



DISCLOSURES IN BOARD'S REPORT

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SCOPE

The scope of this presentation is limited to:

- Disclosures in Board's Report under Listing Agreement and Securities Laws
- Event based disclosures not covered in this presentation



SOME INTERESTING INFORMATION ON THE DIRECTOR'S REPORT

- The Director's Report is based on Section 157 of the English Act and Section 175 of the redraft of the report of the Company Law Committee.
- The Director's Report is aimed to contain information on all changes which may take place in the nature of company's business or business of subsidiary or a class of business in which the company has interest, whether a Member of another company or otherwise during its financial year in so far as such information is in the opinion of the directors, material to and adequate understanding of the company's affairs by its members and is not harmful to the business of the company or its subsidiaries.
- Later there were further changes to incorporate proceedings that have been initiated against the director and others.



SOME INTERESTING INFORMATION ON THE DIRECTOR'S REPORT

- The content of the Director's Report was amended under the Companies (Amendment) Act 1960 to aim to improve the quality of Director's Report and to make them update for the benefit of the shareholders. This was based on the recommendations of the Company Law Committee, 1957.
- The content of the Director's Report was further amended in the Companies (Amendment) Act, 1974 to bring it in line with the UK Companies Act to provide information of employees to whom remuneration in excess of Rs.36,000/- p.a. was being paid.
- The content of the Director's Report was further amended under the Companies (Amendment) Act, 1988 to provide for disclosure on matters concerning conservation of energy, technology absorption, foreign exchange earnings and outgo and also increase in the ceiling of disclosures in relation to remuneration paid to employees.



SOME INTERESTING INFORMATION ON THE DIRECTOR'S REPORT

- The content of the Directors Report was again amended in the Companies (Amendment) Act, 1999 to provide for disclosures in relation to reasons for failure, if any to complete buy back of shares for securities within 12 months from the date of passing of the resolution.
- The Directors Report was again amended in the Companies (Amendment) Act, 2000 to incorporate the Directors Responsibility Statement.
- The amendments were made to bring Directors Report in line with recommendation of the report of Kumar Mangalam on Corporate Governance.
- The content of the Director's Report was subsequently modified in Companies Act, 2013 to enhance transparency with introduction of additional disclosures on various parameters including board evaluation, risk management, disclosure on CSR, extract of annual returns, declaration of Independent Directors etc.



SOME INTERESTING INFORMATION ON THE DIRECTOR'S REPORT

- In the recent amendments to the Listing Agreement, attempts are being made to align the Listing Agreement with the requirements of Companies Act, 2013

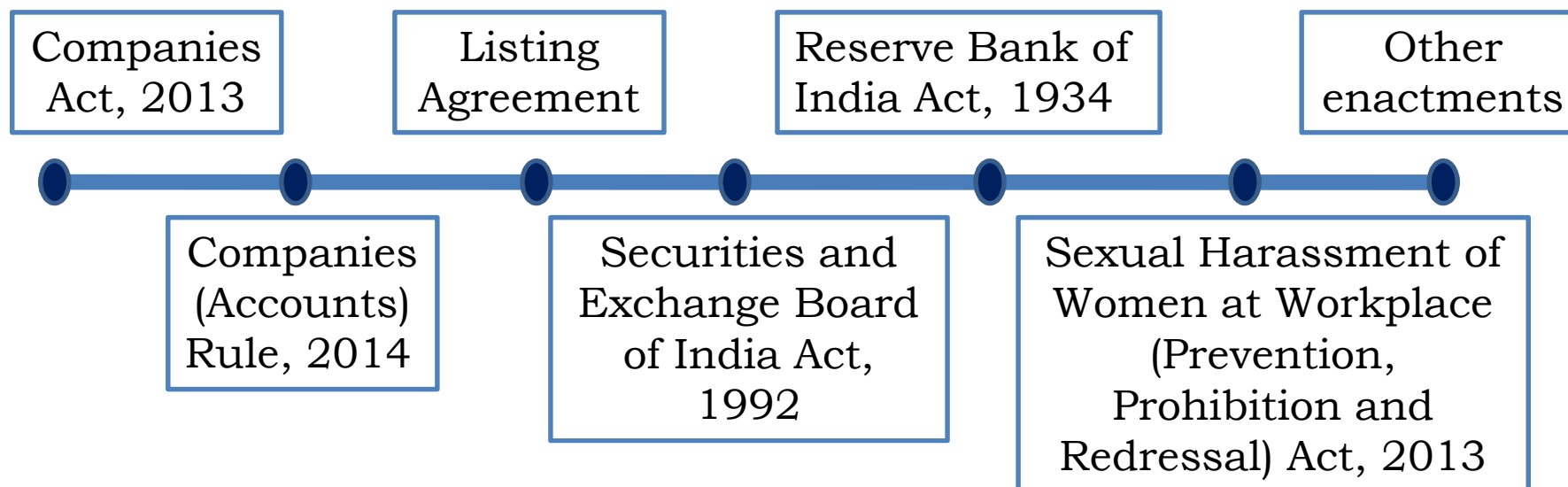


NEED OF DISCLOSURE AND EXTENT

- Private Companies
- Public Companies
- Listed Companies



DISCLOSURES UNDER VARIOUS STATUTES





DISCLOSURES PURSUANT TO LISTING AGREEMENT (EQUITY) OF STOCK EXCHANGES



CLAUSE 5A (I)

For shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account, the issuer shall disclose the following details in its Annual Report, as long as there are shares in the suspense account :

- (i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;
- (ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year;
- (iii) Number of shareholders to whom shares were transferred from suspense account during the year;
- (iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;
- (v) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares



CLAUSE 32

The company shall make disclosures in compliance with the Accounting Standard on “Related Party Disclosures” in its Annual Report

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 the disclosure shall be Form No. AOC-2



CLAUSE 32

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts / arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) Date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188



CLAUSE 32

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts / arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Date(s) of approval by the Board, if any:
 - (f) Amount paid as advances, if any:

The Form shall be signed by the persons who have signed the Board's report.



CLAUSE 43(3)

If there are material variations between projected utilisation of funds and/or projected profitability statement made by the Company in its prospectus or letter of offer or objects stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report



CLAUSE 49.II.B.5

Performance evaluation of Independent Directors

The Nomination Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors.

The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



CLAUSE 49.II.B.7

Familiarization programme for Independent Directors

The company shall familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

The details of such familiarization programmes shall be disclosed on the company's website and a web link thereto shall also be given in the Annual Report.



CLAUSE 49.II.E

Code of Conduct

The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.

All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.



CLAUSE 49.II.F

Whistle Blower Policy

The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

This mechanism should also provide for adequate safeguards against victimization of director(s) /employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

The details of establishment of such mechanism shall be disclosed by the company on its website and in the Board's report.



CLAUSE 49.III.D

Role of Audit Committee

Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.



CLAUSE 49.V.D

Policy for determining 'material' subsidiaries

The company shall formulate a policy for determining 'material' subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.



CLAUSE 49.VIII.A

Policy on dealing with related party transactions

The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.



CLAUSE 49.VIII.B

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.



CLAUSE 49.VIII.C

Remuneration of Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

The company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.

CLAUSE 49.VIII.C

Remuneration of Directors

In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:

- a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
- b. Details of fixed component and performance linked incentives, along with the performance criteria.
- c. Service contracts, notice period, severance fees.
- d. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.



CLAUSE 49.VIII.C

Remuneration of Directors

The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.

Non-executive directors shall be required to disclose their shareholding (both own or held by /for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

CLAUSE 49.VIII.D

Management Discussion and Analysis Report

As part of the Director's Report or as an addition thereto, a Management Discussion and Analysis report should form part of the Annual Report to the shareholders. This Management Discussion and Analysis should include discussion on the following matters within the limits set by the company's competitive position:

- a. Industry structure and developments.
- b. Opportunities and Threats.
- c. Segment-wise or product-wise performance.
- d. Outlook

CLAUSE 49.VIII.D

Management Discussion and Analysis Report

...contd

- e. Risks and concerns.
- f. Internal control systems and their adequacy.
- g. Discussion on financial performance with respect to operational performance.
- h. Material developments in Human Resources/ Industrial Relations front, including number of people employed.



CLAUSE 49.VIII.E.2

Disclosure of relationships between directors inter-se

Disclosure of relationships between directors inter-se shall be made in the Annual Report, notice of appointment of a director, prospectus and letter of offer for issuances and any related filings made to the stock exchanges where the company is listed



CLAUSE 49.X **read with Annex. XII & XIII**

Report on Corporate Governance

There shall be a separate section on Corporate Governance in the Annual Reports of company, with a detailed compliance Report on Corporate Governance.

Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested list of items to be included in this report is given in Annexure - XII and list of non-mandatory requirements is given in Annexure – XIII.



CLAUSE 49.X

read with Annex. XII & XIII

Suggested list of items to be included in the Report on Corporate Governance in the Annual Report of Companies

1. A brief statement on company's philosophy on code of governance.
2. Board of Directors:
 - a. Composition and category of directors, for example, promoter, executive, non-executive, Independent non-executive, nominee director, which institution represented as lender or as equity investor.
 - b. Attendance of each director at the Board meetings and the last AGM.
 - c. Number of other Boards or Board Committees in which he/she is a member or Chairperson.
 - d. Number of Board meetings held, dates on which held.
3. Audit Committee:
 - i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Meetings and attendance during the year



CLAUSE 49.X

read with Annex. XII & XIII

Suggested list of items to be included in the Report on Corporate Governance in the Annual Report of Companies

4. Nomination and Remuneration Committee:

- i. Brief description of terms of reference
- ii. Composition, name of members and Chairperson
- iii. Attendance during the year
- iv. Remuneration policy
- v. Details of remuneration to all the directors, as per format in main report.

5. Stakeholders' Grievance Committee:

- i. Name of non-executive director heading the committee
- ii. Name and designation of compliance officer
- iii. Number of shareholders' complaints received so far
- iv. Number not solved to the satisfaction of shareholders
- v. Number of pending complaints



CLAUSE 49.X

read with Annex. XII & XIII

Suggested list of items to be included in the Report on Corporate Governance in the Annual Report of Companies

6. General Body meetings:

- i. Location and time, where last three AGMs held.
- ii. Whether any special resolutions passed in the previous 3 AGMs
- iii. Whether any special resolution passed last year through postal ballot – details of voting pattern
- iv. Person who conducted the postal ballot exercise
- v. Whether any special resolution is proposed to be conducted through postal ballot
- vi. Procedure for postal ballot

7. Disclosures:

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.
- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii. Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.



CLAUSE 49.X

read with Annex. XII & XIII

Suggested list of items to be included in the Report on Corporate Governance in the Annual Report of Companies

- iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

8. Means of communication:

- i. Quarterly results
- ii. Newspapers wherein results normally published
- iii. Any website, where displayed
- iv. Whether it also displays official news releases; and
- v. The presentations made to institutional investors or to the analysts.

9. General Shareholder information:

- i. AGM: Date, time and venue
- ii. Financial year
- iii. Date of Book closure
- iv. Dividend Payment Date
- v. Listing on Stock Exchanges



CLAUSE 49.X

read with Annex. XII & XIII

Suggested list of items to be included in the Report on Corporate Governance in the Annual Report of Companies

- vi. Stock Code
- vii. Market Price Data: High., Low during each month in last financial year
- viii. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.
- ix. Registrar and Transfer Agents
- x. Share Transfer System
- xi. Distribution of shareholding
- xii. Dematerialization of shares and liquidity
- xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity
- xiv. Plant Locations
- xv. Address for correspondence



CLAUSE 49.X

read with Annex. XII & XIII

Non-Mandatory Requirements

The Board - A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

Shareholder Rights - A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

Audit qualifications - Company may move towards a regime of unqualified financial statements.

Separate posts of Chairman and CEO - The company may appoint separate persons to the post of Chairman and Managing Director/CEO.

Reporting of Internal Auditor - The Internal auditor may report directly to the Audit Committee.



CLAUSE 49.XI

Compliance of Corporate Governance

The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.



CLAUSE 49.XI

Compliance of Corporate Governance

... Contd

The non-mandatory requirements given in Annexure - XIII may be implemented as per the discretion of the company. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.



CLAUSE 55

Business Responsibility Report

Top 100 listed companies based on Market Capitalisation at BSE as on March 31, 2012, effective from financial year ending on or after December 31, 2012 shall submit, as part of their Annual Reports, Business Responsibility Reports, describing the initiatives taken by them from an environmental, social and governance perspective, in the prescribed format



DISCLOSURES PURSUANT TO LISTING AGREEMENT (DEBT) OF STOCK EXCHANGES



CLAUSE 2A

The issuer shall disclose the name of the debenture trustees with full contact details in their annual report and as ongoing basis, on their website.



CLAUSE 28

Annual Disclosure in Annual Report

With respect to Parent and Subsidiary companies, the Issuer shall make annual disclosures as under:

In the books of an Issue who is a	Disclosures of amounts at the year end and the maximum amount of loans/advances/ investments outstanding during the year
Parent	Loans and advances in the nature of loans to subsidiaries and associates by name and amount, where there is - (i) no repayment schedule or repayment beyond seven years; or (ii) no interest or interest below section 372A of Companies Act by name and amount. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.
Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company
Parent	Investments by the borrower in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan



**DISCLOSURES PURSUANT TO SEBI (SHARE
BASED EMPLOYEE BENEFITS) REGULATIONS,
2014**



REGULATION 5.19

In case, the Trust has received any loan, or guarantee thereof from the Company, the company has to disclose certain particulars as prescribed in the Companies (Share Capital and Debenture) Rules, 2014, in its Directors' Report.



REGULATION 14

With reference to Regulation 14, the Board of Directors of a company has to disclose any material change in the schemes and whether the scheme(s) is / are in compliance with the Regulations.

Apart from this, the Board has to disclose the following:

- (a) Relevant disclosures in terms of Guidance Note on Accounting for Employee Share-based Payments (Guidance Note) issued by Institute of Chartered Accountants of India
- (b) Diluted EPS as per Accounting Standard -20;
- (c) Elaborate details in respect of ESOS, ESPS, SAR, GEBS, RBS, as the case may be; and
- (d) Details relating to Trust, trust funding, secondary shares transaction, etc.

Further, these details are to be disclosed on the company's website and a web-link thereto shall be provided in the Directors' Report.



DISCLOSURES PURSUANT TO DIRECTIONS OF RESERVE BANK OF INDIA



NON-BANKING FINANCIAL COMPANIES (NBFC)

NBFCs have to furnish additional information in the Boards' Report.

NBFCs, Miscellaneous NBCs, Residuary Companies and Housing Finance Companies – Information pertaining to overdue deposits/ unclaimed deposits (total number of accounts and amount due) as on the last day of the financial year. If the amount exceeds Rs. 5 lakhs, a statement shall be included on steps taken/ proposed by the Board for repayment



**DISCLOSURES PURSUANT TO SEXUAL
HARASSMENT OF WOMEN AT WORKPLACE
(PREVENTION, PROHIBITION AND REDRESSAL)
ACT, 2013**



SECTION 21

Every company having more than 10 women employee shall disclose in annual report following details:

- (a) Number of complaints of sexual harassment received in the year
- (b) Number of complaints disposed off during the year
- (c) Number of cases pending for more than ninety days
- (d) Number of workshops or awareness programme against sexual harassment carried out
- (e) Nature of action taken by the employer or district officer.



OTHER DISCLOSURES



OTHER DISCLOSURES – GOOD GOVERNANCE

- (1) Substantial acquisition of shares or voting rights and acquisition of control, if any, during the financial year, in or by the company along with persons acting in concert;
- (2) Names of persons who, at any time during the financial year, were directors of the company, whether as managing director, whole time director, nominee director, shareholder/ debenture holder director, director appointed by the Central Government, or manager. The number of securities held by each person who was a director at the end of the financial year may also be disclosed;
- (3) Investments in securities of other companies, covering rights, if any, exercised in nominating directors on the other company's Board, the purpose of investment, whether as promoter or investor simpliciter, the benefits accruing to the company on account of such investments and reasons in case of disinvestment by the company;

* - Referencer on Board's Report - ICSI



OTHER DISCLOSURES – GOOD GOVERNANCE

- (4) Expenditure / investments made on projects or businesses which are discontinued or likely to be discontinued. The report should also highlight various steps taken or contemplated in re-deploying or better utilisation of such investments / facilities with a view to ensuring that they do not become non-performing assets;
- (5) The liquidity of the company at the end of the financial year, including a comment on the level of borrowings at the end of the period under review as also the peak level of borrowings during that period;
- (6) Where a company has entered into covenants with lenders which could have the effect of restricting the use of credit facilities and negotiations with the lenders on the operation of these covenants are taking place or are expected to take place, this fact should be indicated in the report. Where a breach of any covenant has occurred or is likely to occur, the report should give details of the measures taken or proposed to remedy the situation;



OTHER DISCLOSURES – GOOD GOVERNANCE

- (7) A brief description of various joint venture/ collaboration agreements entered into by the company during the financial year. The report should disclose the financial/ business implications of such joint venture/ collaboration agreements;
- (8) In the case of an industrial company, whether it had become a potentially sick/sick industrial company and if so what actions have been initiated or taken, including proposals, if any, for making it viable in future;
- (9) A discussion on foreign exchange exposure and Treasury policies and objectives, if any, covering the management of interest rate risk and exchange and maturity profile of borrowings;
- (10) A discussion on foreign exchange exposure and Treasury policies and objectives, if any, covering the management of interest rate risk and exchange and maturity profile of borrowings. The report should also discuss the implementation of these policies in the period under review.



OTHER DISCLOSURES – GOOD GOVERNANCE

- (11) details regarding corporate restructuring such as mergers or amalgamation;
- (12) the number of equity shares that have been traded in demat form;
- (13) information regarding appointment of international accountants;
- (14) brief description of the fixed deposits accepted by the company and the amount of principal or interest outstanding as on the date of the balance sheet;
- (15) social welfare activities undertaken for rural and community development;
- (16) developments in the field of information technology; training and development activities undertaken by the company; information as to whether the company has adequately insured all its assets as also the various business risks connected with the business of the company and that it has duly paid insurance premia; comments on the report submitted by the Cost Auditor; steps taken for securing the health, safety and welfare of employees;

* - Referencer on Board's Report - ICSI



OTHER DISCLOSURES – GOOD GOVERNANCE

- (17) awards and recognitions received;
- (18) MOUs (with government bodies or other institutions);
- (19) marketing and production performance;
- (20) opening of new branches;
- (21) major projects completed and under consideration;
- (22) strategic investments (made or proposed);
- (23) employee training/research and education;
- (24) investor service centre;
- (25) funds raised by the company through various securities (substantial amount);
- (26) insurance cover (adequacy/amount paid);
- (27) quality initiatives;
- (28) safety measures undertaken;
- (29) vigilance report (drive against corruption or unfair practice in office);
- (30) expenditure on entertainment, foreign tours and publicity;

* - Referencer on Board's Report - ICSI



OTHER DISCLOSURES – GOOD GOVERNANCE

- (31) tax litigations;
- (32) new initiatives (new brand launched);
- (33) glossary of technical terms (as an annexure);
- (34) strategic business units performance;
- (35) forfeiture of shares;
- (36) industrial relations and human resource development;
- (37) graphic of industry/subsidiary wise turn over;
- (38) graphic of distribution of income;
- (39) appreciation (to employees, bankers, investors, clients, vendors, regulatory bodies etc.).

IMPACT AND BENEFITS

- All Stakeholders
- Statutory Authorities
- General Public

Or

- Only Statistical Purpose



ANY QUESTIONS?



THANK YOU!!