## ANNUAL RETURN – Section 92

I. Annual return in MGT-7 as prescribed in the Companies Act, 2013. Exhaustive disclosures required.

● Registration & other details.

● Principal business activities of the company depicting contribution in percentage to the total turnover of the company
- – Description of Main Activity Group.
- – Description of Business Activity.

● Particulars of Holding, subsidiary, joint venture & associated companies.

● Shareholding pattern (almost in line with clause 35 of the LA)

● Disclosure of indebtedness including debentures.

● Turnover & net worth of the company (as defined in Companies Act, 2013)

● Number of member, promoters, debenture holders as at the beginning, at the end and

addition/cessation during the year.

● Details of directors and key managerial personnel.

● Meetings of members/class of members/board committees of the board of directors.

● Changes in promoters, directors & KMP.

● Remuneration of Directors and KMP.

● Penalty or punishment imposed on the company, directors, or officer, compounding of offences and appeals made.

● Certification of compliances & disclosures.

II. Annual return to be prepared containing information as they stood on the close of the financial year.

**KEY POINTS:**

1. To be prepared as on the close of FY and not as on the date of AGM under Cos. Act, 1956.

2. To be signed by Director and CS/PCS

3. Extract of annual return in Form MGT-9 to form part of Board's Report.

## CONTENTS OF ANNUAL RETURNS:

**I**. Registration & other details:

Principal business activities and contribution in total turnover with description and code of main & business activity and percentage to total turnover.

Type, category & sub-category of company.

Particulars of holding, subsidiary, JV, associate along with number of shares held.

Reasons for not holding AGM. If extension was granted, then reference no., date of approval letter, period up to which extension granted.

**II**. Details of share capital, debentures and other securities:

Equity & preference capital, number of classes, nominal value, etc.

Unclassified share capital, total amount & authorised capital.

Break up of paid up share capital at the beginning of the year, increase/decrease during the year & at the end of the year.

Details of stock split/consolidation during the year (for each class of shares) – details before and after split consolidation.

**Note**: Details of shares/debentures transfers since closure date of last financial year (or in the case of the first return at any time since the incorporation of the company)

● Date of previous AGM, date of registration of transfer, type of transfer, number, amount, details of transferor and transferee. For more than 10 transfers, may attach a separate sheet or submit CD.

**III**. For Board & Committee meetings – number of meetings, date of meeting, total number of directors as on the date of meeting, number of directors attended, percentage of attendance.

For other than board & committee meetings – Type of meeting, date, number of members entitled to attend, number of members attended, % of total shareholding.

**IV**. Remuneration of Directors & KMPs:

Number of WTD/MD/Manager whose details would be entered.

Number of CEO/CFO & CS whose details would be entered.

Number of other directors whose remuneration details to be entered.

Details to be entered - Name, designation, gross salary, commission, stock option, sweat equity, others and total amount.

**V**. Matters related to certification of compliances and disclosures:

Penalty/punishment imposed on company/director/officer, name of concerned authority, date of order, details of penalty/punishment, appeals, etc. Details of compounding offences and amount of compounding.

Complete list of shareholders/debenture holders.

Certification of compliances. If not complied, reasons and supporting documents.

Details of PCS certifying in MGT – 8.

## CONTENTS OF EXTRACTS OF ANNUAL RETURN

Company details like CIN, registered office address.

Principal business activities of the company. Business activities contributing 10% or more of total turnover.

Name of subsidiary, associate, holding company and no. of shares held.

Shareholding of directors, KMPs, promoter, Top 10 shareholders – format in the lines of clause 35 of the listing agreement.

Change in promoter's shareholding (also specify if there is no change)

Indebtedness of company – details regarding secured loan, unsecured loan and deposits.

Remuneration of MDs, WTDs, manager – details of salary u/s 17(1) of I.T Act, 1961, value of perks u/s 17(2), profits in lieu of salary u/s 17(3), stock option, sweat equity, commission. Same details for KMPs like CEO, CS, and CFO.

Remuneration to other directors - details like fee for attending BMs, committee meetings, commission.

Details of penalty, punishment, compounding on the company, directors, other officers in default.

To be certified by director duly appointed by board resolution and PCS.

Any false statement and certification will attract provisions of Section 448 of the Act, 2013 which in turn attracts Section 447.

**PUNISHMENT FOR VIOLATION OF SECTION 92**:

**COMPANY** – If Co. fails to file even after the additional period u/s 403, punishable with fine which shall not be less than Rs 50000 but which may extend to Rs 5 Lacs.

**OFFICER** – Punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs 50000 but which may extend to Rs 5 Lacs, or with both.

**PCS** – If he certifies other than in conformity with the section, he shall be punishable with fine which shall not be less than Rs 50000 but which may extend to Rs 5 Lacs.

**NOTE**: In case of One Person Company and Small Company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.

**Nature of certification by CS** – That the annual return discloses the facts correctly and adequately and that the company has complied with all the provisions of the Act.

**"SIGNING/CERTIFICATION OF ANNUAL RETURN"**

| CATEGORIES | PARTICULARS | REQUIREMENT |
|---|---|---|
| CATEGORY I | Private companies with paid up capital of up to Rs 50 Lacs and Turnover of up to Rs 2 crores. | Where there is no company secretary appointed, the annual return shall be signed by the Director of the Company. |
| CATEGORY II | a) Private companies with paid up capital of above Rs 50 Lacs and up to Rs 5 crores and turnover of above Rs 2 crores.<br>b) Public companies with paid up capital up to Rs 10 crores. | Annual return will be signed by Director & either by the Company Secretary, where there is one **or** by a PCS, in absence of Company Secretary. |
| CATEGORY III | Private companies with paid up capital of Rs 5 crores or more or turnover of Rs 50 crores or more. | Mandatory to appoint Full Time Company Secretary (Sec 203). So Annual Return will be signed by Company Secretary.<br><br>Director and CS will sign. Further, the Annual Return will be certified by PCS. |
| CATEGORY IV | **Public** Companies with | Mandatory to appoint Full Time Company Secretary (Sec |

| | | |
|---|---|---|
| | a) Paid up capital of Rs 10 crores or more.<br>b) paid up capital of Rs 10 crores or more OR Turnover of Rs 50 crores or more. | 203). So Annual Return will be signed by Company Secretary. Director & CS will sign. Further, the Annual return will be certified by the PCS. |
| CATEGORY IV | **Public companies** with paid up capital of Rs 50 crores or more; **OR**<br>Having Turnover of Rs 250 crores or more. | Mandatory to appoint Full Time Company Secretary (Sec 203). So Annual Return will be signed by Company Secretary.<br><br>Secretarial Audit by PCS & the Annual return will be certified by PCS.<br><br>So such companies will need **BOTH** Secretarial Audit & Annual Return certification from PCS. |
| CATEGORY V | **Listed Company** | Mandatory to appoint Full Time Company Secretary, so Annual return will be signed by Company Secretary.<br><br>Secretarial Audit by PCS and the Annual Return will be certified by PCS.<br><br>So Listed Companies will need **BOTH** Secretarial Audit & Annual Return certification from PCS. |