Knowledge Capsule



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New reporting regime for unlisted companies on the cards

The govt will frame rules mandating firms to submit periodic financial statements







Move will enable early fraud detection, ensure statutory compliance.

- The Centre has moved a step closer towards making certain unlisted companies prepare financial results on a periodical basis, operationalizing a provision in company amendment law enacted in September last year.
- Besides requiring certain classes of unlisted companies yet to be specified to prepare financial results on a periodical basis, the government now wants this information to be filed with the Registrar of Companies (ROC) within 30 days of the completion of the specified period. The period for which results are to be prepared is yet to be announced although the buzz is that quarterly reporting could be introduced. The format of the financial results are also expected to be announced by the government.

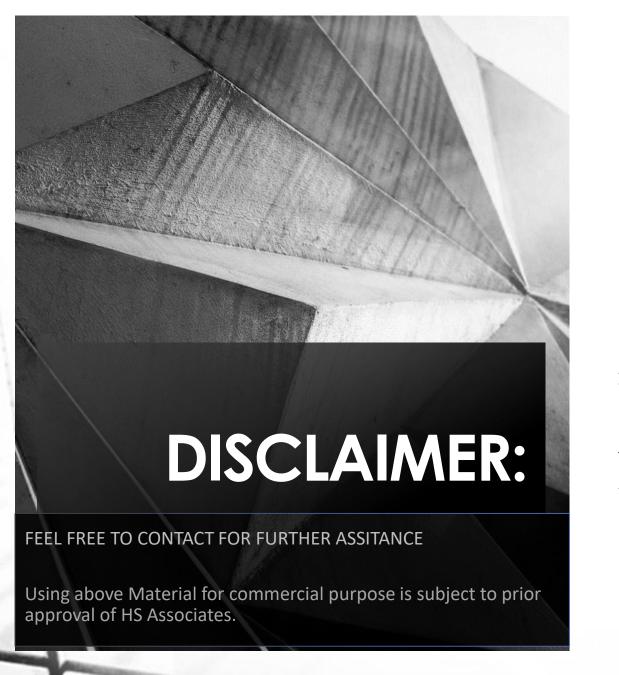


Objective

- In India, there are technically 16 lakh registered companies of which about 11-12 lakh are active ones. There are about 6,500 listed companies with the rest being in the unlisted space.
- Amarjit Chopra, Past President of Institute of Chartered Accountants of India (ICAI), said this is the best possible move in respect of unlisted companies as there is a need to improve corporate governance among these entities too. "This should have been implemented as of yesterday. If this has to be effective, ROCs will have to analyse the results filed with them. Otherwise, it will become just a filing exercise. Governance is not required only in the case of listed entities. It is equally required in big-size unlisted entities,"







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Thank You

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