

CHAPTER 8: BOARD DISCLOSURES AND WEBSITE DISCLOSURES

QUESTION 1:

What are the guidelines provided under listing obligations and disclosure requirements related to annual report? **(JUNE 2017) (3 MARKS)**

Ans:

- (a) There are several disclosures which a company is obligated to do under various legislations such as the companies act, SEBI (LODR) etc.
- (b) Annual report is the most comprehensive report provided by a public company to its stakeholders which gives an insight on company's financial as well as operating performance.
- (c) It is an interactive report which provides highlights about all the corporate activities, legal highlights and corporate governance activities performed in the previous year.
- (d) The same shall be sent to the shareholders not later than the day of commencement of dispatch of notice of
- (e) The content of the annual report as follows:
 - (i) Audited consolidated financial statements.
 - (ii) Audited standalone financial statements.
 - (iii) Cashflow statement.
 - (iv) Directors report
 - (v) Management discussion and analysis (MDA) report

QUESTION 2:

**Write a short note on the content of management discussion and analysis. (JUNE 2022)
(2 MARKS)**

Ans:

Management discussion and analysis report should mandatorily form a part of annual report of the company. MDA report should include the following disclosures about the company.

- (i) industry structure and development
- (ii) opportunities and threats
- (iii) segment wise or product wise performance
- (iv) outlook
- (v) risks and concerns
- (vi) internal control systems and their adequacy
- (vii) material developments in human resources
- (viii) corporate social responsibility

QUESTION 3:

M/s XYZ Limited is a public limited company having paid up share capital of ` 28 Crores at the last of preceding financial year. The directors of M/s XYZ Limited want that timely and accurate disclosures are made regarding all material matters concerning the company including its financial situation and results. You are a practicing company secretary and you have been engaged by M/s XYZ limited for advising it in regard to disclosures to be made in the board report. (DEC 2023) (3 MARKS)

Ans:

- (a) Board report is the communication of board of directors with its shareholders as well as with its lenders, bankers and the public about the company's performance as well as the future prospect.
- (b) Following are the disclosures which must be added in board's report:
 - (i) Issue of equity shares with differential rights
 - (ii) Issue of sweat equity shares.
 - (iii) Details of employee stock option scheme
 - (iv) Corporate social responsibility
 - (v) Appointment/ reappointment of an independent director
 - (vi) Resignation of director
 - (vii) Details of vigil mechanism

- (viii) Related party transaction
- (ix) Disclosures pertaining to remuneration of directors and employees
- (x) Secretarial audit report.

QUESTION 4:

outline the legal/regulatory provisions regarding submission of Statement of Deviations /Variations in annual report to the stock exchanges. (JUNE 2025) (5 MARKS)

Ans:

- (a) Annual report is the most comprehensive report provided by a public company to its stakeholders which gives an insight on company's financial as well as operating performance.
- (b) The following has to be disclosed in a statement on a quarterly basis:
 - (i) Deviation if any in the use of proceeds from the object stated;
 - (ii) Category wise variation between projected utilization of funds against the actual.
- (c) The statement is filed throughout the life, until the funds are completely utilized and the report is first placed to the audit committee, then after its review to the stock exchange.
- (d) Explanation for deviation to be added in the annual report under the head director's report.
- (e) The statement should also be prepared on an annual basis for the funds utilized for purposes other than mentioned.

Where the listed entity has appointed a monitoring agency, comments if any must be reported to the stock exchange within 45 days from the end of the quarter.