

ETHICS. COMPLIANCE. GOVERNANCE.

DISCLOSURES, REPORTING & FILING “COMPLY & EXPLAIN”

SUNDHARESAN JAYAMOORTHY,
FCS, AASM, LLB, BGL, MIOD, CCEP- I (USA)
Thought Leader, Board Strategist & *Compliance Guru*

TODAY'S PROGRAM

- Title: “Comply & Explain” –Disclosures, Reporting & Filing in CA 2013”
- Audience: Knowledge Seekers @ ICAI
- Organised : Bengaluru branch of SIRC of ICAI
- Day, Date: Wednesday, 31 March 2021
- Talk Time: 120 minutes (6:00 AM to 8:00 PM)

LESSONS FROM COVID 19

- Nothing was urgent, is urgent and will be urgent
- There can be delay in everything that we want to do, wanted to do and will do
- Deadlines are dead lines in the Compliance world
- Penalties are just to frighten the stakeholders; the regulator does not need that money
- Last date for filing - There is nothing more valuable than a human life in this world.

VALIDITY OF MCA CIRCULARS :

1. General Circular No. 12/2020 dated 30/03/2020 read with General Circular No. 30/2020 dated 28/09/2020 on Companies Fresh Start Scheme (CFSS) – 2020. (Expired on 31st December 2020)

Pursuant this circular, companies are allowed to file delayed filings without additional fees.

2. General Circular No. 14/2020 dated 08/04/2020 read with General Circular No. 22/2020 dated 15/06/2020, General Circular No. 33/2020 dated 28/09/2020, General Circular No. 39/2020 dated 31/12/2020 on passing of ordinary and special resolutions by companies under the Companies Act,2013 read with rules made thereunder through Video Conference. (Valid till 30th June 2021)

Pursuant these circulars, companies are allowed to conduct General meetings via Video Conference or other Audio-Visual means.

VALIDITY OF MCA CIRCULARS: (CONTINUED)

3. General Circular No. 20/2020 dated 05/05/2020 read with General Circular No. 02/2021 dated 13/01/2021 on Conducting Annual General Meeting (AGM) through Video Conferencing (VC) or other audit visual means (OAVM).
(Valid till 31st December 2021)

Pursuant to these circulars, Companies can conduct AGM for the Financial Year 2020 - 21 till 31st December 2021 through Video Conferencing (VC) or other audit visual means (OAVM).

MGT 14

- Is required to be filed within _____ days?

Filing of E-Form MGT-14 for passing Ordinary and Special Resolution through Video Conferencing Meeting:

Pursuant to General Circular No.39/2020 of Ministry of Corporate Affairs (MCA), Government of India read with General Circular No.14/2020 of MCA, every Company shall file e-form MGT-14 within 60 days of passing ordinary and special resolution through video conferencing intimating the same.

The relaxation to conduct General Meeting of the Company through VC is available till 30th June 2021.

Filing of E-Form MGT-14 Pursuant to Section 117 of the Companies Act, 2013?

There are few practical difficulties in filing e-form MGT-14 to intimate ordinary and special resolution passed in general meeting held via video conference since the MCA circular provides for 60 days to intimate but the form cannot be filed beyond 30 days without additional fee.

Pursuant to Section 117 of the Companies Act, 2013, the e-form MGT-14 cannot be filed beyond 30 days without additional fee because the same is required to be filed within 30 days.

LET US START FROM APRIL 2021

IN THE AUDITORS REPORT

- On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- DIR 8 read with MBP 1

DISCLOSURE OF INTEREST IN FORM MBP-1:

Pursuant to **Section 184(1)** of the Companies Act, 2013 read with **Rule 9** of the Companies (Meetings of Board and its Powers) Rules, 2014, Every director shall at the **first meeting of the Board** in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in Form MBP-1.

Tentative First Board meeting **dated April 16** – To Take note of disclosure of Interest in Form MBP-1.

The Form MBP-1 can be dated April 1st or the date of first Board meeting in every financial year.

DECLARATION IN FORM DIR-8:

Pursuant to **Section 164** of the Companies Act, 2013 read with **Rule 14** of Companies (Appointment and Qualification of Directors) Rules, 2014, Every director of the Company in each Financial Year shall give a declaration in **Form DIR-8** stating that he is not disqualified to be a director.

Pursuant to **Section 143(3)(g)** of the Companies Act, 2013, The auditor's report shall also state— whether any director is disqualified from being appointed as a director under sub-section (2) of section 164.

Declaration in Form DIR-8 **dated 31st March** of every year to be given by director of the Company.

QUARTERLY BOARD MEETING:

Pursuant to **Section 173(1)** of the Companies Act, 2013 read with **Para 2.1 of Secretarial Standard – 1** on Meetings of the Board of Directors, Every company shall hold a minimum number of **four meetings** of its Board of Directors every year in such a manner that ***not more than one hundred and twenty days shall intervene*** between two consecutive meetings of the Board.

For Public Company, Private Company and Government Company:

Four Board meetings in a year shall be conducted in such a way that the time gap of ***not more than one hundred and twenty days shall intervene*** between two consecutive meetings.

BOARD MEETING OF OPC, SMALL COMPANY AND DORMANT COMPANY ?

Pursuant to **Section 173(5)** of the Companies Act, 2013 read with **Para 2.1 of Secretarial Standard – 1** on Meetings of the Board of Directors, A One Person Company, small company and dormant company shall be deemed to have complied with the provisions of this section if ***at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days.***

One Board meeting ***in each half of a calendar year and the gap between the two meetings is not less than ninety days.***

Tentatively two meetings can be held on **20th March** and **16th September** of a calendar year.

Provided that if the OPC has only one director then there is no requirement to hold any Board meeting.

DIRECTORs COMPLIANCE

E-FORM DIR-3 KYC:

Pursuant to **Rule 12A** of The Companies (Appointment and Qualifications of Directors) Rules, 2014, Every individual who holds a Director Identification Number (DIN) as on 31st March of a financial year shall, submit e-form DIR-3-KYC for the said financial year to the Central Government ***on or before 30th, September*** of immediate next financial year.

E-FORM DIR-3 KYC WEB:

Pursuant to **Rule 12A** of The Companies (Appointment and Qualifications of Directors) Rules, 2014, Every individual who has already submitted e-form DIR-3 KYC in relation to any previous financial year, shall submit web-form DIR-3 KYC-WEB through the web service in relation to any subsequent financial year.

However, in case an individual desires to update his personal mobile number or the e-mail address, as the case may be, he shall update the same by submitting e-form DIR-3 KYC only.

Due Date: ***on or before 30th, September.***

E-FORM DIR-6:

Pursuant to **Rule 12** of The Companies (Appointment and Qualifications of Directors) Rules, 2014, Every individual who has been allotted a Director Identification Number, ***in the event of any change in his particulars as stated in Form DIR-3***, intimate such change(s) to the Central Government ***within a period of thirty days of such change(s)*** in Form DIR-6.

E-FORM DIR-3:

Pursuant to **Rule 9** of The Companies (Appointment and Qualifications of Directors) Rules, 2014, Every applicant, ***who intends to be appointed as director of an existing company*** shall make an application electronically in Form DIR-3, to the central Government for allotment of a Director Identification Number (DIN) along with such fees as provided under the companies (Registration offices and Fees) Rules, 2014.

Provided that in case of proposed directors not having approved DIN, the particulars of maximum ***three directors*** shall be mentioned in ***Form No.INC-32 (spice)*** and DIN may be allotted to maximum three proposed directors through Form INC-32 (spice).

E-FORM DIR-12 FOR APPOINTMENT OF DIRECTOR AND KMP:

Pursuant to **Section 170** of the Companies Act, 2013 read with the **Rule 18** of the Companies (Appointment and Qualifications of Director) Rules, 2014, Every company shall file a return containing such particulars and documents as may be prescribed, of the directors and the key managerial personnel with the Registrar within thirty days from the appointment of every director and key managerial personnel, as the case may be, and within thirty days of any change taking place.

Dual approval ; majority of the minority - Approval of 'majority of the minority' (simple majority) shareholders. 'Minority' shareholders would mean shareholders, other than the promoter and promoter group.

E-FORM DIR-12 FOR RESIGNATION OF DIRECTOR:

Pursuant to **Section 168** of the Companies Act, 2013 read with the **Rule 15** of the Companies (Appointment and Qualifications of Director) Rules, 2014, The company shall **within thirty days** from the date of receipt of notice of resignation from a director, intimate the Registrar in Form DIR-12.

pre-occupation, other commitments or personal reasons

ANNUAL COMPLIANCE

CIRCULATION OF FINANCIAL STATEMENT AND OTHER RELEVANT DOCUMENTS:

Pursuant to **Section 136** of the Companies Act, 2013, a copy of the ***financial statements, including consolidated financial statements***, if any, ***auditor's report*** and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, **shall be sent to every member of the company, to every trustee for the debenture-holder of any debentures issued by the company**, and to all persons other than such member or trustee, being the person so entitled, **not less than twenty-one days** before the date of the meeting.

SIGNING OF FINANCIAL STATEMENT:

Pursuant to **Section 134(1)** of the Companies Act, 2013, The financial statement, including consolidated financial statement, if any, shall be ***approved by the Board of Directors*** before they are signed on behalf of the Board **by the chairperson of the company** where he is authorised by the Board or by two directors out of which one shall be managing director, if any, and the Chief Executive Officer, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of One Person Company, only by one director, for submission to the auditor for his report thereon.

SIGNING OF BOARD'S REPORT:

Pursuant to **Section 134(6)** of the Companies Act, 2013, The Board's report and any annexures thereto under sub-section (3) shall be signed by its **chairperson of the company** if he is authorised by the Board and where he is **not so authorised**, shall be signed **by at least two directors**, one of whom shall be a **managing director**.

BOARD'S REPORT:

Pursuant to **Section 134(3)** of the Companies Act, 2013, There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors which shall include—

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

- h) by the auditor in his report; and
- i) by the company secretary in practice in his secretarial audit report;
- j) particulars of loans, guarantees or investments under section 186;
- k) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;
- l) the state of the company's affairs;
- m) the amounts, if any, which it proposes to carry to any reserves;
- n) the amount, if any, which it recommends should be paid by way of dividend;
- o) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;
- p) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;
- q) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
- r) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
- s) such other matters as may be prescribed.

ANNUAL GENERAL MEETING (AGM):

Pursuant to **Section 96** of the Companies Act, 2013, Every company other than a One Person Company shall **in each year** hold in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and ***not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next:***

Provided that in case of the ***first annual general meeting***, it shall be ***held within a period of nine months*** from the date of closing of the first financial year of the company and ***in any other case, within a period of six months***, from the date of closing of the financial year:

Provided further that if a company holds its first annual general meeting as aforesaid, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation:

Provided also that the Registrar may, ***for any special reason, extend the time*** within which any annual general meeting, other than the first annual general meeting, shall be held, ***by a period not exceeding three months.***

Copy of Financial Statement to be Filed with Registrar in E-Form AOC-4:

Pursuant to **Section 137** of the Companies Act, 2013, A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under this Act, duly adopted at the annual general meeting of the company, shall be filed with the Registrar ***within thirty days*** of the date of ***annual general meeting*** in ***e-form AOC-4***, with such fees or additional fees as may be prescribed.

ANNUAL RETURN IN E-FORM MGT-7:

Pursuant to **Section 92** of the Companies Act, 2013, Every company shall prepare a return in the **e-form MGT-7** containing the particulars as they stood on the close of the financial year regarding—

- a) its registered office, principal business activities, particulars of its holding, subsidiary and associate companies;
- b) its shares, debentures and other securities and shareholding pattern;
- c) its members and debenture-holders along with changes therein since the close of the previous financial year;
- d) its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year;
- e) meetings of members or a class thereof, Board and its various committees along with attendance details;
- f) remuneration of directors and key managerial personnel;
- g) penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment;
- h) matters relating to certification of compliances, disclosures as may be prescribed;
- i) details, as may be prescribed, in respect of shares held by or on behalf of the Foreign Institutional Investors and
- j) such other matters as may be prescribed.

SIGNING AND DUE DATE OF FILING E-FORM MGT-7:

Signing:

Pursuant to **Section 92(1)** of the Companies Act, 2013, The annual return in e-form MGT-7 shall be **signed by a director and the company secretary**, or where there is no company secretary, by a company secretary in practice.

Due Date of Filing:

Pursuant to **Section 92(4)** of the Companies Act, 2013, Every company shall file with the Registrar a copy of the annual return in e-form **MGT-7**, ***within sixty days*** from the date on which the ***annual general meeting*** is held or where no annual general meeting is held in any year within sixty days from the date on which the annual general meeting should have been held together with the statement specifying the reasons for not holding the annual general meeting, with such fees or additional fees as may be prescribed.

FORM MGT-8 ?

What is Form MGT-8:

Form MGT-8 is a certification given on a company's annual return by a practising company secretary, as per the Companies Act 2013, under Section 92(2).

This is a kind of Mini secretarial audit report which is submitted as an attachment to annual return in Form MGT-7.

The Company Secretary shall **certify that the annual return discloses the facts correctly and adequately** and the Company has **complied with all the provisions** of the Act.

Applicability:

According to Section 92(2) of the Companies Act, 2013 read with rule 11(2) of Companies (Management and Administration) Rules 2014, the annual return of:

- a) A listed company or
- b) A company having **paid-up share capital of Rs 10 crore or more** or
- c) **Turnover of Rs 50 crore or above**

Shall be certified by the company secretary in practice.

- **AUDITOR COMPLIANCES**

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

CFO Certification:

Pursuant to **Rule 4** of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the **Chief Financial Officer** or the person responsible for financial management **shall certify to the effect.**

Where to Certify ?

- Annual Report of CSR in Boards' report.
- The CFO or the person responsible for financial management are required to issue a certificate authenticating the CSR disbursement made to the Board.

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

Why to Certify:

- To ensure that CSR report gives true and fair view of the CSR spent.
- The CFO or the person responsible for financial management are deemed to have the knowledge of Company's financial affairs.
- Internal check for the money spent by implementing agency.

MANDATORY ROTATION OF AUDITOR:

Pursuant to **Section 139(2)** of the Companies Act, 2013 read with **Rule 5** of the Companies (Audit and Auditors) Rules, 2014, Small companies are required to provide details of aggregate amount of remuneration drawn by directors instead of providing details of remuneration of directors and key managerial personnel of the company.

- Rotation is applicable to a listed company and following classes of companies excluding OPC and small companies:-
 - a. All unlisted companies having paid-up share capital of rupees ten crore or more;
 - b. All private companies having paid-up share capital of rupees fifty crore or more;
 - c. All companies having paid up capital below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more

REPORTING ON INTERNAL FINANCIAL CONTROL:

Pursuant to **Section 143(3)(i)** of the Companies Act, 2013 read with General Circular No. 08/2017 of Ministry of Corporate Affairs (**MCA**) an Auditor of small companies are **not required to report** *on the adequacy of the internal financial controls and its operating effectiveness in the auditor's report.*

WHEN TO FILE E-FORM ADT-1:

Pursuant to **Section 139** of the Companies Act, 2013, Every Company is required to file **e-form ADT-1** with Registrar of Companies (ROC) to intimate the appointment of Statutory Auditor **within 15 days** from the date of appointment.

WHAT IF THE E-FORM ADT-1 IS NOT FILED ?

Pursuant to **Section 147** of the Companies Act, 2013, If any of the provisions of sections 139 is contravened, the **company shall be punishable with fine** which shall **not be less than twenty-five thousand rupees** but which **may extend to five lakh rupees** and every officer of the company who is in default shall be punishable 5[Omitted] with fine which shall not be less than ten thousand rupees but which may extend to 6[one lakh rupees].

WHEN TO FILE E-FORM ADT-3:

Pursuant to **Section 140(2)** of the Companies Act, 2013, **Every Auditor** is required to file e-form ADT-3 with Registrar of Companies (ROC) to intimate his resignation **within 30 days** from the date of resignation.

WHAT IF THE E-FORM ADT-3 IS NOT FILED ?

Pursuant to **Section 140(3)** of the Companies Act, 2013, If the auditor does not comply with the provisions of sub-section (2), he or it shall be **liable to a penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor, whichever is less**, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees.

MCA Clarification on the requirement of Audited figures and applicability of Auditor's certificate:

The Ministry of Corporate Affairs vide its letter no. File No: P-01/08/2013- CL-V Vol. VI dated June 24, 2019, clarified on the query raised by the ICAI seeking Clarification on the requirement of Auditor's Certificate on Return of Deposits required to be filed pursuant to **Rule 16** of the Companies (Acceptance of Deposits) Rules. It was clarified that:

1. The Auditor's Certificate is mandatory only in case of **return of deposits**.
2. For filing particulars of transactions not considered as deposits information contained therein as on 31st March of that year need not be from the duly audited Financial Statement.
3. Only in case of Return of Deposit information contained therein as on 31st March of that year should be from duly audited financial statement of the company.

Annual Return on Foreign Liabilities and Assets (FLA return) under FEMA 1999:

What is ARFLA ?

The regulation under FEMA, 1999 requires ***any company who has either made ODI or received FDI, to file the FLA annual return.*** The companies have to report the current financial year's FLA as well as the previous year(s) assets and liabilities. In the case where a company does not have any foreign assets or liabilities for the current year but has outstanding FDI or ODI from the previous year(s), it must file the FLA annual return indicating their outstanding assets or liabilities.

The FEMA regulations also require partnership firms to file FLA annual return if they have received FDI or made ODI. In the case of partnership firms, the RBI will issue a dummy CIN upon its request which will be used only for the filing of FLA annual return. In case a dummy CIN has already been issued, the partnership firm will use the same for the filing of the FLA return.

Filing of ARFLA based on Unaudited account:

If the company's accounts are not audited before the due date of submission, i.e. ***July 15***, then the FLA Return should be submitted based on unaudited (provisional) account.

Filing of ARFLA based on Audited account:

Once the accounts gets audited and there are revisions from the provisional information submitted by the company, they are supposed to submit the revised FLA return based on audited accounts by end - **September**.

- **VIRTUAL SIGNATURES**

WHAT IS A SIGNATURE

- a person's name written in a distinctive way as a form of identification in authorizing a cheque or document or concluding a letter.

FLAIR PORTAL – RELAXATION ON SIGNING OF AUTHORITY LETTER

- **UPLOAD Authority Letter :**

-

In view of Covid-19 situation; signing/seal of this authority letter is waived, however mobile image of signature (of a person as mentioned in authority letter) may be pasted on authority letter. Please note, after furnishing all details, scan the authority letter or mobile photo image will also work and then convert it to PDF and then upload the same in FLA user registration form.

SIGNATURE

- What is a signature?
- Which documents require signature?
- Whose signature does that require?
- Where (place) should it be signed?
- When it has to be signed?
- How should it be signed?

WHICH DOCUMENTS TO SIGN

- Which documents require signature?
- Notice & Agenda and notes thereof of a meeting
- Audit Report
- Board Report
- CG Report
- Draft papers to pass a resolution through circulation
- Draft minutes of a meeting
- Financial Statements to the members
- Extract of the meetings
- Signed proxy

WHOSE SIGNATURE

- Whose signature does that require?
- MD
- WTD
- CS
- CFO
- AC Chair
- Auditor

WHO CAN SIGN - SECTION 21

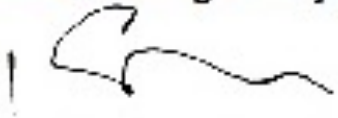
- Authentication of documents, proceedings and contracts.— Save as otherwise provided in this Act,—
- (a) a document or proceeding requiring authentication by a company; or
- (b) contracts made by or on behalf of a company, may be signed by any key managerial personnel or an officer of the company duly authorised by the Board in this behalf.

DOCUSIGN

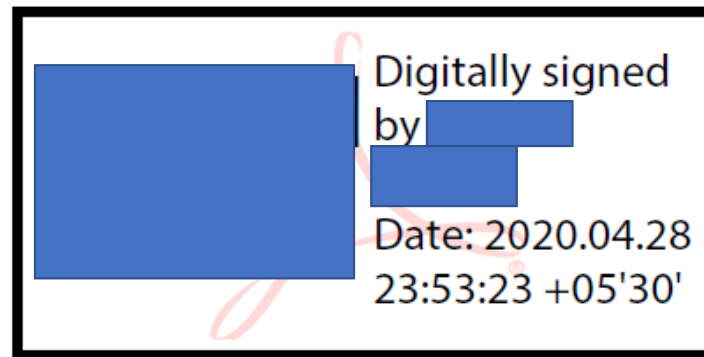
When you receive an email inviting you to electronically sign a **DocuSign** document, a 33-character alphanumeric security code appears at the bottom of the email. This string of letters and **numbers** is a unique ID for the document you received. Use this code to get the document to sign, save, and print.

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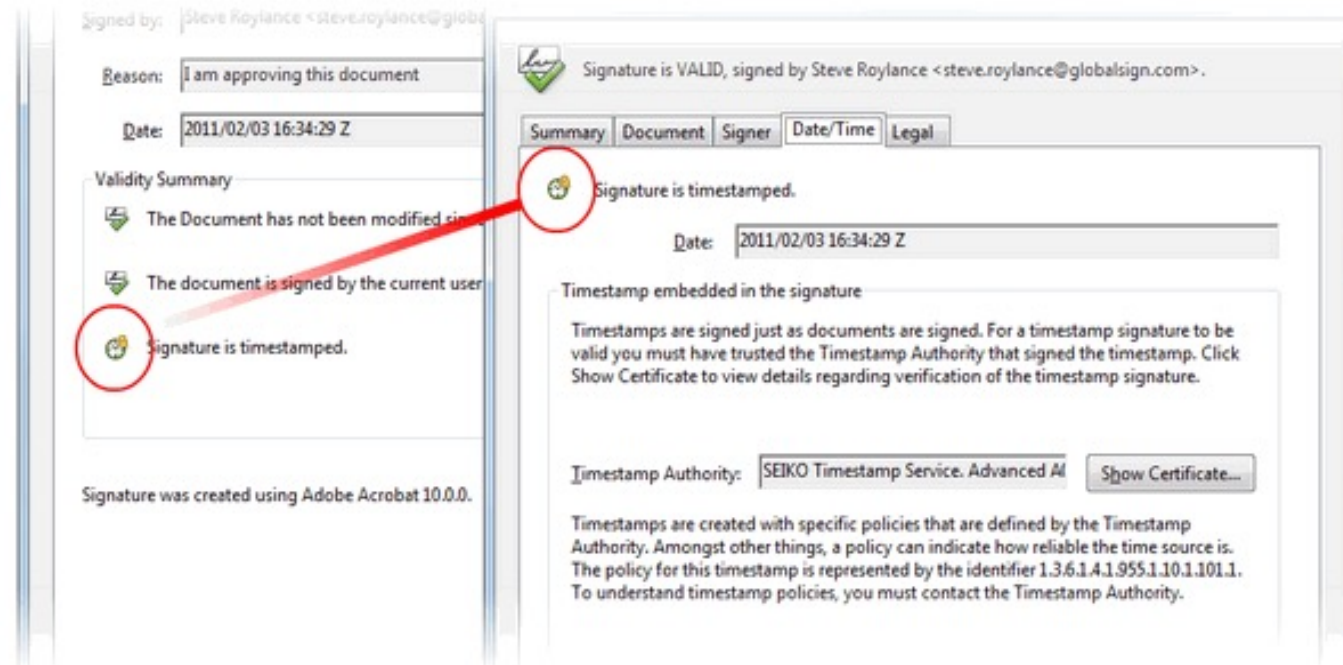
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DIGITAL SIGNATURE CERTIFICATE



TIME STAMP



EMAIL SIGNATURE

- j sundharesan
ECG Specialist
Ethics. Compliance. Governance.
- CCEP-I, FCS, LLB, BGL, AASM
J Sundharesan & Associates
Compliance & Governance Advisors
+91 98800 26296
Bengaluru. India.

2021 - Year of Trust
Faith or Belief

LinkedIn: Sundharesan Jayamoorthi
YouTube: JS Speaks

WET SIGNATURE

- A wet signature is created when a person physically marks a document. A wet signature is when you physically sign a piece of paper. It's called a wet signature because you're probably signing with a pen, which uses liquid ink
- when money's involved, there's a chance a wet signature is needed. However, you'll find many countries today that established laws that state electronic signatures hold the same weight as wet signatures
- A 'wet ink' signature is where the parties to the document write (sign) their names with their own hands upon a paper document by ink pen. ... If a traditional wet ink signature on a piece of paper is scanned in to an electronic device, the scanned version is an electronic signature

DRY SIGNATURE

- Dry signature is a term used as a way to describe both a wet signature where the “ink has dried” and as a higher level description that captures many other forms of non-ink based signatures (such as electronic and digital signatures).

WHAT IS ELECTRONIC SIGNATURE

- Various legal definitions exist for electronic signatures, but the term most generally refers to the acknowledgement or adoption of an electronic message, transaction or document. Some examples include:
- A typed name at the end of an email
- A typed name on an electronic form or document
- An image of a handwritten signature on a transmitted fax
- A personal identification number (PIN) entered into a bank ATM
- Clicking “agree” or “disagree” on an electronic “terms and agreements” contract
- A handwritten but digitally captured signature made on a touch device, such as a tablet or smartphone (sometimes referred to as a “dynamic signature”)

FOR A CA

- (12) “book and paper” and “book or paper” include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form;
- (36) “document” includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form;

- Sd/- not allowed for ROC Filing. Kindly refer to Rule 8 (6) of the Companies (Registration Offices and Fees) Rules, 2014- "Scanned image of documents shall be of original signed documents relevant to the e-forms or forms and the scanned document image shall not be left blank without bearing the actual signature of authorised person"
- **Sd** is the abbreviation for many other words but here it means SIGNED. The person or organisation who is **signing** the document. It is often used officially. **Sd** is written on a copy of the letter, the original where of has been signed by the author.

WHY SO MUCH FUSS ON SIGNATURES

- Auditors are struggling with signatures
 - To sign
 - To accept what gets signed
 - Getting unsigned documents

OPC COMPLIANCE

OPC (ONE PERSON COMPANY)

What is One Person Company?

Pursuant to Section 2(62) of Companies Act, 2013, "One Person Company" means a company which has only one person as a member.

One Person Company is a type of Private Company which can be formed only by a Natural Person who is resident of India.

OPC (ONE PERSON COMPANY) COMPLIANCES

Annual Compliances:

- **Form DIR-8** - Disclosure of non-disqualification in each financial year by every director in **Form DIR-8**
- **Form MBP-1** - Every Director at each financial year for disclosure of director interest in other entity in First Meeting of the Board of Director in **Form MBP-1** and Fresh MBP-1 is required to be submit whenever there is change in director interest from the earlier.
- **DIR-3 – KYC** - All the Directors of the company shall file DIR-3 on or before 30th September every year
- **MSME-1** - Company to file MSME-1, half yearly in respect of pending payments to MSME vendors as at end of half year.

April to Sep: 30th October

October to March: 30th April

OPC (ONE PERSON COMPANY) COMPLIANCES

Annual Compliances:

- **DPT-3-** To be filed every year on or before 30 June in respect of return of Deposit and particulars not considered Deposits as on 31st March.
- **ADT-1-** Auditor will be appointed for 5 years in form ADT-1 within 15days of Annual General Meeting.
- **MGT-7-** OPC fill its annual return within sixty days from the date of AGM.
- **AOC-4** - Company is required to file its Balance sheet along with Statement of Profit and Loss Account, Director Report and Auditor report within 180 days from the closure of financial year.

SMALL COMPANY COMPLIANCE

WHAT IS SMALL COMPANY ?

Pursuant to **Section 2(85)** of the Companies Act, 2013, "small company" means a company, other than a public company,—

- a) **Paid-up share capital** of which does not exceed **two crores' rupees** or such higher amount as may be prescribed which shall not be more than ten crore rupees; **and**
- b) **Turnover** of which as per profit and loss account for the immediately preceding financial year does not exceed **twenty crore rupees** or such higher amount as may be prescribed which shall not be more than one hundred crore rupees.

Note: Pursuant to **Finance Act, 2021**, the *threshold limit of Paid-up share capital and Turnover of small company increased from fifty lakhs and two crores to two crore and twenty crore respectively* which is **effective from April 1, 2021**.

CERTIFICATION OF FOLLOWING FORMS EXEMPT FOR SMALL COMPANY?

Pursuant to Finance Act, 2021 read with **Rule 8(12)** of the Companies (Registration Offices and Fees) Rules, 2014, the Practicing Chartered Accountants will lose the certification of below mentioned forms because of change in Small Company definition.

“INC-21, INC-22, INC-28, PAS-3, SH-7, CHG-1, CHG-4, CHG-9, MGT- 14, DIR-6, DIR-12, MR-1, MR-2, MSC-1, MSC-3, MSC-4, GNL-3, ADT-1, NDH-1, NDH-2, NDH-3”

SMALL COMPANY

Annual Compliances:

- **Form DIR-8** - Disclosure of non-disqualification in each financial year by every director in **Form DIR-8**
- **Form MBP-1** - Every Director at each financial year for disclosure of director interest in other entity in First Meeting of the Board of Director in **Form MBP-1** and Fresh MBP-1 is required to be submit whenever there is change in director interest from the earlier.
- **DIR-3 – KYC** - All the Directors of the company shall file DIR-3 on or before 30th September every year
- **MSME-1** - Company to file MSME-1, half yearly in respect of pending payments to MSME vendors as at end of half year.

April to Sep: 30th October

October to March: 30th April

FINANCIAL STATEMENTS ?

Pursuant to **Section 2(40)** of the Companies Act, 2013, "financial statement" in relation to a company, includes—

- 1) a balance sheet as at the end of the financial year;
- 2) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- 3) cash flow statement for the financial year;
- 4) a statement of changes in *equity, if applicable*; and
- 5) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to One Person Company, **small company** and dormant company, may **not include the cash flow statement**.

ABRIDGED ANNUAL RETURN (E-FORM MGT-7A) FOR SMALL COMPANY:

Pursuant to the Companies (Management and Administration) Amendment Rules, 2021, Small Company shall file annual return from the financial year 2020-2021 onwards in **Form No. MGT-7A**.

What is Form No. MGT-7A ?

The E-Form MGT-7A is an Abridged Annual Return for One Person Companies (OPC) and Small Companies.

SIGNING OF ANNUAL RETURN (E-FORM MGT-7):

Pursuant to **Section 92(1)** of the Companies Act, 2013, Annual Return of the Small Company can be **signed by the company secretary alone**, or *where there is no company secretary*, **by a single director of the company**.

MEETINGS OF THE BOARD:

Pursuant to **Section 173(5)** of the Companies Act, 2013, A small company may hold **only two board meetings in a year** i.e., *one Board Meeting in each half of the calendar year and the gap between the two meetings is not less than ninety days.*

DISCLOSURE OF AGGREGATE AMOUNT OF REMUNERATION OF DIRECTOR:

Pursuant to **Section 92(1)** of the Companies Act, 2013 read with Ministry of Corporate Affairs **(MCA) Notification dated June 13th, 2017**, Small companies are required to provide details of **aggregate amount of remuneration** drawn by directors **instead of providing details of remuneration** of directors and key managerial personnel of the company.

LESSER PENALTIES FOR SMALL COMPANIES:

Pursuant to **Section 446B** of the Companies Act, 2013, if penalty is payable for non-compliance of any of the provisions of this Act by a **Small Company** or **by any of its officer in default**, or any other person in respect of such company, then such company, its officer in default or any other person, as the case may be, **shall be liable to a penalty which shall not be more than one-half of the penalty specified** in such provisions **subject to a maximum of two lakh rupees** in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.

ADHOC FILING

PUBLIC COMPANY COMPLIANCE

- Woman Director
- Independent Director
- Internal Auditor
- Return for appointment of a MD/ WTD / KMP – MR 1
- Secretarial Audit Report – MR 3
- Report on AGM – MGT 15
- Audit Committee
- NRC
- Stakeholder Relationship
- Resident Director

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Corporate Social Responsibility (CSR)	Applicable (Variable Compliance)	The Net worth is more than 500 Crores, Turnover is more than 1000 Crores, Net profit is more than 5 Crores.
Rotation of Statutory Auditors	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity The Current Statutory Auditors of the Company are M/s. P. B. Vijayaraghavan & Co., Chartered Accountants (FRN No. 004721S).
Certification of Annual Return by a Company Secretary in Practice (MGT-8)	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Filing AOC-4 through XBRL mode	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Appointment of Independent Director	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Constitution of Audit Committee and Nomination and remuneration committee	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Appointment of Internal Auditors	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Appointment of Women Director	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Requirement to comply with Indian Accounting Standards (Financial statements shall be prepared as per IND AS)	Applicable (Fixed Compliance)	Net worth is more than 250 Crores.
Maintenance of Cost Records	Not-Applicable (Variable Compliance)	Company is not falling under list of regulated and non-regulated sectors as per Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 having an overall turnover from all its products & services during the immediately preceding financial year Rs.35 crore or more.

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Appointment of cost auditor	Not-Applicable (Variable Compliance)	Company is not falling under list of regulated and non-regulated sectors as per Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 having an overall turnover from all its products & services during the immediately preceding financial year Rs.100 crore or more and Aggregate turnover of the Individual products or services during the preceding financial year Rs.35 crore or more
Voting by Electronic means	Applicable (Fixed Compliance for Listed entity)	Every Company; a. Whose Equity Shares are listed on a recognized stock exchange and; b. Having 1000 or more members.
Establish Vigil Mechanism	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Stakeholder Relationship Committee	Applicable (Variable Compliance)	Applicable to every public company having more than 1000 shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year
Secretarial Audit Report	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Appointment of Key Managerial Personnel	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity

THRESHOLD BASED COMPLIANCE

Compliance	Applicable or Not Applicable	Reason for applicability
Reporting of Internal Financial Control in Auditors Report	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity
Companies (Auditor's Report) Order, 2020 (CARO)	Not-Applicable (Variable Compliance)	It shall apply to every company except– (i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
Disclosure in Board's Report for manner of formal annual evaluation of Board of Directors, its Committees and of individual Directors	Applicable (Fixed Compliance for Listed entity)	Applicable to every Listed entity

E-Form MSME-1:

Pursuant to **Section 9** of the Micro, Small and Medium Enterprises Development Act, 2006, All companies, who get supplies of goods or services from micro and small enterprises and **whose payments** to micro and small enterprise suppliers **exceed forty-five days** from the date of acceptance or the date of deemed acceptance of the goods or services are required to file e-form MSME-1 with Registrar of Companies (ROC).

Due Date of Filing ?

For Half year period April to September – 31st October

For half year period October to March – 30th April

Nil Return (no outstanding amounts) is required to be filed?

Answer: No.

Requirement of Auditor's Certificate for Return of Deposits (DPT 3):

What is Annual Return of Deposits?

Every company, to which Companies (Acceptance of Deposits) Rules, 2014 apply, is required to file an Annual Return of Deposits in **Form DPT-3 on or before June 30 every year** specifying the duly audited (***audited by the auditor of the company***) figures of that year. The annual return requires companies to provide category wise detailed bifurcation of the exempt category deposit outstanding as on 31st March.

Establishment of Vigil Mechanism:

Pursuant to **Section 177(9)** of the Companies Act, 2013 read with the **Rule 7** of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies which have **borrowed money from banks and public financial institutions in excess of fifty crore** rupees **shall establish a vigil mechanism** for their directors and employees to report their genuine concerns or grievances.

The vigil mechanism shall provide for **adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism** and also provide for direct access to the Chairperson of the Audit Committee, or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.

BEN 2 – SECTION 90

- **Disclosure of Significant Beneficial Owner:** Company shall file BEN-2 within 30 days of receipt of BEN-1 from Share holder.
- Note: On regular basis company have to check whether there is any SBO in company due to change in its shareholding or due to change in shareholding of body corporate members.

Registers Under Companies Act, 2013:

1. Register of Members in Form MGT-1:

Pursuant to **Section 88(1)(a)** of the Companies Act, 2013 read with the **Rule 3** of the Companies (Management and Administration) Rules, 2014, every company shall maintain the register of members in Form No. MGT-1.

2. Register of Debenture holders/other security holders in Form MGT-2:

Pursuant to **Section 88(1)(b)(c)** of the Companies Act, 2013 read with the **Rule 4** of the Companies (Management and Administration) Rules, 2014, Every company which issues or allots debentures or any other security shall maintain a separate register of debenture holders or security holders, as the case may be, for each type of debentures or other securities in Form No. MGT-2.

3. Register of Directors and Key Managerial Personnel:

Pursuant to **Section 170** of the Companies Act, 2013 read with the **Rule 17** of the Companies (Appointment and Qualifications of Directors) Rules, 2014, Every company shall keep at its registered office a register containing such **particulars of its directors and key managerial personnel as may be prescribed**, which shall include the details of securities held by each of them in the company or its holding, subsidiary, subsidiary of company's holding company or associate companies.

4. Register of Contracts with Related Party in Form MBP-4:

Pursuant to **Section 189** of the Companies Act, 2013 read with the **Rule 16** of the Companies (Meetings of Board and its powers) Rules, 2014, Every company shall maintain **register of contracts with related party and contracts and bodies etc.** in which directors are interested in **Form No. MBP-4**.

5. Register of Renewed and Duplicate share certificate in Form SH-2:

Pursuant to **Section 46(3)** of the Companies Act, 2013 read with the **Rule 6** of the Companies (Share Capital and Debentures) Rules, 2014, Every company shall maintain register of Register of renewed and duplicate share certificates in **Form No. SH-2**.

6. Register of Contracts with Related Party in Form SH-6:

Pursuant to **Section 62** of the Companies Act, 2013 read with the **Rule 12** of the Companies (Share Capital and Debentures) Rules, 2014, Every company shall maintain Register of employee stock options in **Form No. SH-6**.

CRA 2 – 148(3) COST AUDITOR

- cost audit shall be conducted by Cost Accountant in Practice who shall be appointed by the Board on such remuneration as determined by the members in such a manner as may be prescribed

CRA 4

- Form for filing Cost Audit Report with the Central Government. within a period of 30 days from the date of receipt of a copy of the cost audit report

PAS 6 – RULE 9A(3)

- Reconciliation of Share Capital Report
- Company is required to submit reconciliation share capital report with ROC audited by a practicing company secretary
- 60 days of conclusion of half year – unlisted public company

A large, irregular blue ink splatter or blotch is centered on a white background. The splatter has a textured, watercolor-like appearance with darker blue areas in the center and lighter, more diffused edges. The text 'Board's Report Disclosures' is written in white, bold, sans-serif font across the middle of the blue area.

Board's Report Disclosures

Section 134(3)(a) of Companies Act, 2013: Web Address

- 1) As per Companies Act, 2013:** Boards Report shall include the web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed.
- 2) As per the Board's Report of Infosys:** In accordance with the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 6 to the Board's report.

Note: Since the above provision was effective from **August 28, 2020**, by then the Board's Report was dispatched to the shareholders as part of annual return, the web address was not given in the Board's Report of Infosys Limited.

Section 134(3)(b) of Companies Act, 2013: Number of meetings of the Board

- 1) As per Companies Act, 2013:** Boards Report shall include the number of meetings of the Board.
- 2) As per the Board's Report of Infosys:** The Board met eight times during the financial year. The meeting details are provided in the *Corporate governance report of the* Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

Section 134(3)(c) of Companies Act, 2013: Directors' Responsibility Statement

1) As per Companies Act, 2013: The Directors' Responsibility Statement shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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

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

2) As per the Board's Report of Infosys:

The directors confirm that :

- In preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls, which are adequate and are operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operating effectively.

Section 134(3)(ca) of Companies Act, 2013: Details of Fraud

- 1) As per Companies Act, 2013:** Boards Report shall include the details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.
- 2) As per the Board's Report of Infosys:** During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

Section 134(3)(d) of Companies Act, 2013: Declaration by Independent Director

1) As per Companies Act, 2013: Boards Report shall include a statement on declaration given by independent directors under sub-section (6) of section 149.

2) As per the Board's Report of Infosys:

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Section 134(3)(e) of Companies Act, 2013 : Policy on Director's Appointment, Remuneration & Criteria for determining Qualifications.

- 1) As per Companies Act, 2013:** In case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 to be disclosed in Board's report.
- 2) As per the Board's Report of Infosys:** The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As of March 31, 2020, the Board had eight members, two of whom are executive directors, a non-executive and non-independent member and five independent directors. Two of the independent directors of the Board are women.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website, at <https://www.infosys.com/investors/corporategovernance/documents/nomination-remuneration-policy.pdf>. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

Section 134(3)(f) of Companies Act, 2013: Explanations in response to Auditor's qualifications.

- 1) As per Companies Act, 2013:** Boards Report shall include Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—
 - (i) by the auditor in his report; and
 - (ii) by the company secretary in practice in his secretarial audit report.

- 2) As per the Board's Report of Infosys:** The Auditors' Report for fiscal 2020 does not contain any qualification, reservation or adverse remark as per the Report enclosed with the financial statements in the Annual Report.

The Secretarial Auditors' Report for fiscal 2020 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report has been enclosed as Annexure 5 in the Board's report of the Annual Report.

Section 134(3)(g) of Companies Act, 2013: Particulars of loans, guarantees or investments under section 186.

- 1) As per Companies Act, 2013:** As per Section 186, the company shall disclose to the members in the financial statement the full particulars of the loans given, investment made, or guarantee given, or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.
- 2) As per the Board's Report of Infosys:** Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements has been provided in the Annual Report.

Section 134(3)(h) of Companies Act, 2013: Particulars of contracts or arrangements with related parties.

- 1) As per Companies Act, 2013:** As per Section 188, every contract or arrangement entered into under sub-section (1) of section 188, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 2) As per the Board's Report of Infosys:** Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as *Annexure 2* to the *Board's report*.

Section 134(3)(j) of Companies Act, 2013: Proposed amount of reserves.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement on the amounts, if any, which it proposes to carry to any reserves.
- 2) As per the Board's Report of Infosys:** We propose to transfer ₹ 1,554 crore to the general reserve on account of the declaration of dividend.

Section 134(3)(k) of Companies Act, 2013: Dividend.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement on the amounts, if any, which it recommends should be paid by way of dividend.
- 2) As per the Board's Report of Infosys:** The Company recommended / declared dividend as under:

	Fiscal 2020		Fiscal 2019	
	Dividend per share (in ₹)	Dividend payout (in ₹ crore)	Dividend per share (in ₹)	Dividend payout (in ₹ crore)
<i>Interim dividend</i>	8.00	4,107	7.00	3,680
<i>Final dividend</i>	9.50	4,046	10.50	5,446
<i>Special dividend</i>		-	4.00	2,107
<i>Total dividend</i>	17.50		21.50	
<i>Payout ratio (interim and final dividend)</i>	53.5%		68.1%	

Section 134(3)(I) of Companies Act, 2013: Material changes and commitments, if any.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement on material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.
- 2) As per the Board's Report of Infosys:** There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

Section 134(3)(m) of Companies Act, 2013: Conservation of energy, technology absorption, foreign exchange earnings and outgo.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement on the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed.
- 2) As per the Board's Report of Infosys:** The particulars, as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as *Annexure 8* to the *Board's report*.

Section 134(3)(n) of Companies Act, 2013: Risk Management.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.
- 2) As per the Board's Report of Infosys:** In terms of the provisions of Section 134 of the Companies Act, 2013, a *Risk management report* is set out in this Annual Report.

Section 134(3)(O) of Companies Act, 2013: Corporate Social Responsibility.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year.
- 2) As per the Board's Report of Infosys:** Infosys has been an early adopter of CSR initiatives. The Company works primarily through the Infosys Foundation, towards supporting projects in the areas of protection of national heritage, restoration of historical sites, and promotion of art and culture; destitute care and rehabilitation; environmental sustainability and ecological balance; promoting education and enhancing vocational skills; promoting healthcare including preventive health care, and rural development. In fiscal 2020, the Company's CSR efforts included COVID-19 relief in multiple states.

As per the Board's Report of Infosys: Continued

The Company's CSR Policy is available on our website, at <https://www.infosys.com/investors/corporate-governance/Documents/corporate-social-responsibility-policy.pdf>.

The annual report on our CSR activities is appended as Annexure 7 to the Board's report. Infosys Foundation USA undertakes CSR initiatives outside of India. The said initiative is over and above the statutory requirement.

The highlights of the initiatives undertaken by the Company, the Infosys Foundation, and Infosys Foundation USA form part of this Annual report.

- The highlights of the initiatives undertaken by the Company,
- the Infosys Foundation, and Infosys Foundation USA form
- part of this Annual report.

Section 134(3)(p) of Companies Act, 2013: Board Evaluation.

- 1) As per Companies Act, 2013:** In case of a listed company and every other public company having paid-up share capital of twenty-five crores or more, 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.
- 2) As per the Board's Report of Infosys:** The nomination and remuneration committee engaged Egon Zehnder, external consultants, to conduct Board evaluation for the year. The evaluation of all the directors, committees, Chairman of the Board, and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation parameters and the process have been explained in the *Corporate governance report*.

Section 134(3)(q) & Rule 8(5)(3) of The Companies (Accounts) Rules, 2014: Directors and Key Managerial Personnel.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating “the details of directors or key managerial personnel who were appointed or have resigned during the year.
- 2) As per the Board’s Report of Infosys:** Roopa Kudva, an independent director, on completion of her tenure, retired as a member of the Board effective February 3, 2020. The disclosure in this regard is available at <https://www.infosys.com/investors/documents/retirement-independentdirector-3feb2020.pdf>.

D.N. Prahlad, an independent director, resigned as a member of the Board effective April 20, 2020 to devote more time to his other business commitments. The disclosure in this regard is available at <https://www.infosys.com/newsroom/press-releases/2020/independent-director-steppingdown-20april2020.html>.

As per the Board's Report of Infosys: Continued

Uri Levine was appointed to the Board as an additional and independent director considering his integrity, expertise and experience effective April 20, 2020 for a period of three years subject to the approval of shareholders at the 39th AGM. The notice convening the meeting sets out the details of his appointment.

Reappointments - As per the provisions of the Companies Act, 2013, Salil Parekh, retires by rotation at the ensuing AGM and, being eligible, seeks reappointment. Based on the performance evaluation and recommendation of the nomination and remuneration committee, the Board recommends his reappointment.

Section 134(3)(q) & Rule 8(5)(4) of The Companies (Accounts) Rules, 2014: Companies which have become or ceased to be Subsidiaries, Associates and Joint Ventures:

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.
- 2) As per the Board's Report of Infosys:** We, along with our subsidiaries, provide consulting, technology, outsourcing and next-generation digital services. At the beginning of the year, we had 25 direct subsidiaries and 34 step-down subsidiaries. As on March 31, 2020, we have 23 direct subsidiaries and 52 step-down subsidiaries.

Section 134(3)(q) & Rule 8(5)(5&6) of The Companies (Accounts) Rules, 2014: Details of Deposits.

1) As per Companies Act, 2013: Boards Report shall include a statement indicating the details relating to deposits, covered under Chapter V of the Act.

- (a) accepted during the year;
- (b) remained unpaid or unclaimed as at the end of the year;
- (c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-
 - (i) at the beginning of the year;
 - (ii) maximum during the year;
 - (iii) at the end of the year;

And the details of deposits which are not in compliance with the requirements of Chapter V of the Act.

2) As per the Board's Report of Infosys: We have not accepted any fixed deposits, including from the public, and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Section 134(3)(q) & Rule 8(5)(7) of The Companies (Accounts) Rules, 2014: Material orders of judicial bodies/regulators.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

- 2) As per the Board's Report of Infosys:** There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Section 134(3)(q) & Rule 8(5)(8) of The Companies (Accounts) Rules, 2014: Internal Financial Controls.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating the details in respect of adequacy of internal financial controls with reference to the Financial Statements.
- 2) As per the Board's Report of Infosys:** The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. For more details, refer to the 'Internal control systems and their adequacy' section in Management's discussion and analysis, which forms part of this Annual Report.

Section 134(3)(q) & Rule 8(5)(9) of The Companies (Accounts) Rules, 2014: Auditors.

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating the disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.
- 2) As per the Board's Report of Infosys:** Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

Section 134(3)(q) & Rule 8(5)(10) of The Companies (Accounts) Rules, 2014: Disclosures Pertaining to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- 1) As per Companies Act, 2013:** Boards Report shall include a statement indicating a statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 2) As per the Board's Report of Infosys:** At Infosys, our goal has been to create an open and safe workplace where each and every employee feels empowered to contribute to the best of their abilities, irrespective of gender, sexual preferences or any other classification that has no bearing on the employee's work output. Towards this, our flagship offering, the Anti-Sexual Harassment Initiative (ASHI), has created its own brand as it proudly completes 20 years of enabling a positive and safe work environment for our employees. Our ASHI practices have set an industry benchmark as it ranked first among 350+ companies that participated in an external survey on the best anti-sexual harassment initiatives in 2017 and 2019

As per the Board's Report of Infosys: Continued

Infosys has constituted an Internal Committee (IC) in all the development centers of the Company across India to consider and resolve all sexual harassment complaints reported by women. The constitution of the IC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the committee includes external members from NGOs or with relevant experience. Investigations are conducted and decisions made by the IC at the respective location, and a senior woman employee is the presiding officer over every case. Half of the total members of the IC are women. The details of complaints pertaining to sexual harassment that were filed, disposed of and pending during the financial year are provided in the Business responsibility report of this Annual report.

STAY SAFE. STAY COMPLIANT.

MY INSPIRATION – WHY I AM HERE

You can have everything in life, if you help enough other people get what they want.

- - Zig Zigler, American Author

To share my knowledge and experience to as many knowledge seekers and to spread the awareness on Governance & Compliance.

ReConstruct; ReHabilate; ReLearn

– *my vision statement*

THANK YOU

For having me & for a patient listening

SUNDHARESAN JAYAMOORTHY,

The only ECG Specialist

Ethics. Compliance. Governance.

Author of BOARD ANATOMY, Bengaluru

Write to me:

sundharesan@jsundharesan.com

Speak to me on +91 98800 26296

Google for “JS SPEAKS” on you tube

Read Me on LinkedIn: Sundharesan Jayamoorthi