CS DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES

Mob: +918130757966
csdiveshgoyal@gmail.com

HOW TO PREPARE ANNUAL RETURN AS PER COMPANIES ACT, 2013' {MGT-7}

An Annual Return is a snapshot of certain company information as they stood on the close of the financial year.

INTRODUCTION:

Section 159,160,161,162 & Schedule V deals with the Annual Return & related Provisions under Companies Act, 1956. But in Companies Act, 2013 all these Sections are combined together in one Section namely – 92.

Annual return is a yearly statement, required to be filed by every company irrespective of their nature, i.e. private, public, listed, unlisted, or status, i.e. active, dormant or under amalgamation. It is perhaps the most important document required to be filed by every company with the Registrar of Companies. Apart from the Financial Statements, this is the only document to be compulsorily filed with the Registrar every year irrespective of any events / happenings in the company.

It is not a tax return; it is simply a corporate law requirement and every company is legally obligated to file this return with Registrar of Companies (ROC).

Section 92 of the Companies Act, 2013 requires every company to prepare an annual return, a comprehensive document which contains information of a company relating to its share capital, indebtedness, directors, shareholders, changes in directorships corporate governance disclosures etc.

The Companies Act, 2013, a historic legislation which intends to improve corporate governance and empower shareholders. The Act has incorporated a framework which is based on self-regulation but with enhanced disclosures and accountability on the part of companies and their managements.

The Ministry of Corporate Affairs vide General Circular 8/2014 dated 04.04.2014 clarified that annual return in terms of section 92 of the Companies Act, 2013 will be in form MGT 7 and will be applicable for financial years commencing on or after 1st April, 2014

TIME PERIOD:

Earlier in the Companies act, 1956 Annual return was prepared for the period from the date of last AGM to date of current AGM. But there is a major change under Companies Act, 2013 i.e. now Companies are required to prepare Annual Return for the financial year i.e. 1st April to 31st March.

ANNUAL RETURN OF FOREIGN COMPANY:

As per section 384(2), the provisions of section 92 shall also apply to a foreign company, subject to such exceptions, modifications and adaptations as may be made therein by rules. Rule 7 of the Companies (Registration of Foreign Companies) Rules, 2014 provides that every foreign company shall prepare and file, within a period of sixty days from the last day of its financial year, to the Registrar annual return in Form FC.4 along with fee, containing the particulars as they stood on the close of the financial year

EXTRACT OF ANNUAL RETURN:

As per sub-section (3) of section 92, the companies are also required to prepare extract of Annual Return in Form No. MGT-9 which shall form part of Board's Report.

PENALTY:

If a company fails to file its annual return under section 92, before the expiry of the period specified under section 403 with additional fee, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lacs rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than fifty thousand rupees but which may extend to five lacs Rupees, or with both.(Section 92).

FILING OF ANNUAL RETURN WITH THE REGISTRAR (SECTION 92(4))

The return has to be filed with the Registrar of Companies within 60 days from the date of Annual General Meeting. If the Annual General Meeting is not held in any year, the return has to be filed within 60 days from the date on which Annual General Meeting should have been held together with the statement specifying the reasons for not holding the Annual General Meeting, on payment of such fee or additional fee as prescribed (Rule 12 of the Companies (Registration Offices and Fees) Rules, 2014.

Let' s Start Detailed discussion on Annual return Preparation of Annual Return:

MCA by Companies (Management and Administration) Amendment Rules, 2015 dated: 28th August, 2015 came out with the Final format of Annual Return (MGT-7).

No.	Heading	
MGT-7	Info Required	Source of Income

I.	REGISTRATION AND OTHER DETAILS	
Corporate Identification No.	CIN No. of Company	MCA Website
Name of Company	Pre-fill	Pre-fill
Registered office address	Pre-fill	Pre-fill
Email- ID of the company	EMAIL ID of Company	Letter Head of Company
Telephone number with STD code	Telephone No. of Company	Letter Head of Company
Website, if any	Website of Company	Letter Head of Company
Date of Incorporation	Pre-fill	Pre-fill
Type of Company	Pre-fill	Pre-fill
Category of Company	Pre-fill	Pre-fill
Sub-Category of Company	Pre-fill	Pre-fill
Whether company is having Share Capital	Pre-fill	Pre-fill
Whether Company is Listed on Recognize Stock Exchange	Select Yes or No	If Yes, Then mention 1. SE code and SE Name 2. Transfer Agent CIN
Financial Year	1st April, 2015 - 31st March -16	Financials of Company
Whether AGM Held	If yes Then Mention	Minutes of AGM

	Date If not then provide extentsion details	

II.	PRINCIPLE BUSINESS ACTIVITY OF COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)	
Number of Business activity		NIC Code List
• Main Activity Group Code	99531	NIC Code List
• Description of main business activity	Residential Buildings	NIC Code List
• Business Activity code	9953112	NIC Code List
• Description of Business Activity	Multi-dwelling residential buildings	NIC Code List
• % of Total Turnover of Company	40%	NIC Code List
NIC CODE LIST	http://www.mca.gov.in/XBRL/pdf/NPCS_codes.pdf	

III.	PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES	
Number of Company for which Information is given		Check the Investments of Company and Check the Shareholder of Company.
Name of Company	Pre- fill	Balance Sheet-Investment of Company
CIN of Company	MCA Website	Balance Sheet-Investment of Company
Holding/ Subsidiary/ Joint Venture	Check Status as per Definition	Balance Sheet-Investment of Company
% of shares Held		Balance Sheet-Investment of Company

POINTS TO BE KEPT IN MIND WHILE PREPARING THE POINT NO III:

- Check the Register of Member for – Subsidiary.
- Check the definition of Holding, Subsidiary and Associate Company.
- Check the Investment Register of the auditee company.

4	SHARE CAPITAL, DEBENTURES AND OTHER SECURITIES OF THE COMPANY					
(I)	SHARE CAPITAL					
(a)	Equity/ Preference Share Capital					
	Particulars	Face Value	Authorized Capital	Issued Capital	Subscribed capital	Paid up Capital
	Total no. of shares	▪ Balance Sheet ▪ MCA Website ▪ Register of Members				
	Number of classes	Check whether there is different-2 class of Equity shares.				
	Class of shares		Authorized Capital	Issued Capital	Subscribed capital	Paid up Capital
		▪ Balance Sheet ▪ MCA Website ▪ Register of Members				
(d)	Break-up of paid-up Share Capital					
	Class of shares	Number of shares	Total Nominal Amount	Total Paid-up amount	Total premium	
	Equity Shares					
	At the beginning of the Year					
	Increase during the Year					
	Points to be kept in mind while preparing the point No d: • Register of Member at the beginning of the Year.					

	• Whether any allotment during the year (PAS-3) • Type of Allotment.					
	Decrease during the Year					
	Points to be kept in mind while preparing the point No d: ▪ Register of Member at the end of the Year. ▪ Transfer of Shares during the year. ▪ Forfeiture of shares during the year, if any. ▪ Redemption of Shares during the year if any.					
(III)	Details of shares/debenture 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)					
	Points to be kept in mind while preparing the point No d: ▪ Register of Share Transfer. ▪ Share Transfer Deeds. ▪ Minutes of Board Meeting.					
(IV)	Indebtedness including debentures(Outstanding as at the end of Financial Year)					
	Points to be kept in mind while preparing the point No d: ▪ Register of Securities. ▪ Balance Sheet.					

V.	TURNOVER AND NET WORTH OF THE COMPANY (AS DEFINED IN THE COMPANIES ACT. 2013)	
Turn Over	Turn over as on 31.03.2015	Statement of Profit & Loss account- Income side.
Net worth	Net Worth as on 31.03.2015	Check Balance Sheet and Calculate as: As given in 2 (57) of Companies Act, 2013

VI.	SHARE HOLDING PATTERN

Mob: +918130757966
csdiveshgoyal@gmail.com

SHARE HOLDING PATTERN- PROMOTER		
Given in Table format Below- Annexure I	Number of Shares and Percentage of Share holding.	▪ Check the Status of Promoter. ▪ Register of Members
SHARE HOLDING PATTERN- PUBLIC		
Given in Table format Below- Annexure I	Numbers of Shares and Percentage of Share holding.	▪ Register of Members ▪ Register of Shareholder
SHARE HOLDING PATTERN- PUBLIC (FII)		
Details Of Foreign Institutional Investors' (FILS) Holding Shares Of The Company.	Name of FII Address, Date of Incorporation, Country of Incorporation No. of Share Hold and Percentage of Share Holding.	▪ Register of Members

POINTS TO BE KEPT IN MIND WHILE PREPARING THE POINT NO VI:

- Read the Definition of Promoter given in section 2(69) of Companies Act, 2013. As per definition decide the Promoters of the Company.
- Shareholding of person other than promoter is to be entered in Share Holding Pattern-Public.

VII.	NUMBER OF PROMOTERS, MEMBERS, DEBENTURE HOLDERS				
Promoters Members {other than promoters) Debenture holders	At the Beginning of Year	Addition	Cessation	At the End of year	• Register of Members • PAS-3 (filed during the Year) • Transfers Deeds • Minutes of the Meetings

POINTS TO BE KEPT IN MIND WHILE PREPARING THE POINT NO VII:

- Check Register of Member (Shareholder at the beginning of the Year).

- Check whether there is any allotment during the year for (Addition).
- Check whether any Transfer/forfeiture/Buy-back for (Cessation).
- Check the Register of Member (Shareholder at the end of the Year).

VIII.	DETAILS OF DIRECTORS AND KEY MANAGDRIAL PERSONNEL- Annexure- III	
Promoter		Check as per Definition
Executive & Non executive	Check form DIR-12	▪ Register of Director ▪ DIR-12
No. of Director at Beginning of the year	Check No. of Total Director as on beginning of the year (as on 01.04.2014)	Register of Director
No. of Director at the end of the year	Check No. of Total Director as on end of the year (as on 31.03.2015)	▪ Register of Directors ▪ MCA Website
Percentage of share held by Director at the end of the Year	Director Shareholding as on 31.03.2015 i.e. at the end of the year.	Register of Directors Shareholding
Independent or Not	Check status of Director	▪ Declaration of Independency ▪ DIR-12 ▪ Register of Director
Nominee or Representative	Check Status	▪ DIR-12 ▪ Register of Member
No. of Director & KMP as on 31.03.2015		Check Register of Directors

VIII	DETAILS OF DIRECTORS & KMP AS ON CLOSURE OF FINANCIAL YEAR	
Name	Name of all the Directors and KMP as on 31st March	▪ Register of Director ▪ MCA ▪ DIR- 12
DIN	DIN of all the Directors	▪ Register of Director

	and KMP as on 31.03.2015	▪ MCA
Designation	Designation of all the Directors and KMP as on 31st March	▪ Register of Director ▪ MCA ▪ DIR- 12
Number of Equity Shares held	Shareholding of all the Directors and KMP as on 31st March	▪ Register of Director Shareholding ▪ Register of Member
Date of Cessation (after closure of Financial Year if any)	Between 31.03.2015 to Date of finalization of Annual Return	▪ DIR-12 ▪ MCA ▪ Minutes

VIII	PARTICULAR OF CHANGE IN DIRECTOR(S) OR KMP DURING THE YEAR
Name	▪ Register of Director ▪ DIR-12
DIN	▪ Register of Director ▪ DIR-12 ▪ DIN-3
Designation at the beginning/ during the financial year	▪ Register of Director ▪ DIR-12
Date of Appointment/ Change in designation / Cessation	▪ Register of Director ▪ DIR-12,
Nature of Cessation (after closure of Financial Year if an Date of Appointment/ Change in designation / Cessation	▪ Register of Director ▪ DIR-12

Points to be kept in mind while preparing the point No VIII:

- Check the Register of Director

- Check Form DIR-12
- Check the MCA Website

IX.	MEETINGS OF MEMBERS
Type of Meeting	Notice of the Meeting
Date of Meeting	Minutes of the Meeting
Total No. of Member entitle to attend Meeting	Register of Member
Number of Members Present	Attendance Sheet & Proxy Sheet of Meeting
Present Member- % of shareholding	Attendance Sheet with Register of Member

IX.	MEETINGS OF BOARD
Date of Meeting	Minutes of the Meeting
Total No. of Director as on date of Meeting	Register of Director
Number of Director Present	Attendance Sheet of Meeting
Present Director- % of Total Director	Attendance Sheet with Register of Director

IX.	MEETINGS OF COMMITTEE
Type of Meeting	Name of Committee
Date of Meeting	Minutes of the Meeting
Total No. of Members as on date of Meeting	List of Members of Committee
Number of Member Present	Attendance Sheet of Meeting
% of total shareholding	Attendance Sheet with total no. of Members

Note:

After filling of above mention details there is Part 'D' of Point 'IX' which talks about the presence of Director in all type of Meeting whether Board, Committee and General Meeting. It will calculate the presence of Director in the Business of Company by calculating his presence in the Meetings of the Company.

Points to be kept in mind while preparing the point No IX:

- Check the Frequency of No. of Meeting
- Check the Quorum of the Meeting

X.	REMUNERATION TO DIRECTORS AND KMP MD/ WTD/ MANAGER/ CEO/ CFO/ CS/ Director
Name	Name of the Person
Designation	▪ Register of Director ▪ MCA ▪ DIR-12
Gross Salary	▪ Balance Sheet of the Company ▪ Minutes of Meeting in which appointment made ▪ Appointment Letter
Commission	Ledger
Stock option	Balance Sheet of the Company
Others	Balance Sheet of the Company
Total Amount	Balance Sheet of the Company

Note:

Remuneration to all the Directors / KMP / required to be given in the Annual Return.

Points to be kept in mind while preparing the point No XII:

- Verify the Amount of Remuneration from Balance Sheet, Ledger, Minutes of appointment / increase in remuneration and any form if filed.

XII.	PENALTY/ PUNISHMENT DETAILS THEREON Company/ Director/ Officer
Name of Company/ Director/ Officer	Check with the Director/ Officer and Company whether they penalize during the year.
Name of Court/ Concerned Authority.	If answer of above Question is Yes, then mention the Name of Authority.
Date of Order	If Order Passed, then Mention dates of Order – **Copy of Order.**
Name of Act And Section Under Which Penalized	Check the Section and Act under which Penalty Levied.
Details of Penalty	Brief Particular of Offence penalized.
Details of Appeal & Present Status	Details of appeal done during the financial year and current status.

XII.	Details of Compounding of Offence
Name of Company/ Director/ Officer	Check with the Director/ Officer and Company whether they gone for any compounding during the financial year.
Name of Court/ Concerned Authority	If answer of above Question is Yes, then mention the Name of Authority
Date of Order	If Order Passed, then Mention date of Order – Copy of Order
Name of Act and Section under which Committed	Check the Section under which compounding was done.
Particular of offence	Brief Particular of Offence compounded
Amount of compounding	Amount levied by authority on compounding.

Note:

For the better Corporate Governance, Knowledge of Stake Holders and for the Transparency regarding default of Company, Its Directors and Officer above step is taken by the Ministry.

Points to be kept in mind while preparing the point No XII:

- Check maximum amount of the fine- If it does not exceed five lakh rupees then the application for compounding of an offence be made to Regional Director and in other case to the tribunal.

- Refer the particular Sections of the Companies Act, 2013 to identify the nature of offence and penalty/ punishment

NOTE	Below Given Part No. XI. XIV I will discuss in my Next Article- Professional Involvement in preparation of Annual Return
XI.	Whether company has made all compliances and disclosures during the year
XIII.	Whether complete list of shareholders, debenture holders has been enclosed as an attachment
XIV.	Compliance of Sub-Section (2) of Section 92, in Case of Listed Companies

(Author – CS Divesh Goyal, GOYAL DIVESH & ASSOCIATES Company Secretary in Practice from Delhi and can be contacted at csdiveshgoyal@gmail.com)