up to electricity bill paid for the year (other than A area)
Fixed capital Incentives/ Capital Subsidy	NA
Power tariff subsidy	@ Re 1/- or @ Re 0.5/- for 3 years

Incentive categories	Maharashtra		
Electricity duty exemption	100% exemption from electricity duty during eligibility period		
Incentives	Detail	Inc.	Limit
	Water Audit reimburse.	75%	1 Lakh
	Energy Audit reimburse.	75%	2 Lakh
	Capital equipment cost (conserving Water & energy)	50%	5 Lakh
	> Quality competitiveness, Technology upgradation, R & D, clean production measures to be also provided		
Sectoral Push/ Others	Green energy/ biofuel and Industry 4.0 shall be granted 20% additional fiscal assistance Land on priority to thrust sectors		

Conducive Policy Environment in Maharashtra

Eligibility Criteria for LSI and Mega, Ultra Mega Projects

Taluka/ Area Classification	Minimum Admissible Fixed Capital Investment (INR crore)		Minimum Direct Employment (number of people)	
	LSI	Mega and Ultra Mega projects	LSI	Mega and Ultra Mega projects
A & B	750	1500	1000	2000
C	500	1000	750	1500
D	250	750	500	1000
D+	150	500	400	750
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	100	350	300	500
No Industry District, Naxalism	100	200	250	350
Naxalism affected areas as per Government Resolution No.: PSI -2013 / (CR54)/IND-8 Dated 1st April 2013 issued by Government of Maharashtra Industries, Energy and Labour Department. ** Aspirational Districts - Osmanabad, Gadchiroli, Washim and Nandurbar				

Udhyam Registration

- Ministry of Micro, Small and Medium Enterprises (MSME) has notified the Udyog Aadhaar Memorandum (UAM) under the MSMED Act, 2006 to promote ease of doing business for MSMEs in 2006.
- 6.45 lakh registered in Maharashtra with employment of 32.11 lakh peoples
- Maharashtra is 2nd rank in Udyam registration



- Single page online registration form on <https://udyamregistration.gov.in/>



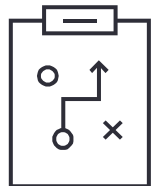
- Registration on self-declaration basis



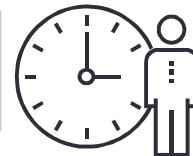
- No fees for Udyug Registration



- No Documentation Required



- Scrapping of filling of entrepreneur Memorandum Part I & II



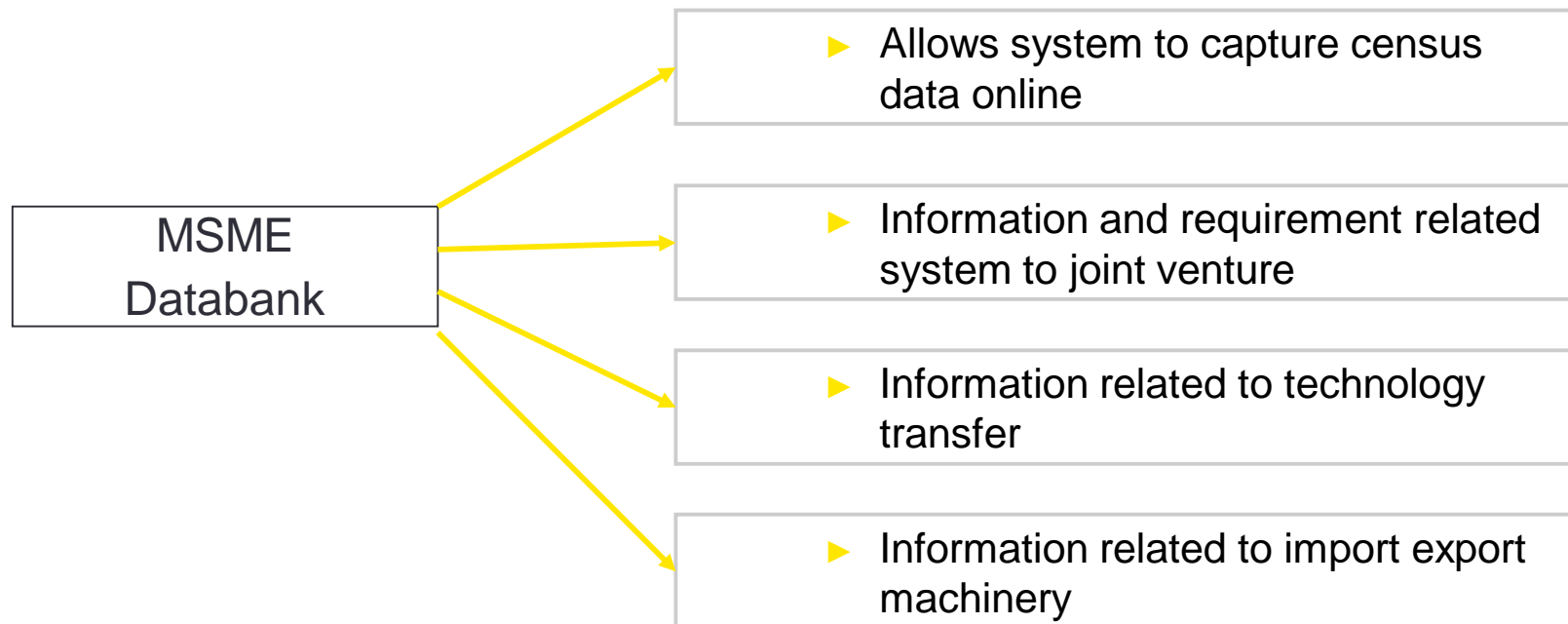
- Instant Registration



- File more than on Udyog Aadhar with same Aadhar

MSME Databank

- Government to mandate registration of Micro, Small and Medium Enterprises
- Aim is to create and maintain a comprehensive live digital databank
- These rules are the Micro, Small and Medium Enterprises Development (Furnishing of Information) Rules, 2016
- 20% of all the Government procurements have to be mandatorily from MSMEs sector
- Purpose is to ensure participation of MSMEs in procurement process in the Public Procurement Policy of Government
- Total 47 000 units are registered from Maharashtra under MSME data bank



ZED

Subsidy	Particulars
5%	Additional capital equipment acquired for Technology Up-gradation, subject to a maximum of INR 25 lakh.
50%	Cost of Capital Equipment under the measures to conserve/recycle water, limited to INR 5 lakh
50%	Cost of additional Capital Equipment for improving energy Efficiency, limited to INR 5 lakh
75%	Expenses incurred on quality certification limited to INR 1 Lakh
25%	Additional capital equipment acquired for cleaner production measures, limited to INR 5 Lakhs
75%	Expenses incurred on patent registration limited to Rs.10 Lakh for the National patents and Rs. 20 lakh for the International patents
75%	Cost of water audit limited to INR 1.00 lakh
75%	Cost of energy audit limited to INR 2.00 lakh

GeM- Government e-Marketplace

- **Gol has created a one stop Government e-Marketplace (GeM) to facilitate online procurement of common use Goods & Services required by various Government Departments / Organizations / PSUs.**
- **It is end to end online procurement portal for government buyer and sellers similar to Amazon, flipkart, ebay etc**
- **Use of GeM facilitate for more transparency, efficiency and speed in public procurement.**
- **It provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users achieve the best value for their money.**
- **State government has adopted the use of GeM in state procurement**
- **GeM facilitate for MSME's to sell their product to government buyers hence widening the market opportunities.**

Electronic Policy 2016

Key Highlights

- 25% one time subsidy on capital equipment for technology up-gradation, limited to Rs. 25.00 lakh.
- 25% one time subsidy on capital equipment for cleaner production measures, limited . to Rs. 5.0 lakh
- 75% subsidy on the expenses incurred on patent registration limited to Rs. 10.00 lakh for National patents and Rs. 25.00 lakh for the International patents.
- Assistance for a maximum of three industry standard quality certifications, at a rate of 50% of cost of quality certification within the overall ceiling of Rs. 6.00 lakh in 5 years. The amount of assistance will include :
 - i) Fees charged by certification agency
 - ii) Consulting fees and training charges
 - iii) Cost of testing equipment as suggested by BIS
 - iv) Calibration charges of equipment.

Green Field EMC

50% Cost	Project	To a ceiling of INR 50 Crore for every 100 acre of land
25% Contribution		Minimum Industry Contribution
15% contribution (by way of grant)		MIDC for every 100 acres

Brown Field EMC

75%	Project cost subject to a ceiling of INR 50 Crore by Gol	
15%	Industry Contribution	
10%	project cost limited to Rs.10.00 crores will be contributed by MIDC in MIDC areas and by State Government outside MIDC areas	

Bharat Ratna Dr. Babasaheb Ambedkar Special Package Scheme Of Incentives For SC/ST Entrepreneurs 2016

Key Highlights	
<ul style="list-style-type: none"> ➤ Land allotment: 20% reservation in MIDC 	<ul style="list-style-type: none"> ➤ Incubation Center, Skill Development, EDPs
<ul style="list-style-type: none"> ➤ Rebate on Land Cost: <ul style="list-style-type: none"> ➤ 30% - MIDC ➤ 20% - Other Areas 	<ul style="list-style-type: none"> ➤ Venture capital Fund: <ul style="list-style-type: none"> ➤ INR 200 Cr with help of SIDBI
<ul style="list-style-type: none"> ➤ Taluka Scheme: <ul style="list-style-type: none"> ➤ Support for 1 SC & ST Entrepreneur from each taluk 	<ul style="list-style-type: none"> ➤ Government to set up centralized expo centers
<ul style="list-style-type: none"> ➤ Power Tariff Subsidy: Tune of INR 1 to INR 2 <ul style="list-style-type: none"> ➤ Based on location 	<ul style="list-style-type: none"> ➤ Interest Rate Subsidy: <ul style="list-style-type: none"> ➤ For term loans taken for fixed assets
<ul style="list-style-type: none"> ➤ Cluster Development Scheme: Grant up to 90% of project cost 	<ul style="list-style-type: none"> ➤ Hand Holding Support

Special Benefits	
Incentives Of	Applicable To
C Zone	A & B Zones
D+ Zone	C & D Zones
Naxalism Affected Areas	D+ & NID Zones

Capital Subsidy Benefits	
Zone	% of Fixed Capital Investment
A,B & C	15
D	20
D+	25
NID & Naxalism Affected Areas	30

Women Entrepreneur Promotion Policy 2017

Key Highlights	
<ul style="list-style-type: none"> ➤ Workforce Welfare Assistance: ➤ EPF/ESI Refund - 50% Of Unit Contribution 	
<ul style="list-style-type: none"> ➤ Capital Subsidy @ 15% To 35% Of Fixed Capital Investment 	
<ul style="list-style-type: none"> ➤ Provision Of INR 50 Cr Made For Venture Capital Fund 	
<ul style="list-style-type: none"> ➤ Power Tariff Subsidy To The Tune Of INR 1 - 2 Cr Depending On Location 	
<ul style="list-style-type: none"> ➤ Brand Development, Skill Development, Incubation Centers 	
<ul style="list-style-type: none"> ➤ Interest Subsidy Payable @ 5% Per Annum 	

Eligibility	
Sole Ownership	100% equity by women entrepreneur
Partnership	100% equity by women entrepreneurs
Cooperative	100% women held share capital
Private or Public Limited	100% shares held by women
Self Financed Self Help Groups	Registered Self Help Groups established as per clause 3 and 4 of the said definition.

Aerospace & Defense Manufacturing Policy - 2018

Fiscal Support
<ul style="list-style-type: none"> ➤ Venture Fund : Under MSI-CDP, up to INR 15 CR for CFCs ; Corpus of INR 300 CR by MIDC for capital & working capital needs of MSMEs
<ul style="list-style-type: none"> ➤ Promotion of Nagpur MRO : 50% reimbursement on VAT on AT Fuel ; 100% reimbursement on SGST on service parts
<ul style="list-style-type: none"> ➤ Assistance to R & D Institutions
<ul style="list-style-type: none"> ➤ Marketing Assistance : MSME Participating in International Expos – 50% of rent, literature & display material ; Assistance also to Industry Association for International Expo Participation

Non-Fiscal Support
<ul style="list-style-type: none"> ➤ Ease of Doing Business: ➤ Relaxation of shops & establishment act, essential services under MESMA etc.

Special Incentives	
Mega Projects	Anchor Units
A & B Areas - Minimum FCI of INR 200 Cr or employment of 500	Mega unit with confirmed order book of USD 100 Mn
All other Areas - Minimum FCI of INR 200 Cr or employment of 500	Land @ 75% of prevailing rates in MIDC in A & B areas and 50% in other areas
Bundle of attractive incentives for Mega Projects	

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

- ▶ The primary objective of Maharashtra Electric Vehicle Policy 2021 is to accelerate adoption of Battery Electric Vehicles (BEVs) in the state so that they contribute to 10% of new vehicle registrations by 2025.
- ▶ In the six targeted urban agglomerations i.e. Mumbai, Pune, Nagpur, Nashik, Aurangabad and Amravati in the state, achieve 25% electrification of public transport.
- ▶ In the six targeted urban agglomerations i.e. Mumbai, Pune, Nagpur, Nashik, Aurangabad and Amravati in the state, achieve 25% electrification of fleet operators, fleet aggregators and last-mile delivery vehicles by 2025.
- ▶ Transition of 15% of Maharashtra State Road Transport Corporation's (MSRTC) existing bus fleet to electric.
- ▶ Make Maharashtra the country's top producer of BEVs in India, in terms of annual production capacity.
- ▶ Target establishment of at least one Gigafactory for the manufacturing of advanced chemistry cell (ACC) batteries in the state.
- ▶ Promote research and development (R&D), innovation, and skill development across the EV ecosystem in the state

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

For the dissemination of electric vehicle technology, the policy targets are as below

Sr No	Description	Target	Remarks
➤ 1	<ul style="list-style-type: none"> ➤ All Vehicles ➤ 2 Wheelers ➤ 3 Wheelers ➤ 4 Wheelers 	<ul style="list-style-type: none"> ➤ 10% ➤ 10% ➤ 20% ➤ 5% 	Share of EVs in new vehicle registrations in the state till 2025
➤ 2	➤ Fleet operators / Fleet aggregator	<ul style="list-style-type: none"> ➤ At least 25% of the urban fleet operated by the fleet aggregators/ operators in the state to transition to EVs by 2025. 	➤ Applies to e-commerce companies, last-mile delivery/logistics players and mobility aggregators operating in urban areas
➤ 3	➤ Buses	<ul style="list-style-type: none"> ➤ In the six targeted urban agglomerations (UA) i.e. Mumbai, Pune, Nagpur, Nashik, Aurangabad and Amravati in the state, achieve 25% electrification of public transport by 2025 ➤ MSRTC to convert its existing bus fleet to 15% electric fleet 	

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

Sr No	Description	Target	Remarks
➤ 4	➤ Charging Infrastructure	<ul style="list-style-type: none"> ➤ Cities: ➤ By 2025, city-wise targets of public and semi-public charging stations are, as listed below ➤ Greater Mumbai UA – 1500 ➤ Pune UA – 500 ➤ Nagpur UA – 150 ➤ Nashik UA – 100 ➤ Aurangabad UA – 75 ➤ Amravati – 30 ➤ Solapur – 20 ➤ Highways: ➤ Make following four highways/ expressways fully EV ready by 2025 ➤ Hindu Hurudaysamrat Balasaheb Thackeray Samruddhi Highway – (Mumbai-Nagpur) ➤ Yashwantrao Chavan Expressway – (Mumbai-Pune) ➤ Mumbai Nashik ➤ Nashik Pune 	<p>Setup at-least one public charging station in a 3 km x 3 km grid, or</p> <p>A minimum of 50 charging stations per million population, whichever is higher.</p> <p>Setup public charging stations on highways at 25 km distance (on both sides of the highways).</p>

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

Sr No	Description	Target	Remarks
➤ 5	➤ Government vehicle fleet	➤ Starting 1st April 2022, all new govt. / semi govt./ urban local bodies / govt. funded organizations vehicles operating within the cities to be battery electric vehicles. ➤ All vehicles leased for Govt. official purpose shall be battery electric vehicles	

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

Basic Demand Incentives for Electric Vehicles

Sr No	Vehicle segment	Incentive available (INR/ kWh)	No. of vehicles to be incentivized	Maximum incentive per vehicle (INR)
1.	➤ e-2W (L1 & L2)	➤ 5000	1,00,000	10,000
2.	➤ e-3W autos (L5M)		15,000	30,000
3.	➤ e-3W goods carrier (L5N)		10,000	30,000
4.	➤ e-4W cars (M1)		10,000	1,50,000
5.	➤ e-4W goods carrier (N1)		10,000	1,00,000
6.	➤ e-buses*	➤ 10% of vehicle** cost	1,000	20,00,000

➤ Note:

➤ *Incentive shall be available for STU (State Transport Undertakings) buses only.

➤ **Ex-factory cost

Maharashtra Electric Vehicle & Related Infrastructure Policy - 2021

Vehicle segment-wise Scrappage Incentives

Sr No	Vehicle segment	Scrappage Incentive
1.	➤ 2W (L1 & L2)	Up to INR 7,000
2.	➤ 3W (L5M & L5N)	Up to INR 15,000
3.	➤ 4W (M1& N1)	Up to INR 25,000

Assured Buyback and Warranty Incentives

Sr No	Description of Incentives	Incentives
1.	➤ Assured Buyback, (up to 5 years with depreciation rate not more than 7.5% per year)	6% of total vehicle cost capped at INR 10,000/-
2.	➤ Battery warranty of at least 5 years	4% of total vehicle cost capped at INR 6,000/-

Textile Policy - 2018

Salient Features of the policy
➤ Strengthen cotton sector
➤ Rejuvenate the silk and wool sector
➤ Catalyze potential of non conventional yarn
➤ Harness high technology sunrise sector of technical textiles
➤ Encourage textile parks
➤ Promote green initiatives
➤ Attractive benefits in terms of Electricity
➤ Human Recourse Development
➤ Financial strengthening through “Textile Development Fund”

Special Incentives
➤ 5% addnl subsidy for projects > 500 Cr INR
➤ 5% addnl subsidy for Pioneer projects in a tehsil
➤ “25% or 37.5 Cr INR which ever is lower scheme” for IPDS scheme continued

Type of textile industry	Subsidy
➤ Processing, Technical Textile, knitting, Hosiery, Garment	➤ 40%
➤ Process not included above	➤ 25%
➤ Composite unit with >2 process	➤ 35 %
➤ SC/ST & Minority entrepreneurs	➤ 5% (Additional)
➤ Processing, Technical Textile, knitting, Hosiery, Garment in Vidarbha, Marathwada & North Maharashtra	➤ 20% additional capital subsidy

Textile Policy - 2018

State scheme for modernization of plain power looms

Type of Modernization	Subsidy rate per loom		
	General Category (35%)	Scheduled Caste (20%)	Scheduled Tribes (8%)
Conversion of simple power loom to semi automatic shuttle loom	INR 10,000	INR 6,800	INR 2,400
Conversion of semi-automatic shuttle loom to shuttle less rapier loom	INR 17,500	INR 10,000	INR 4,000
Conversion of simple power loom to shuttle less rapier loom	INR 28,000	INR 16,000	INR 6,400

Capital Subsidy in lieu of interest subsidy under the State Policy

Processing (yarn, fabrics, printing), Technical textile knitting, hosiery and Garmenting (1)	Composite Unit (2)	Spinning, Ginning, Pressing (3)	Modernization of power looms (4)	New Power looms based on latest technology (Other than plain power loom) (5)	Other textile units excluding those mentioned in Col 2 to 5 (6)
Subsidy to units in general category	40%	25%	25%	25%	25%
Subsidy to units in SC/ ST/ Minority category	45%	40%	30%	30%	30%
Additional subsidy for production of yarn, fabric and other products from non conventional yarn	10%	10%	10%	-	-

Textile Policy - 2018

Processing (yarn, fabrics, printing), Technical textile knitting, hosiery and Garmenting (1)	Composite Unit (2)	Spinning, Ginning, Pressing (3)	Modernization of power looms (4)	New Power looms based on latest technology (Other than plain power loom) (5)	Other textile units excluding those mentioned in Col 2 to 5 (6)
Additional subsidies for textile products in Vidarbha, Marathwada and North Maharashtra regions:					
Additional capital subsidy	20%	10%	10%	10%	10%
Additional subsidy for units having forward/ backward integration	5%	-	5%	-	5%
Additional subsidy for units set up in taluka not having any spinning mills	-	-	5%	-	-
5% additional subsidy for new composite unit not having any private spinning mill	-	5%	-	-	-



Thank you



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