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| Top of Form  **NSE LISTING AGREEMENT - PART - II**  Format for publication of Annual audited results (Companies opting to give audited results instead of unaudited fourth quarter results)  Annexure I  (Rs in lacs)   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Particulars** | **(1) Figures for the 9 months** | **(2) Figures for the last quarter** | **(3) Figures for the corresponding quarter of the previous year** | **(4) Audited figures for the current year** | **(5) Audited figures for the previous year** | | 1.     Net ales/Income  from Operations |  |  |  |  |  | | 2.     Other Income |  |  |  |  |  | | 3.     Total expenditure  a.     Increase/decrease in stock in trade  b.    Consumption of raw materials c. Staff cost  c.     Other expenditure  d.    (Any item exceeding 10% of the total expenditure to be shown separately). |  |  |  |  |  | | 4.     Interest |  |  |  |  |  | | 5.     Depreciation |  |  |  |  |  | | 6.     Profit (+)/Loss(-) before tax (1+2-3-4-5) |  |  |  |  |  | | 7.     Provision for taxation |  |  |  |  |  | | 8.     Net Profit (+)/Loss (-) (6-7) |  |  |  |  |  | | 9.     Paid-up equity share capital (face value of the share shall be indicated) |  |  |  |  |  | | 10.  Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5) |  |  |  |  |  | | 11.  Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised) |  |  |  |  |  | | 12.  (Applicable for half yearly financial results)aggregate of non promoting shareholding\*  a.     no. of shares  b.    percentage of shareholding |  |  |  |  |  |   Non promoters shareholding- as classified under category B in the shareholding pattern in the Clause 35 of Listing Agreement  Notes: All the notes applicable to the format of un-audited quarterly financial results specified under Clause 41 of the Listing Agreement shall also be applicable to this format.  Companies which have changed their name suggesting any new line of business (including software business) shall disclose the turnover and income etc from such new activities separately in the quarterly/annual results.  Companies which have changed their names after January 1, 1998 or change the name hereafter shall make such disclosures and shall continue to make these disclosures for a period of 3 years from the date of change in the name.  The quarterly results shall be prepared on the basis of accrual accounting policy and on uniform accounting practices for all the periods. The unaudited results should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.  The quarterly results shall be prepared on the basis of accrual accounting policy and in accordance with uniform accounting practices adopted for all the periods on quarterly basis. The pro-forma for submitting the results for companies other than Banks is given below:  Quarterly Results For Period \_\_\_\_\_\_ To \_\_\_\_\_\_(For Companies Other Than Banks)  (Rs. In Lakhs)   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | (1) | (2) | (3) | (4) | (5) | | 3 months ended | Corresponding 3 months in the previous year. | Year to Date figures for current period | Year to date figures for the previous year | Previous accounting year | | 1.     NetSales/Income from Operations |  |  |  |  |  | | 2.     Other Income |  |  |  |  |  | | 3.     Total Expenditure  a.     )Increase/decrease in stock in Trade  b.    Consumption of raw materials  c.     Staff cost  d.    Other expenditure (Any item exceeding 10% of the total expenditure to be shown separately). |  |  |  |  |  | | 4.     Interest |  |  |  |  |  | | 5.     Depreciation |  |  |  |  |  | | 6.     Profit (+)/Loss(-) before tax (1+2-3-4-5) |  |  |  |  |  | | 7.     Provision for taxation |  |  |  |  |  | | 8.     Net Profit (+)/Loss (-) (6-7) |  |  |  |  |  | | 9.     Paid-up equity share capital (Face Value of the Share shall be indicated) |  |  |  |  |  | | 10.  Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5) |  |  |  |  |  | | 11.  Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised) |  |  |  |  |  | | 12.  \*(Applicable for half yearly financial results): Aggregate of non-promoter shareholding\*\*  a.     Number of shares  b.    Percentage of shareholding |  |  |  |  |  |   The companies shall be required to disclose the aggregate non-promoter shareholding along with the half yearly financial results with effect from the half year ending on or after March 31, 2001. Companies shall also be required to disclose the aggregate non-promoter shareholding at the end of the corresponding half year in the previous year and at the end of the previous accounting year from the half year ending on or after March 31, 2002.  Non Promoter Shareholding - as classified under category B in the shareholding pattern in Clause 35 of Listing Agreement.  Notes:  a.     Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programmes, strikes, lock-outs, change in management, change in capital structure etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.  b.    All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.  c.     In case of companies whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results into information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.  d.    Company shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:  Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.  Where Dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.  e.     The effect of changes in composition of the company during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.  f.                        i.        If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.                       ii.        While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.                      iii.        The company, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification's) referred under (i) and (ii) above, why the company had failed to publish accounts without such audit qualifications) and when the company will remove the qualification(s) and publish accounts without such qualifications)."  g.    If the company is yet to commence commercial production, then instead of the quarterly results, the company should give particulars of the status of the project, its implementation and the expected date of commissioning of the project.  h.     The un-audited results send to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.  If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 Quarters and the financial results will be intimated to the Exchange and published in the Newspapers accordingly. Half yearly results which are required to be subjected to the "Limited Review" by the Auditors shall be prepared for the first two quarters where the Financial Year does not exceed 15 months and for the first two quarters and also separately for the third and fourth quarters where the Financial Year exceeds 15 months.  Alternative format for un-audited financial results:  The manufacturing and trading/service companies which have followed functional (secondary) classification of expenditure in the annual profit and loss account in their most recent annual report may furnish un-audited financial results on a quarterly basis in the alternative format. The proforma for submitting the results for companies in the alternative format is given below:  Quarterly Results For the Period \_\_\_\_\_\_ TO \_\_\_\_\_\_  (Alternative format of financial results for manufacturing and trading/service companies, which have followed functional (secondary) classification of expenditure in the annual profit and loss account published in most recent annual report).  (Rs. In Lacs)   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Sr. NO. | |  | (1) | (2) | (3) | (4) | | 3 months ended | Corresponding 3 months in the previous year. | Year to Date figures for current period | Year to date figures for the previous year | Previous accounting year | | 1. | Net Sales/Income from Operations |  |  |  |  |  | | 2. | Costof sales/services (a) Increase/decrease in stock in trade (b) Consumption of raw materials (c) Other expenditure |  |  |  |  |  | | 3. | Greneral Profit |  |  |  |  |  | | 4. | General Administrative Expenses |  |  |  |  |  | | 5. | Selling and Distribution Expenses |  |  |  |  |  | | 6. | Operating Profit before interest and depreciation |  |  |  |  |  | | 7. | Interest |  |  |  |  |  | | 8. | Depreciation |  |  |  |  |  | | 9. | Operating Profit after interest and depreciation |  |  |  |  |  | | 10. | Other Income |  |  |  |  |  | | 11. | Profit (+)/Loss(-) before tax |  |  |  |  |  | | 12. | Provision for taxation |  |  |  |  |  | | 13. | Paid-up equity share capital |  |  |  |  |  | | 14. | Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5) |  |  |  |  |  | | 15. | Basic and diluted EPS for the period, for the year to date and for previous year (not to be annualised) |  |  |  |  |  | | 16. | Aggregate of non promoters shareholding\* (applicable for half yearly results) \* Number of shares \* Percentage of shareholding |  |  |  |  |  |   non - promoter shareholding as classified under category B in the shareholding pattern in clause 35 of the Listing Agreement.  Notes:  a.             Indicate by way of note total expenditure incurred on                                i.                Staff Cost                               ii.                Any item of expenditure which exceeds 10% of the total expenditure.  This information shall be given in respect of all the periods included at the above statement.  b.            Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programmes, strikes, lock-outs, change in management, change in capital structure etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.  c.             All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.  d.            In case of companies whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results with information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.  e.             Company shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:                                i.        i Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.                               ii.        ii Where Dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.  f.             The effect of changes in composition of the company during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.  g.                                i.        If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.                               ii.        While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.                              iii.        The company, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification(s) referred under (i) and (ii) above, why the company had failed to publish accounts without such audit qualification(s) and when the company will remove the qualification(s) and publish accounts without such qualification(s)."  h.             If the company is yet to commence commercial production, then instead of the quarterly results, the company should give particulars of the status of the project, its implementation and the expected date of commissioning of the project.  i.              The un-audited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.  j.              If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 Quarters and the financial results will be intimated to the Exchange and published in the News papers accordingly. Half yearly results which are required to be subjected to the "Limited Review" by the Auditors shall be prepared for the first two quarters where the Financial Year does not exceed 15 months and for the first two quarters and also separately for the third and fourth quarters where the Financial Year exceeds 15 months.  The proforma for submitting results and the review report for banks whose securities are listed in the Stock Exchange is given below:  Quarterly Results For The Period From \_\_\_\_\_ To\_\_\_\_\_\_ (For Banks)  (Rs in lakhs)   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Particulars | (1) | (2) | (3) | (4) | (5) | |  | 3 Months ended | Corresponding 3 months in the previous year. | Year to date figures for current period | Year to date figures for the previous year | Previous accounting Year | | 1. Interest earned (a)+(b)+(c)+(d) |  |  |  |  |  | | (a)Interest/discount on on advances/bills |  |  |  |  |  | | (b) Income on investments |  |  |  |  |  | | (c) Interest on balances with Reserve Bank of India and other inter bank funds |  |  |  |  |  | | (d) Others |  |  |  |  |  | | 2. Other Income |  |  |  |  |  | | A. TOTAL INCOME (1+2) |  |  |  |  |  | | 3. Interest Expended |  |  |  |  |  | | 4. Operating Expenses (e)+(f) |  |  |  |  |  | | (e) Payments to and provisions for employees |  |  |  |  |  | | (f) Other operating expenses |  |  |  |  |  | | B. TOTAL EXPENDITURE (3)+(4) (excluding Provisions and Contingencies) |  |  |  |  |  | | C. OPERATING PROFIT (A-B) (Profit before Provisions and Contingencies) |  |  |  |  |  | | D. Other Provisions and Contingencies |  |  |  |  |  | | E. Provision for Taxes |  |  |  |  |  | | F. Net Profit (C-D-E) |  |  |  |  |  | | 5. Paid-up equity share capital |  |  |  |  |  | | 6. Reserves excluding Revaluation reserves (as per balance sheet of previous accounting year) |  |  |  |  |  | | 7. Analytical Ratios |  |  |  |  |  | | (i) Percentage of shares held by Government of India |  |  |  |  |  | | (ii) Capital Adequacy Ratio |  |  |  |  |  | | (iii) Earning per Share |  |  |  |  |  | | 8.\*(Applicable for half yearly financial results) Aggregate of Non Promoter Shareholding\*\* \* No. of shares \* Percentage of Shareholding |  |  |  |  |  |   The companies shall be required to disclose the aggregate non-promoter shareholding along with the half yearly financial results with effect from the half year ending on or after March 31, 2001. Companies shall also be required to disclose the aggregate non-promoter shareholding at the end of the corresponding half year in the previous year and at the end of the previous accounting year from the half year ending on or after March 31, 2002.  Non Promoter Shareholding - as classified under category B in the shareholding pattern in Clause 35 of Listing Agreement.  Notes:  a.             Any event or transaction that is material to an understanding of the results for the quarter including change in management, change in capital structure etc., shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.  b.            All material non recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.  c.             Company shall give the following information in respect of dividend paid or recommend for the year including interim dividends declared:                                i.        Amount of dividend distributed or proposed distinguishing between different classes of shares and dividend per share also indicating nominal value per share.                               ii.        Where dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.  d.            The effect of changes in composition of the company during the quarter, including business combinations acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.  e.                                i.                If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.                               ii.                While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.                              iii.                The company, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification(s) referred under (i) and (ii) above, why the company had failed to publish accounts without such audit qualification(s) and when the company will remove the qualification(s) and publish accounts without such qualification(s)."  f.             The unaudited results sent to Stock Exchange/s and published in newspapers (for listed banks) should be based on the same set of accounting policies as those followed in the previous year. In case there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies to make it comparable with the current year results.  g.            Half yearly results which are required to be subjected to the "Limited Review" by the auditors shall be prepared for the first two quarters.  **The Review Report for Banks shall be in the following format:**  "We have reviewed the accompanying statement of unaudited financial results of \_\_\_\_ (Name of the Company) for the period ended \_\_\_\_. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors.  A review of interim financial information consists principally of applying analytical procedures for financial data and making inquires of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.  In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of \_\_\_\_\_\_\_\_\_ branches, inspection teams of the bank of \_\_\_\_\_\_\_ branches and other firms of auditors of \_\_\_\_\_\_\_\_\_ branches specifically appointed for this purpose. These review reports cover \_\_\_\_\_\_ percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.  Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters."  **Qualifications in Audit Reports:**  Companies shall be required to disclose the audit qualifications along with the audited financial results published under Clause 41 of the Listing Agreement in addition to the explanatory statement as to how audit qualifications in respect of the audited accounts of the previous accounting year have been addressed in the financial results.  **Quarterly disclosures by companies which are yet to commence commercial production.**  The issuer agrees that where it has not yet commenced its commercial production, it will make additional quarterly disclosures as prescribed under Schedule VI of the companies Act 1956, for the balance of unutilised monies raised by issue and the form in which such unutilised funds have been invested by the issuer.  42.    The Issuer agrees that it shall be a condition precedent for issuance of new securities excepting Mutual Funds, that it shall deposit before the opening of subscription list and keep deposited with the NSE (in cases where the securities are offered for subscription whether through the Issue of a prospectus, letter of offer or otherwise) an amount calculated at 1% of the amount of securities offered for subscription to the public and/or to the holders of existing securities of the Issuer, as the case may be, for ensuring compliance by the Issuer, within the prescribed or stipulated period, of all prevailing requirements of law and all prevailing listing requirements and conditions as mentioned in, and refundable or forfeitable in the manner stated in the Rules, Bye-laws and Regulations of the NSE for the time being in force. 50% of the above mentioned security deposit should be paid to the NSE in cash. The balance amount can be provided for by way of a bank guarantee. The amount to be paid in cash is limited to Rs. 3 crores. The said amount at the security deposit will be released by NSE after the issuer obtains No Objection Certificate from SEBI.  43.  1.       The company agrees that it will furnish on a quarterly basis a statement to the NSE indicating the variations between projected utilisation of funds and/ or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities and the actual utilisation of funds and/ or actual profitability.  2.       The statement referred to in clause (1) shall be given for each of the years for which projections are provided in its prospectus/ letter of offer/ object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/ audited financial results as required under clause 41.  3.       If there are material variations between the projections and the actual utilisation/ profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report.    44.    Without prejudice to any other provisions of this agreement, in general and its Clause 39 in particular as a condition for continued listing, the Issuer shall comply with the provisions of the relevant Acts including the Securities Contract Regulations Act, 1956, Securities Contract Regulation Rules, 1957, guidelines issued from time to time by the Government and/or the Securities Exchange Board of India including the guidelines on Disclosure and Investor Protection.  45.    The issuer agrees that:  a.     as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue;  b.    it shall pay interest @ 15% per annum if the allotment has not been made and or refund orders have not been dispatched to the investors within 30 days from the date of the closure of the issue.  46.    This Clause stands withdrawn.  47.    The Issuer agrees:  a.     to appoint the Company Secretary of the Issuer as Compliance Officer who will be responsible for monitoring the share transfer process and report to the company's board in each meeting. The Compliance Officer will directly liaise with the authorities such as SEBI, Stock Exchanges, ROC etc., and investors with respect to implementation of various clause, rules, regulations and other directives of such authorities and investor service & complaints related matter.  b.    to undertake a due diligence survey to ascertain whether the RTA is sufficiently equipped with infrastructure facilities such as adequate manpower, computer hardware and software, office space, documents handling facility etc., to serve the shareholders  c.     to insist that the RTA produces a certificate from a practicing company secretary that all transfers have been completed within the stipulated time.  d.    to furnish information regarding loss of share certificates and issue of duplicate certificates.  e.     to produce a copy of the MOU entered into with the RTA regarding their mutual responsibilities.  48.    Companies should co-operate with the Credit Rating Agencies in giving correct and adequate information for periodical review of the securities during lifetime of the rated securities.  49.    Corporate Governance  **I.        Board of Directors**  A.    The company agrees that the board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The number of independent directors would depend whether the Chairman is executive or non-executive. In case of a non-executive chairman, at least one-third of board should comprise of independent directors and in case of an executive chairman, at least half of board should comprise of independent directors.  Explanation: For the purpose of this clause the expression 'independent directors' means directors who apart from receiving director's remuneration, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgement of the board may affect independence of judgment of the director. Institutional directors on the boards of companies should be considered as independent directors whether the institution is an investing institution or a lending institution.  B.    The company agrees that all pecuniary relationship or transactions of the non-executive directors viz-a-viz. the company should be disclosed in the Annual Report.  **II.        Audit Committee**  A.    The company agrees that a qualified and independent audit committee shall be set up and that:  1.       The audit committee shall have minimum three members, all being non-executive directors, with the majority of them being independent, and with at least one director having financial and accounting knowledge;  2.       The chairman of the committee shall be an independent director;  3.       The chairman shall be present at Annual General Meeting to answer shareholder queries;  4.       The audit committee should invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and when required, a representative of the external auditor shall be present as invitees for the meetings of the audit committee;  5.       The Company Secretary shall act as the secretary to the committee.  B.    The audit committee shall meet at least thrice a year. One meeting shall be held before finalisation of annual accounts and one every six months. The quorum shall be either two members or one third of the members of the audit committee, whichever is higher and minimum of two independent directors.  C.    The audit committee shall have powers which should include the following:  a.     to investigate any activity within its terms of reference.  b.    to seek information from any employee.  c.     to obtain outside legal or other professional advice.  d.    to secure attendance of outsiders with relevant expertise, if it considers necessary.  D.    The company agrees that the role of the audit committee shall include the following.  a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.  b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.  c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;                        i.        Any changes in accounting policies and practices. Major accounting entries based on exercise of judgment by management.                       ii.        Qualifications in draft audit report.                      iii.        Significant adjustments arising out of audit.                      iv.        The going concern assumption.                       v.        Compliance with accounting standards.                      vi.        Compliance with stock exchange and legal requirements concerning financial statements                     vii.        Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.  a.     Reviewing with the management, external and internal auditors, the adequacy of internal control systems.  d.    Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.  e.     Discussion with internal auditors any significant findings and follow up there on.  f.     Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.  g.    Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.  h.     Reviewing the company's financial and risk management policies.  i.      To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.  E.    If the company has set up an audit committee pursuant to provision of the Companies Act, the company agrees that the said audit committee shall have such additional functions / features as is contained in the Listing Agreement.  **III.        Remuneration of Directors**  A.    The company agrees that the remuneration of non-executive directors shall be decided by the board of directors.  B.    The company further agrees that the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the annual report.  All elements of remuneration package of all the directors i.e. salary, benefits, bonuses, stock options, pension etc.  Details of fixed component and performance linked incentives, along with the performance criteria.  Service contracts, notice period, severance fees.  Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.  **IV.        Board Procedure**  A.    The company agrees that the board meeting shall be held at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the board is given in Annexure-I.  B.    The company further agrees that a director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.  Explanation: For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies (i e private limited companies, foreign companies and companies of Section 25 of the Companies Act, etc) shall be excluded. Further only the three committees viz. the Audit Committee, the Shareholders' Grievance Committee and the Remuneration Committee shall be considered for this purpose.  **V.        Management**  A.    The company agrees that as part of the directors' report or as an addition there to, a Management Discussion and Analysis report should form part of the annual report to the shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the company's competitive position:  a.     Industry structure and developments.  b.    Opportunities and Threats.  c.     Segment-wise or product-wise performance.  d.    Outlook  e.     Risks and concerns.  f.     Internal control systems and their adequacy.  g.    Discussion on financial performance with respect to operational performance.  h.     Material developments in Human Resources / Industrial Relations front, including number of people employed.  B.    Disclosures must be made by the management to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)  **VI.        Shareholders**  A.    The company agrees that in case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information:  a.     A brief resume of the director;  b.    Nature of his expertise in specific functional areas; and  c.     Names of companies in which the person also holds the directorship and the membership of Committees of the board.  B.    The company further agrees that information like quarterly results, presentation made by companies to analysts shall be put on company's web-site, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.  C.    The company further agrees that a board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressing of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee shall be designated as 'Shareholders/Investors Grievance Committee'.  D.    The company further agrees that to expedite the process of share transfers the board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.  **VII.        Report on Corporate Governance**  The company agrees that there shall be a separate section on Corporate Governance in the annual reports of company, with a detailed compliance report on Corporate Governance. Non compliance of any mandatory requirement i.e. which is part of the listing agreement with reasons there of and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested list of items to be included in this report is given in Annexure-2 and list of non-mandatory requirements is given in Annexure - 3.  **VIII.        Compliance**  The company agrees that it shall obtain a certificate from the auditors of the company regarding compliance of conditions of corporate governance as stipulated in this clause and annexe the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual returns filed by the company.  **Schedule of Implementation:**  The above amendments to the listing agreement have to be implemented as per schedule of implementation given below:  By all entities seeking listing for the first time, at the time of listing.  Within financial year 2000-2001,but not later than March 31, 2001 by all entities, which are included either in Group 'A' of the BSE or in S&P CNX Nifty index as on January 1, 2000. However to comply with the recommendations, these companies may have to begin the process of implementation as early as possible.  Within financial year 2001-2002,but not later than March 31, 2002 by all the entities which are presently listed, with paid up share capital of Rs. 10 crore and above, or networth of Rs 25 crore or more any time in the history of the company.  Within financial year 2002-2003,but not later than March 31, 2003 by all the entities which are presently listed, with paid up share capital of Rs.3 crore and above  As regards the non-mandatory requirement given in Annexure - 3, they shall be implemented as per the discretion of the company. However, the disclosures of the adoption/non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.  50. Companies shall mandatorily comply with all the Accounting Standards issued by ICAI from time to time.  Bottom of Form | | | | | | |
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