

AN INDIAN LISTED COMPANY (IDENTITY MASKED)

Public Sample: Observations on the Annual Reports

A real review of FY 2025-26 and FY 2024-25 of an SME-listed Indian infrastructure contractor, masked for publication

12 observations reproduced from a real review of the two most recent Annual Reports of an SME-listed Indian infrastructure contractor, as written for its Board. Page numbers, quotations, small ratios and the law are real; the company, every individual, places, products, dates and every distinctive amount are masked.

Every page extract is taken from the real annual report, masked in the same way as the text, and carries the line 'Public sample: real annual report; identity, dates and distinctive amounts masked'.

12

observations, from a review that raised 138

2

priority matters for the Board

37

masked page extracts, words highlighted

46

provisions of law quoted word for word

Status of this document and declarations

1. What this document is

AI-assisted observations, reviewed by professionals under the Pramanex review standard. It is not an audit or a review of financial statements under the Standards on Auditing or the Standards on Review Engagements, not a secretarial audit, and not a certificate under the Companies Act 2013 or the SEBI regulations. It is not legal, tax, accounting or investment advice, and not a recommendation to buy, sell or hold any security or an opinion on any company's value.

2. Scope and its limits

It reproduces selected observations on the two most recent published annual reports of one Indian listed company, as they stood on the review date. It is not exhaustive. A matter that is not raised is not thereby confirmed as compliant or free of error. Facts are taken from the sources cited and are not otherwise verified.

3. Findings and questions

A finding met the 99% review standard on the evidence cited. A question needs the company's own judgement or information. Neither is a determination by a regulator, an auditor or a court that any law has been breached.

4. Responsibility

The company and its directors remain responsible for the annual report, the financial statements and compliance with the law. Pramanex did not prepare, approve, sign or file them. Every decision on an observation, including to change nothing, is the company's.

5. Reliance

This is a public sample reproduced from a real review, masked for publication and provided for evaluation only. No one may rely on it for any purpose, and it says nothing about any identifiable company.

6. Liability

Provided free of charge and as is. Pramanex accepts no liability for any use of this sample, to the extent the law allows.

7. How AI was used

AI read the documents and proposed candidate observations with their page, extract and rule; a second pass argued the company's side; professionals reviewed every point before release. Nothing appears here without that review.

8. Date, law and issuer

This document speaks only as at its date and will not be updated. It is governed by the law of India; disputes are resolved by arbitration seated at Cuttack, Odisha. Issued by Pramanex, a service of Finversal Capital Services Private Limited (CIN U66190OD2025PTC049940), India.

COMPANY B LIMITED (IDENTITY MASKED)

Observations on the Annual Reports

FY 2025-26 and FY 2024-25

Public sample: 12 observations from a real review, reproduced as written for the Board, with the identity, dates and distinctive amounts masked

Date	Public sample edition
Documents reviewed	The two most recent Annual Reports (FY 2025-26 and FY 2024-25) of an SME-listed Indian infrastructure contractor, every page
Checked against	The company’s IPO offer document, its stock-exchange announcements for the period and the documents on its investor website
Law applied	Companies Act 2013 and Rules; Companies (Accounting Standards) Rules 2021; Schedule III Division I; CARO 2020; Standards on Auditing; SEBI (LODR) Regulations as they apply to an SME-listed company; SEBI ICDR, PIT and SAST Regulations; Secretarial Standards
Observations	12: 2 priority matters, 6 compliance and disclosure gaps, 2 presentation and drafting points, 2 matters for clarification
Basis	Public documents only. No information from the company’s records was used. Matters in Part 4 are questions, not conclusions.
Identity	Masked to the public standard. Real annual reports, pages, quotations and law; the company, its group and related entities, every individual, places, business lines, dates and every distinctive amount are replaced by neutral labels in the text and on every page extract.

Contents

- 1. Executive summary
- 2. Action plan
- 3. Regulatory exposure
- 4. Scope, approach and how to read this report
- Part 1 — Priority matters
- Part 2 — Compliance and disclosure gaps
- Part 3 — Presentation and drafting points
- Part 4 — Matters for the company's clarification
- Annexure A — Penalty provisions referred to
- Annexure B — Glossary

1. Executive summary

This is a public sample. It reproduces 12 of the 138 observations of a real review of the two most recent Annual Reports of an SME-listed Indian infrastructure contractor that reports under Indian GAAP, as they were written for that company's Board. Everything that would let a reader identify the company has been masked: its name and every individual, its group and related entities, auditors, bankers, lender and rating agency, its places and business lines, every date other than the financial-year labels, and every distinctive amount (any figure of four or more significant digits and any amount of ten crore rupees or more; in headings and summaries, every rupee amount). Page numbers, quotations, small ratios and the law are real. The company is called Company B Limited throughout.

Both priority matters in the sample concern the year's largest transaction, the acquisition of a stake in another company. The consolidated financial statements treat the investee as a subsidiary at the year end on the basis of control of its board, while the Board's report, Form AOC-1, the secretarial audit report and the company's own stock-exchange filings call it an associate on the same date. And the Board's report states that there were no material changes after the year end, although the company had itself announced several, including the step-up of that investee to a subsidiary.

Part 2 shows compliance gaps established from the company's own pages: an AGM notice that promises a director's profile it does not contain, a CARO report that ignores the year's investments, a cost auditor's remuneration that was never put to members, a dividend recommended after the year end booked as a liability, an audit-trail sentence carried over from the first year of the rule, and a comparative earnings per share not restated for a share split and bonus issue. Part 3 shows drafting points, including a governance report that presents an SME-listed company as bound by provisions that do not apply to it. Part 4 shows how matters that only the company's records can settle are put as questions.

Every observation was challenged from management's side before it was kept. Observations whose substance was a breach or fine the company had itself disclosed are not used, and neither are observations whose subject is an event that would itself identify the company.

Part	Observations	High	Medium	Low	FY 2025-26	FY 2024-25	Both years
Priority Matters	2	2	0	0	2	0	0
Compliance and Disclosure Gaps	6	2	4	0	4	1	1
Presentation and Drafting Points	2	0	1	1	1	0	1
Matters for the Company's Clarification	2	0	2	0	1	0	1
Total	12	4	7	1	8	1	3

The matters that need attention first

Ref	Matter	Penalty exposure
H-01	At FY 2025-26 year-end the consolidated financial statements treat Investee 1 (Investee 1), in which the company then held [percentage], as a subsidiary because the company controlled its board, and so bring in about [amount] of Investee 1 borrowings and [amount] of minority interest. The Board's report, AOC-1, the secretarial audit report and the company's own [date] stock-exchange filings all describe Investee 1 as an associate on that date. Both cannot be right, and the answer changes the group balance sheet and its gearing materially.	If board control on FY 2025-26 year-end cannot be evidenced: the MD, the CFO or other person charged by the Board, imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)).; If control did exist on FY 2025-26 year-end: company Rs 3,00,000; each officer in default Rs 50,000 (s.134(8)).
H-02	The Board's report dated [date] says there were no material changes or commitments after the year end. Before that date the company had itself announced to the stock exchange that Investee 1 became a 60% subsidiary, that [amount] of its order book was handed back to Investee 1, that a new [new business line] division had started, and that shareholders had approved a warrant issue which was allotted on the day the report was signed. The Companies Act requires these to be reported to members in the Board's report.	Company: Rs 3,00,000; each officer in default: Rs 50,000 (s.134(8)).; MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); in practice such matters are usually compounded.

Ref	Matter	Penalty exposure
S-02	The auditor's CARO report on loans and investments (clause 3(iii)) does not mention the [amount] invested during the year in Investee 1, Subsidiary 1 and the JV Firm 1 joint venture, gives no loan amounts, and leaves out the sub-clause on loans repayable on demand. The ICAI Guidance Note requires all six sub-clauses to be answered with amounts. Shareholders therefore have no auditor comment on the year's largest capital decision.	If NFRA finds professional misconduct: the individual auditor Rs 1 lakh up to five times the fees received, the firm Rs 5 lakh up to ten times the fees, and possible debarment of 6 months to 10 years; discretionary.
S-04	The final dividend of [amount] that the Board recommended on [date] is recorded as a liability at FY 2025-26 year-end and shown as paid in the cash flow statement. Since [year] AS 4 has prohibited recognising a dividend proposed after the year end; it should only be disclosed in a note. The amount is small, but the treatment departs from a mandatory standard in both the standalone and consolidated statements, and the auditor's report states compliance.	MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); for an amount of 0.17% of net worth, compounding is the realistic outcome.
S-06	The FY 2024-25 profit and loss statement shows the prior-period earnings per share at [amount] without adjusting for the [ratio] share split and [ratio] bonus issue made during the year. AS 20 requires the comparative to be restated; on the adjusted share count it is [amount]. The comparison on the face of the statement therefore understates the growth in earnings per share.	MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); usually compounded.
Q-01	Between [date] and [date] the promoter-Managing Director pledged [amount] shares, at least [amount] of them still under the IPO lock-in, to Lender 1 (NBFC). SEBI's issue regulations allow locked-in promoter shares to be pledged only to banks, public financial institutions, systemically important non-banking finance companies or housing finance companies, and nothing filed shows that this lender qualified. The [date] shareholding pattern and the promoter's annual declaration of encumbrances also do not reflect the pledge, and the Secretarial Audit Report is silent.	If confirmed that Lender 1 (NBFC) was not a permitted pledgee under Reg 242, or that the pledge was not a term of the loan sanction: no fixed ICDR penalty, but SEBI may issue directions under Reg 296 and levy a penalty under SEBI Act s.15HB of Rs 1 lakh up to Rs 1 crore.; If the FY26 Reg 31(4) declaration ('have not made any encumbrance') is confirmed to be incorrect: SEBI Act s.15A(b), minimum Rs 1 lakh, up to Rs 1 crore per noticee.
Q-02	The IPO offer document states that the registered office is leased from Promoter-group Company 1, a promoter-group company, until [date] at an arm's-length rent, yet no lease or rent with Promoter-group Company 1 appears in the related-party notes of either Annual Report or in any related-party filing to the stock exchange since the move. Either a recurring related-party transaction has been left out of the disclosures, or the office is used free of rent, which is itself a related-party transaction that should be disclosed. The company should produce the lease and the rent ledger.	If rent to Promoter-group Company 1, or rent-free use of its premises, is confirmed and was omitted from the related-party note: in law, a fine of Rs 50,000 to Rs 5 lakh, or imprisonment of up to one year, or both, on the MD/CFO (court prosecution under s.129(7)); the realistic outcome is a corrected note in the next financial statements.; If confirmed that the Reg 23(9) disclosures from FY26 (when Reg 23 began to apply to the company) omitted the lease: minimum Rs 1 lakh, up to Rs 1 crore (incomplete disclosure), by SEBI adjudication.

2. Action plan

Every observation, grouped by when action is needed and by who should take it. The reference leads to the full observation in Parts 1–4.

Immediate

Ref	Observation	Action by	Priority
H-01	Investee 1 is consolidated line by line as a subsidiary at FY 2025-26 year-end on the stated basis of 'control over the composition of the Board' at a [percentage] holding, but the Board's report, AOC-1 (Part B), MD&A and secretarial audit report in the same Annual Report, and the company's [date] stock-exchange filings, call Investee 1 an associate on that date; the only disclosed basis for control is the appointment of two Company B directors to Investee 1's board	Board, Audit Committee, CFO / finance, Statutory auditor, Company Secretary	High
S-01	The AGM Notice says the re-appointing director's profile is 'furnished as an Annexure', but there is no annexure: Promoter Director 1 was re-appointed without the particulars required by Reg 36(3) LODR and SS-2 para 1.2.5	Company Secretary, Board, Secretarial auditor	High
Q-01	The promoter-MD pledged [amount] shares, at least [amount] of them still under IPO lock-in, to Lender 1 (NBFC) between [date] and [date]. ICDR Reg 242 permits a pledge of locked-in promoter shares only to a scheduled commercial bank, a public financial institution, a systemically important NBFC or a housing finance company; nothing filed shows that Lender 1 (NBFC) qualified. The [date] shareholding pattern shows no pledge, although the release came only on [date]. The FY26 Reg 31(4) declaration says no encumbrance was made, and the Secretarial Audit Report (MR-3) in the Annual Report 2025-26 reports compliance with ICDR and SAST	Promoters, Company Secretary, Secretarial auditor, Board	Medium

Before the next results / filing

Ref	Observation	Action by	Priority
Q-02	The registered office is leased from Promoter-group Company 1 - the promoter-group 'Group Company' named in the IPO prospectus, lease to [date] at an 'arm's length' rent - yet no lease or rent to Promoter-group Company 1 appears in the related-party notes of either Annual Report or in any of the seven Reg 23(9) filings covering the period since the office moved there	Audit Committee, Board, CFO / finance, Company Secretary	Medium

In the FY 2026-27 financial statements and Annual Report

Ref	Observation	Action by	Priority
H-02	The Board's report says there were 'no material changes and commitments' after the year end, but before the report date ([date]) Company B launched a new [new business line] division with a [amount] lease order, raised Investee 1 to a 60% subsidiary, handed [amount] of its order book back to Investee 1, and obtained shareholder approval ([date]) for warrants it allotted on the report date	Board, Company Secretary, CFO / finance, Audit Committee	High
S-02	CARO clause 3(iii) ignores [amount] of investments made in the year, gives no amounts, treats demand loans as outside 3(iii)(c), contrary to the ICAI Guidance Note, and omits 3(iii)(f) entirely	Statutory auditor, Audit Committee	High
S-03	Cost auditor: the Board's Report says the FY 2025-26 remuneration 'is sought to be ratified' at this AGM, but the Notice ratifies FY 2026-27; the FY 2025-26 remuneration was never placed before members (s.148(3), Rule 14)	Board, Audit Committee, Company Secretary	Medium
S-04	The FY26 final dividend ([amount]), recommended only on [date], is booked as a liability at FY 2025-26 year-end and shown as paid in the cash flow statement, contrary to AS 4	CFO / finance, Audit Committee, Statutory auditor	Medium
S-05	The auditor states that reporting on preservation of the audit trail is "not applicable" for FY 2025-26; the Rule and ICAI guidance make it applicable from FY 2024-25 (stale text copied from the FY25 report)	Statutory auditor, Audit Committee, CFO / finance	Medium
S-06	FY24 comparative EPS ([amount]) not restated for the [ratio] split and [ratio] bonus; restated it is [amount], so the P&L overstates the prior-year EPS 2.5 times and understates EPS growth	CFO / finance, Audit Committee, Statutory auditor	Medium
M-01	The Corporate Governance Report and all four annexures present this SME-listed company as complying with LODR governance provisions that Regulation 15(2)(b) switches off, and the PCS 'certifies' compliance with those non-applicable conditions	Board, Company Secretary	Medium

Ref	Observation	Action by	Priority
M-02	AOC-2 Part 2 is mis-headed as 'Details of contracts ... not at arm's length basis', the same as Part 1; it should read 'material contracts ... at arm's length basis' as in FY25. It also cites the 'forth' proviso	Company Secretary	Low

3. Regulatory exposure

The penal provisions engaged by the observations, with the amounts they prescribe and the observations to which each relates. Amounts are the maxima or ranges prescribed by law; any actual levy depends on adjudication or on the stock exchange's standard fine schedule. The exact wording of each provision is in Annexure A.

Provision	Prescribed amount	Liable	Observations
Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)	Imprisonment up to 1 year, or fine Rs 50,000-5,00,000, or both	MD, WTD in charge of finance, CFO, person charged by Board; failing them, all directors (not the company)	H-01, H-02, S-04, S-06, Q-02
Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)	Company: Rs 3,00,000; every officer in default: Rs 50,000	company and every officer in default	H-01, H-02, S-03, M-02
Companies Act 2013, s.132(4)(c) read with NFRA Rules 2018 r.3(1)(a) (NFRA sanctions on auditors)	Individual auditor: Rs 1,00,000 to 5x fees received; audit firm: Rs 5,00,000 to 10x fees received; debarment 6 months to 10 years (audit, internal audit, valuation under s.247)	auditor (CA member) and audit firm	S-02, S-05
SEBI Act 1992, s.15A(a)/(b)/(c) (failure to furnish information, returns, disclosures)	Min Rs 1,00,000; up to Rs 1,00,000 per day of continuing failure; max Rs 1,00,00,000 (each of clauses (a), (b), (c))	any person required to furnish/file - listed company, promoters, directors, KMP, insiders, acquirers	Q-01, Q-02
SEBI LODR Reg 30 (material events) - NOT in SOP; SEBI adjudication	No SOP fine. SEBI: s.15A(b) - min Rs 1,00,000, up to Rs 1,00,000/day, max Rs 1 crore; and/or s.15HB - Rs 1,00,000 to Rs 1 crore; s.15HA if misleading (Rs 5 lakh - [amount])/3x profits)	listed entity; compliance officer/directors/KMP where charged	H-01
Companies Act 2013, s.118(10)-(12) (SS-1/SS-2 compliance; minutes)	s.118(11): company Rs 25,000; every officer in default Rs 5,000 (per meeting). s.118(12) tampering with minutes: imprisonment up to 2 years AND fine Rs 25,000-1,00,000	company and every officer in default; any person who tampers with minutes (12)	S-01
SEBI Act 1992, s.15HB (residual)	Rs 1,00,000 to Rs 1,00,00,000	whoever fails to comply (company, directors, compliance officer, promoters)	S-01
Companies Act 2013, s.147(1) (company contravening ss.139-146)	Company: fine Rs 25,000-5,00,000; every officer in default: fine Rs 10,000-1,00,000	company and every officer in default	S-03
Companies Act 2013, s.128(6) (books of account; Accounts Rules r.3 audit trail)	Rs 50,000 to Rs 5,00,000 on MD / WTD-finance / CFO / person charged by Board	MD, WTD in charge of finance, CFO, or other person charged by the Board	S-05
SEBI ICDR Regs 238-243 (SME promoter lock-in; pledge of locked-in shares Reg 242; transfer Reg 243)	No specific monetary penalty in ICDR. Consequences: exchange action under Reg 297 (fines/freezing - no rate in SOP); SEBI directions under Reg 296 (divestment, market bar); SEBI Act s.15HB Rs 1,00,000 to Rs 1 crore (no separate penalty provided); s.11B directions	promoters; issuer; pledgee lender (pledge terms)	Q-01
SEBI SAST Regulations 2011, Reg 29 (acquisition/disposal) and Reg 31 (encumbrance) - penalty via SEBI Act s.15A(b)	SEBI Act s.15A(b): min Rs 1,00,000, up to Rs 1,00,000/day, max Rs 1 crore per noticee. (s.15H - Rs 10 lakh to [amount])/3x profits - is for open-offer failures, not routine Reg 29/31 lapses)	acquirer and PACs (Reg 29); promoters (Reg 31)	Q-01

Provision	Prescribed amount	Liabe	Observations
Companies Act 2013, s.188(5) (related party transactions)	Listed company (Company B): Rs 25,00,000 per director/employee who entered into or authorised the RPT; other companies: Rs 5,00,000	director or other employee who entered into / authorised the contract (not the company)	Q-02

4. Scope, approach and how to read this report

Basis. Public documents only: the two Annual Reports, the IPO offer document, the company’s stock-exchange filings and its website. No information from the company’s records was used. Matters in Part 4 are questions, not conclusions; matters marked “Interpretation” rest on a reading of the standard or regulation that the company may contest.

Masking. The company, its group and related entities, promoters, directors, key managerial personnel, auditors, registrar, bankers, lender, rating agency, addresses, places, business lines, the stock exchange, codes and every document link are replaced by neutral labels in the text and on every page extract. Dates are shown as [date] (a financial year’s closing or opening date appears as its financial-year label), calendar years as [year], distinctive figures as [amount] and distinctive percentages as [percent], in the text and on the page extracts alike. Masked words on the page extracts appear as a small grey label or a grey bar, and the side strip of each scanned page is greyed out. Cross-references to observations of the full review that are not reproduced here read “another observation in the full review”.

Penalty exposure. The amounts shown are those the law prescribes. Any actual levy depends on adjudication or on the stock exchange’s standard fine schedule. They are not a prediction of action by any regulator.

Layout of each observation

- **Heading** — reference, title, part, priority (High / Medium / Low), evidence status, the year concerned, the area, the pages, who should act and when.
- **In brief** — the matter in two or three sentences.
- **Where this appears** — the Annual Report page (or filing) with the relevant words highlighted.
- **Observation and workings** — what the documents show, why it departs from the requirement, and the figures recomputed.
- **Requirement** — the exact words of the provision, with its source.
- **Consequences and penalty exposure** — the practical consequence and the penal provision engaged, with the amount and who is liable.
- **Recommended action and suggested wording** — the correction and, where useful, replacement text.
- **Information requested** — for matters in Part 4, what would settle the question.
- **Evidence from the company’s filings** — what the company’s own stock-exchange filings and IPO documents add.
- **Source references** — each statement tied to the document that proves it, with the exact words.

Evidence status

Status	Meaning
Established	Established from the company’s own documents; the requirement is clear.
Interpretation	Established from the documents; the conclusion rests on a reading of the standard or regulation.
For Confirmation	Raised as a question; the company’s records will settle it.

Page references

Page numbers are the printed page numbers of the Annual Report. “p. 36” on its own means page 36 of the Annual Report 2025-26; pages of the Annual Report 2024-25 are always named as such. Stock-exchange filings are cited by their the stock exchange date and subject, with the page of that filing.

Index of observations

Ref	Observation	Year	Priority	Status
H-01	Investee 1 is consolidated line by line as a subsidiary at FY 2025-26 year-end on the stated basis of 'control over the composition of the Board' at a [percentage] holding, but the Board's report, AOC-1 (Part B), MD&A and secretarial audit report in the same Annual Report, and the company's [date] stock-exchange filings, call Investee 1 an associate on that date; the only disclosed basis for control is the appointment of two Company B directors to Investee 1's board	FY 2025-26	High	Established
H-02	The Board's report says there were 'no material changes and commitments' after the year end, but before the report date ([date]) Company B launched a new [new business line] division with a [amount] lease order, raised Investee 1 to a 60% subsidiary, handed [amount] of its order book back to Investee 1, and obtained shareholder approval ([date]) for warrants it allotted on the report date	FY 2025-26	High	Established
S-01	The AGM Notice says the re-appointing director's profile is 'furnished as an Annexure', but there is no annexure: Promoter Director 1 was re-appointed without the particulars required by Reg 36(3) LODR and SS-2 para 1.2.5	FY 2025-26	High	Established
S-02	CARO clause 3(iii) ignores [amount] of investments made in the year, gives no amounts, treats demand loans as outside 3(iii)(c), contrary to the ICAI Guidance Note, and omits 3(iii)(f) entirely	FY 2025-26	High	Established
S-03	Cost auditor: the Board's Report says the FY 2025-26 remuneration 'is sought to be ratified' at this AGM, but the Notice ratifies FY 2026-27; the FY 2025-26 remuneration was never placed before members (s.148(3), Rule 14)	FY 2025-26	Medium	Established
S-04	The FY26 final dividend ([amount]), recommended only on [date], is booked as a liability at FY 2025-26 year-end and shown as paid in the cash flow statement, contrary to AS 4	FY 2025-26	Medium	Established
S-05	The auditor states that reporting on preservation of the audit trail is "not applicable" for FY 2025-26; the Rule and ICAI guidance make it applicable from FY 2024-25 (stale text copied from the FY25 report)	FY 2024-25 and FY 2025-26	Medium	Established
S-06	FY24 comparative EPS ([amount]) not restated for the [ratio] split and [ratio] bonus; restated it is [amount], so the P&L overstates the prior-year EPS 2.5 times and understates EPS growth	FY 2024-25	Medium	Established
M-01	The Corporate Governance Report and all four annexures present this SME-listed company as complying with LODR governance provisions that Regulation 15(2)(b) switches off, and the PCS 'certifies' compliance with those non-applicable conditions	FY 2024-25 and FY 2025-26	Medium	Established
M-02	AOC-2 Part 2 is mis-headed as 'Details of contracts ... not at arm's length basis', the same as Part 1; it should read 'material contracts ... at arm's length basis' as in FY25. It also cites the 'forth' proviso	FY 2025-26	Low	Established
Q-01	The promoter-MD pledged [amount] shares, at least [amount] of them still under IPO lock-in, to Lender 1 (NBFC) between [date] and [date]. ICDR Reg 242 permits a pledge of locked-in promoter shares only to a scheduled commercial bank, a public financial institution, a systemically important NBFC or a housing finance company; nothing filed shows that Lender 1 (NBFC) qualified. The [date] shareholding pattern shows no pledge, although the release came only on [date]. The FY26 Reg 31(4) declaration says no encumbrance was made, and the Secretarial Audit Report (MR-3) in the Annual Report 2025-26 reports compliance with ICDR and SAST	FY 2025-26	Medium	For Confirmation
Q-02	The registered office is leased from Promoter-group Company 1 - the promoter-group 'Group Company' named in the IPO prospectus, lease to [date] at an 'arm's length' rent - yet no lease or rent to Promoter-group Company 1 appears in the related-party notes of either Annual Report or in any of the seven Reg 23(9) filings covering the period since the office moved there	FY 2024-25 and FY 2025-26	Medium	For Confirmation

Part 1 — Priority Matters

Matters that affect the reliability of the financial statements or of disclosures to the stock exchange and shareholders, and that carry regulatory exposure. They call for the Board’s attention first. (2 observations)

PRIORITY	HIGH	ESTABLISHED
----------	------	-------------

H-01 Investee 1 is consolidated line by line as a subsidiary at FY 2025-26 year-end on the stated basis of 'control over the composition of the Board' at a [percentage] holding, but the Board's report, AOC-1 (Part B), MD&A and secretarial audit report in the same Annual Report, and the company's [date] stock-exchange filings, call Investee 1 an associate on that date; the only disclosed basis for control is the appointment of two Company B directors to Investee 1's board

Year	FY 2025-26
Area	Group accounting - AS 21 control; Companies Act s.2(87); consolidated balance sheet
Pages	Annual Report 2025-26: pages 29, 36, 120
Action by	Board, Audit Committee, CFO / finance, Statutory auditor, Company Secretary
Timing	Immediate

In brief. At FY 2025-26 year-end the consolidated financial statements treat Investee 1 (Investee 1), in which the company then held [percentage], as a subsidiary because the company controlled its board, and so bring in about [amount] of Investee 1 borrowings and [amount] of minority interest. The Board's report, AOC-1, the secretarial audit report and the company's own [date] stock-exchange filings all describe Investee 1 as an associate on that date. Both cannot be right, and the answer changes the group balance sheet and its gearing materially.

Where this appears

The Company initially acquired significant influence in [redacted] and accordingly accounted for its investment in accordance with Accounting Standard (AS) [redacted] - "Accounting for Investments [redacted] Associates in Consolidated Financial Statements" up to the date on which control was obtained. Share of profit pertaining to such period has been recognised under "Share of Profit/(Loss) from Associate" [redacted] the Consolidated Statement of Profit and Loss.

Subsequently, upon obtaining control over the composition of the Board of Directors and the financial and operating policies of [redacted] on [redacted] FY26 end [redacted] FY26 end [redacted] FY26 end [redacted] Investee 1 has been considered as [redacted] subsidiary in accordance with Accounting Standard (AS) [redacted] - "Consolidated Financial Statements", notwithstanding the Company holding [redacted] equity interest as at [redacted] FY26 end [redacted] FY26 end [redacted] FY26 end [redacted] Accordingly, the financial statements of [redacted] Investee 1 have been consolidated on [redacted] line-by-line basis from the date control was obtained.

The consolidated financial statements include the assets and liabilities of [redacted] Investee 1 as at [redacted] FY26 end [redacted] FY26 end [redacted] and the post-acquisition financial results for the period during which control existed. Non-controlling interest has been recognised for the portion of equity and results attributable to other shareholders of [redacted] Investee 1.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 120 — Note 36: Investee 1 treated as a subsidiary at [percentage] from FY 2025-26 year-end

Change in Nature of Business, if any

There has been no change in the nature of business of the Company during the financial year ended FY26 end FY26 en nd

The Company has Joint Venture named JV Firm 1 JV 1 JV Firm and an Associate entity named Investee 1 Investee 1 as on the financial year ended FY26 end FY26 end

The Company has also established wholly owned subsidiary namely Sub. 2 Sub. 2 with the objective of expanding its operations internationally and intends to subscribe to 100% of its share capital. Upon such subscription, Sub. 2 Sub. 2 will become wholly-owned subsidiary of the Company. A statement containing the salient features of the financial statements of the Company's subsidiaries/associates has been separately annexed hereto as Annexure in terms of the first proviso to Section of the Act read with Rule

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 29 — Board's report: Investee 1 an associate at FY 2025-26 year-end

During the year, the Company acquired equity stake and management control in Investee 1 Investee 1 Investee 1

Investee 1 The Company initially acquired significant influence in and accordingly accounted for its investment in accordance with Accounting Standard (AS) - "Accounting for Investments Associates in Consolidated Financial Statements" up to the date on which control was obtained. Share of profit pertaining to such period has been recognised under "Share of Profit/(Loss) from Associate" the Consolidated Statement of Profit and Loss.

Subsequently, upon obtaining control over the composition of the Board of Directors and the financial and operating policies of Investee 1 on FY26 end FY26 end FY26 end Investee 1 has been considered as subsidiary in accordance with Accounting Standard (AS) - "Consolidated Financial Statements", notwithstanding the Company holding [percent] equity interest as at FY26 end FY26 end FY26 end Accordingly, the financial statements of Investee 1 have been consolidated on line-by-line basis from the date control was obtained.

The consolidated financial statements include the assets and liabilities of Investee 1 as at FY26 end FY26 end FY26 end and the post-acquisition financial results for the period during which control existed. Non-controlling interest has been recognised for the portion of equity and results attributable to other shareholders of Investee 1

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 120 — CFS Note 36: subsidiary from FY 2025-26 year-end

Statement pursuant to Section Associate Companies and Joint Ventures

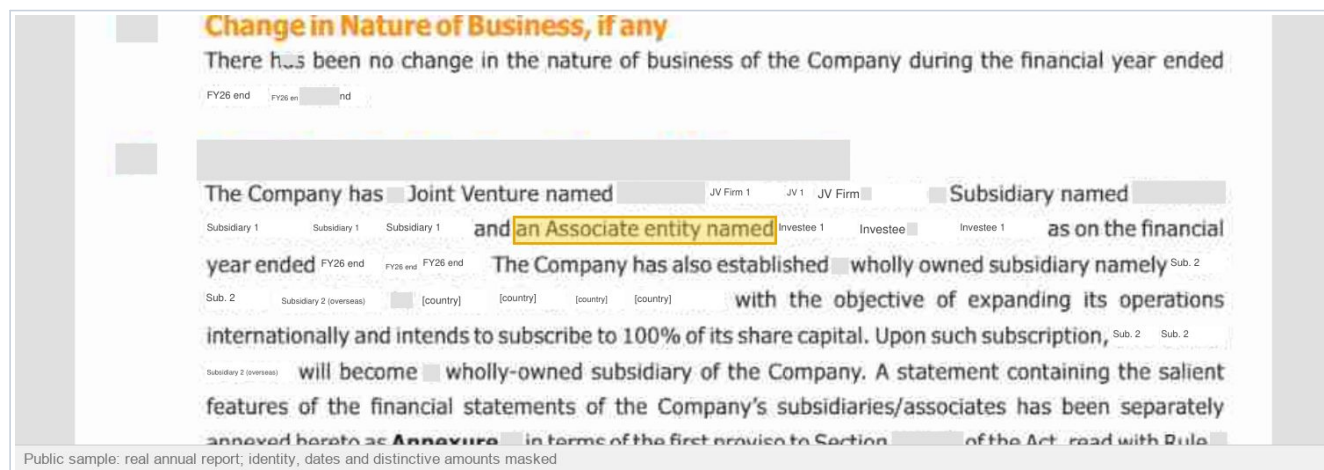
Part Associates

(in Lakhs)

Name Associate	Investee 1	Investee 1	Investee 1	Investee 1
Latest audited Balance Sheet Date	FY26 end			
Date on which the Associate was associated or acquired	[date]			

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 36 — AOC-1 shows Investee 1 in Part B (associates)



Annual Report 2025-26, page 29 — Board's report item 8: Investee 1 described as an associate at FY 2025-26 year-end

Observation

What the accounts did. Company B bought [amount] Investee 1 shares ([percentage]) for [amount]. The consolidated accounts equity-account Investee 1 as an associate from [date] (share of profit [amount] in the P&L) and then, stating that Company B obtained 'control over the composition of the Board' on FY 2025-26 year-end, add Investee 1's whole balance sheet line by line at FY 2025-26 year-end, with [amount] of minority (non-controlling) interest arising on consolidation ([amount] at year end after a 2.98 loss share, Note 5, page 107 of the Annual Report 2025-26) and [amount] of goodwill (Notes 5, 14, 36).

The test. With less than half the votes, AS 21 treats an investee as a subsidiary only if the parent controls the composition of its board - defined in AS 21 para 10(i) as the power, 'without the consent or concurrence of any other person', to appoint or remove all or a majority of the directors. The Companies Act uses the same idea: under s.2(87)(i) a company whose board composition is controlled is a subsidiary. So on the company's own case, Investee 1 was a subsidiary on FY 2025-26 year-end under both AS 21 and the Act.

What the company itself said elsewhere. (a) On start of FY 2026-27 it told the stock exchange only that its MD and a non-executive director had been appointed 'Executive Directors' of Investee 1 from FY 2025-26 year-end - two directors, with Investee 1's board size not stated. (b) On [date] it told the stock exchange that before the rights issue Company B 'held [percentage] ... which was an associate company' and that on reaching 60% Investee 1 'shall become a subsidiary'. (c) On [date] it told the stock exchange Investee 1 'has become a subsidiary' consequent on the 60% holding. (d) The Board's report ([date]), AOC-1 Part B and the secretarial auditor all describe Investee 1 as an associate as at FY 2025-26 year-end. (e) The [investee promoter] promoters remained directors of Investee 1 (EGM corrigendum, [date]). With the [investee promoter] group holding the other [percentage], it could ordinarily remove directors by ordinary resolution (s.169), so Company B's power to appoint or remove a majority 'without the consent of any other person' needs an agreement or articles to back it - none is disclosed. AS 21 para 29(b)(i) specifically requires the nature of the relationship to be disclosed where the parent holds 50% or less; Note 36 asserts control but gives no facts (number of Investee 1 directors, Company B nominees, shareholders' agreement, articles).

Why it matters. The classification decides what investors see. Line-by-line consolidation brings in about [amount] of Investee 1 borrowings ([amount] group less [amount] standalone), [amount] of minority interest and roughly [amount] of Investee 1 assets; the debt-equity ratio in Note 30 becomes 1.22. If Investee 1 was still an associate at FY 2025-26 year-end it would be one line - investment about [amount] ([amount]) - and debt-equity on the same formula would be about 0.53. Rating Agency 1's [date] rating note attributes the jump in group gearing to exactly this ('addition of the debt of the acquired subsidiary Investee 1').

Both versions cannot be true. If Company B controlled Investee 1's board on FY 2025-26 year-end, then the stock-exchange filings of 11/[date], the Board's report, AOC-1 (Investee 1 belongs in Part A, not Part B) and the secretarial report are wrong. If it did not, the consolidated balance sheet is wrong and Investee 1 should have been carried under the equity method at FY 2025-26 year-end (AS 23), with line-by-line consolidation from [date] (FY27).

Showing both an associate share of profit and line-by-line consolidation of Investee 1 in the same year is not, by itself, an error. A P&L can properly contain an associate share for the period of significant influence and line-by-line results after control is obtained - AS 23 para 11 (equity method from the date the investee becomes an associate), AS 21 para 22

(subsidiary results from the date the relationship comes into existence) and AS 21 para 15 (step-by-step equity for goodwill). The real questions are whether control existed at FY 2025-26 year-end (this entry), whether the associate profit was earned after acquisition (the separate Part 1 matter on Investee 1's share of profit), and whether minority interest was computed and presented correctly (other observations in the full review).

The same contradiction runs through the group-status disclosures (Board's report para 8, AOC-1 under Rule 5, consolidated Note 36, Note 30 and the Reg 30 filings). Under s.2(87)(i) a company whose board composition Company B controls is Company B's subsidiary regardless of the shareholding. The audited consolidated financial statements (Note 36) consolidates Investee 1 line by line at FY 2025-26 year-end on exactly that basis - control of the board 'on FY 2025-26 year-end' with a [percentage] stake - and the results filed on [date] list Investee 1 as '(Consolidation based on control)'. If that is right, Investee 1 was a subsidiary at the balance-sheet date and (a) the Board's report (para 8), AOC-1 (which shows Investee 1 only in Part B, 'Associates'), and the MR-3 are wrong; and (b) acquiring control on FY 2025-26 year-end was itself a Para A(1) 'acquisition' event that had to be disclosed to the stock exchange as such - yet the company's filings say the opposite: the start of FY 2026-27 letter reported only the completion of the [percentage] purchase and the appointment of the Managing Director and Promoter Director 1 as executive directors of Investee 1, and the [date] filing states that before the rights issue Investee 1 'was an associate company' and would become a subsidiary only on completion; the [date] filing then says Investee 1 'has become a subsidiary'. If instead the filings are right (associate until [date]), line-by-line consolidation at FY 2025-26 year-end is not supported, and the Chairman's 'controlling stake' and Note 30's 'Subsidiary' label are wrong. Either way, the Annual Report and the stock-exchange filings cannot both be right; the Annual Report is itself internally inconsistent (Note 30 and Note 36 versus the Board's report, AOC-1 and MR-3). The accounting consequences of consolidating Investee 1 are set out above; the point here is the contradiction and the disclosure it implies.

Related point: Investee 1 is called an 'associate' in the Board's report, AOC-1, MD&A and secretarial audit report, but the financial statements treat it as a subsidiary consolidated line by line at FY 2025-26 year-end. The annual report gives two incompatible answers to the most basic question about the year's largest transaction: what was Investee 1 (Investee 1) to the Company on FY 2025-26 year-end?

(1) The narrative sections say 'associate'. The Board's report (item 8) names Investee 1 as 'an Associate entity ... as on the financial year ended FY 2025-26 year-end'. AOC-1 presents it only in Part B (Associates), with the 'reason why the associate is not consolidated'. The MD&A says the consolidated P&L includes a 'share of profit from an associate'. The secretarial auditor (page 39 of the Annual Report 2025-26) says the [percentage] stake made Investee 1 'an associate'. The Company's own stock-exchange filing of [date] says the same: before the [month] rights issue Investee 1 'was an associate company', and the [date] filing says Investee 1 only then 'has become a subsidiary'.

(2) The financial statements say 'subsidiary'. Note 36 to the consolidated financial statements says control over the composition of Investee 1's Board was obtained on FY 2025-26 year-end and Investee 1 was consolidated line by line from that date, with non-controlling interest. Standalone Note 13 lists Investee 1 under 'Investment in Subsidiary Companies'. Related-party Note 30 lists Investee 1 as 'Subsidiary'. The CARO report counts 'two Subsidiary' (Subsidiary 1 and Investee 1) and one JV.

The Companies Act does not allow both at once. Under s.2(6) an associate is, by definition, a company that is not a subsidiary. Under s.2(87)(i) a company whose Board composition the holding company controls is a subsidiary even at [percentage]. The stock-exchange filing of start of FY 2026-27 reports only the appointment of two of the company's directors to Investee 1's board from FY 2025-26 year-end; it does not say that Investee 1 became a subsidiary.

Workings

Item	Figure (Rs lakh)	Source
Consolidated borrowings FY 2025-26 year-end (LT [amount] + ST [amount])	[amount]	p.99
Standalone borrowings (LT [amount] + ST [amount])	[amount]	p.74
Borrowings brought in by subsidiaries (almost all Investee 1)	[amount]	computed
Minority (non-controlling) interest recognised	[amount]	p.99 / Note 5
If Investee 1 equity-accounted: carrying amount [amount]	[amount]	computed

Item	Figure (Rs lakh)	Source
Debt-equity as reported (Note 30)	1.22	p.115
Debt-equity if equity-accounted: [amount] / ([amount])	0.53	computed (inference: JV/Subsidiary 1 debt negligible)

Workings

Document	Date	Investee 1 status stated
stock-exchange filing: Board approves [percentage] acquisition	[date]	target entity (no status)
stock-exchange filing: acquisition of [amount] shares completed; the Managing Director and Promoter Director 1 appointed executive directors of Investee 1 w.e.f. FY 2025-26 year-end	start of FY 2026-27	not called a subsidiary
stock-exchange filing: rights issue	[date]	'which was an associate company'; 'shall become a subsidiary'
stock-exchange filing: rights issue completed, 60%	[date]	'has become a subsidiary'
Audited results (auditor's report)	[date]	'Consolidation based on control'
Q4 FY26 RPT disclosure	[date]	'Subsidiary company'
Annual Report 2025-26 CFS Note 36	[date]	subsidiary from FY 2025-26 year-end (board control)
Annual Report 2025-26 Note 30 (standalone) / Note 31 (CFS)	[date]	Subsidiary
Annual Report 2025-26 Board's report para 8 / AOC-1 Part B / MR-3	[date]	Associate ([percentage])
Annual Report 2025-26 Chairman's message	[date]	'controlling stake'

Requirement

AS 21 para 10(i) (Companies (Accounting Standards) Rules 2021)

the board of directors of a company, if it has the power, without the consent or concurrence of any other person, to appoint or remove all or a majority of directors of that company.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

AS 21 para 29(b)(i)

the nature of the relationship between the parent and a subsidiary, if the parent does not own, directly or indirectly through subsidiaries, more than one-half of the voting power of the subsidiary;

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Companies Act 2013, s.2(87)(i)

"subsidiary company" or "subsidiary", in relation to any other company (that is to say the holding company), means a company in which the holding company-- (i) controls the composition of the Board of Directors; or

Source: Companies Act, 2013

AS 23 para 3.1

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

SEBI LODR Sch III Part A Para A(1), Explanation (1)(i)

For the purpose of this sub-paragraph, the word 'acquisition' shall mean- (i) acquiring control, whether directly or indirectly;

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

SEBI LODR Reg 4(1)(c)

The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

Consequences and penalty exposure

If board control at FY 2025-26 year-end cannot be evidenced, the consolidated balance sheet overstates group assets and liabilities by roughly [amount] and shows [amount] of minority interest and [amount] of goodwill that should sit inside a single 'investment in associate' line; the Note 30 ratios, segment assets and liabilities (Note 29) and the Rating Agency 1 gearing narrative all rest on it. If control is evidenced, the Board's report, AOC-1 and two Reg 30 filings did not correctly describe Investee 1's status to shareholders and the exchange. Either way the Annual Report is internally contradictory on the group's largest investment.

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Who is liable MD/CFO

Exposure for this matter If board control on FY 2025-26 year-end cannot be evidenced: the MD, the CFO or other person charged by the Board, imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)).

Why it is engaged Consolidating Investee 1 line by line without control would be a departure from AS 21 and AS 23, which s.129(1) makes binding on the financial statements.

Nature fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date] and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)

“(8) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.”

Who is liable company

Exposure for this matter If control did exist on FY 2025-26 year-end: company Rs 3,00,000; each officer in default Rs 50,000 (s.134(8)).

Why it is engaged The Board's report would then misstate Investee 1's status (Accounts Rules r.8(5)(iv) requires the names of companies that became subsidiaries or associates during the year).

Nature penalty (s.454 adjudication)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

SEBI LODR Reg 30 (material events) - NOT in SOP; SEBI adjudication

“(6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material ... not later than the following: (i) thirty minutes from the closure of the meeting of the board of directors ...; (ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity; (iii) twenty four hours ... not emanating from within the listed entity ...”

Who is liable company

Exposure for this matter No fixed stock-exchange fine applies; if acquiring control on FY 2025-26 year-end was not disclosed as such, SEBI may adjudicate under s.15A(b) (Rs 1 lakh up to Rs 1 crore) or s.15HB (Rs 1 lakh to Rs 1 crore), at its discretion.

Why it is engaged Acquiring control is an 'acquisition' under Sch III Part A Para A(1), and the [date] filing told the exchange Investee 1 was still an associate; Reg 4(1)(c) requires information given to the exchange not to be misleading.

Nature SEBI adjudication penalty (s.15-I / s.11(4A)); exchange may seek clarification and refer to SEBI Source: (SEBI LODR, amended to [date], cp1252), read [date] (lines [amount]); SEBI Act SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on sebi.gov.in Acts page): [link] (page [link]), read [date]; absence from SOP table confirmed in SEBI LODR Master Circular HO/49/14/14(7)[year]-CFD-POD2/I/[amount]/2026 (issued [date], last updated [date]), Chapter VII Section VII-A paras [date] (pp.56-64) = (from [link]), read [date]

Recommended action

- Management to produce the evidence of control at FY 2025-26 year-end: Investee 1 board composition before and after FY 2025-26 year-end, Company B nominees, any shareholders' agreement or articles giving Company B the right to appoint/remove a majority without others' consent.
- If control is evidenced: expand Note 36 to meet AS 21 para 29(b)(i); correct the Board's report, AOC-1 (move Investee 1 to Part A) and reconcile with the [date] and [date] Reg 30 filings.
- If not: restate the consolidated statements with Investee 1 under the equity method at FY 2025-26 year-end and disclose the [date] step-up to 60% as a post-balance-sheet event.

Suggested wording

Note 36 (if control is supported): 'At FY 2025-26 year-end the Company held [percentage] of the equity of Investee 1. Under [shareholders' agreement dated ... / Article ... of Investee 1's articles] the Company has the right, without the consent of any other shareholder, to appoint and remove [x] of Investee 1's [y] directors. Its nominees [names] took office on FY 2025-26 year-end, from which date Investee 1 is a subsidiary under AS 21 para 10(i) and section 2(87)(i).'

What would settle or change this observation

Investee 1 board composition at FY 2025-26 year-end; shareholders' agreement/articles; Investee 1's Form DIR-12 filings; the auditor's working paper on control.

A shareholders' agreement or Investee 1 articles in force on FY 2025-26 year-end giving Company B the unilateral right to appoint/remove a majority of Investee 1's directors, together with Investee 1's board list showing Company B nominees in majority.

Evidence from the company's filings**CONSISTENT****Evidence from the company's stock-exchange filings and IPO documents — the filings are consistent with this matter**

- [date] — Acquisition | about Acquisition in Investee 1 through right issue: The company's own filing describes Investee 1 at [date] as 'an associate company' that 'shall become a subsidiary' only on reaching 60%.
- Acquisition - [date]: The company told the stock exchange that Investee 1 became a subsidiary only on reaching 60% in [date] - contradicting line-by-line consolidation of Investee 1 as a subsidiary at FY 2025-26 year-end.
- [date] — General Updates | about details of the Key Managerial Personnels authorised under Regulation 30(5) of the SEBI: The auditor's Reg 33 report on the consolidated results lists Investee 1 separately as 'Consolidation based on control' (not as a subsidiary), the same basis CFS Note 36 uses at [percentage].
- View: JV Firm 1 is 'Subsidiary Entity' in the FY26 RPT filings but 'Joint Venture' here, one quarter later, with no change in holding reported.

- Update on Acquisition - start of FY 2026-27: Same text as the stock-exchange filing already cited in this observation: the only board-control fact disclosed is the appointment of two Company B directors to Investee 1's board on FY 2025-26 year-end.
 - Receiving of orders/contracts - [date]: Another filing that calls JV Firm 1 'a joint venture of the Company', while AOC-1 Part A treats it as a subsidiary: the relationship labels are inconsistent across the company's own documents.
 - Q4 FY 2025-26: The auditor's report on the consolidated results lists Investee 1 as consolidated 'based on control'. The consolidated P&L of the same results still shows a [amount] 'Share of Profit/(Loss) on Associate'.
 - Outcome of Board Meeting - [date]: Already cited in this observation: eleven days after the balance-sheet date the company itself described Investee 1 as an associate until the rights allotment.
- ... and 5 further filings (Annexure B).

Source references

Extracts from the Annual Report

p.120, Note 36: "Subsequently, upon obtaining control over the composition of the Board of Directors and the financial and operating policies of Investee 1 on FY 2025-26 year-end, Investee 1 has been considered as a subsidiary in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements", notwithstanding the Company holding [percentage] equity interest as at FY 2025-26 year-end.

p.29, Board's report: "a Subsidiary named \"Subsidiary 1\" and an Associate entity named \"Investee 1\" as on the financial year ended FY 2025-26 year-end

p.39, Secretarial audit report: "the Company has acquired [percentage] stake in Investee 1 (Unlisted Public Company), thus making it an associate of the company

p.4, Chairman's message: "A landmark development during the year was the acquisition of a controlling stake in Investee 1.

No.	Statement	Reference	Exact words / working
1	Note 36 claims control over Investee 1's board from FY 2025-26 year-end at a [percentage] holding.	Document Annual Report 2025-26, page 120, Consolidated Note 36	"Subsequently, upon obtaining control over the composition of the Board of Directors and the financial and operating policies of Investee 1 on FY 2025-26 year-end, Investee 1 has been considered as a subsidiary in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements", notwithstanding the Company holding [percentage] equity interest as at FY 2025-26 year-end." [verified]
2	Note 36: Investee 1's assets and liabilities at FY 2025-26 year-end consolidated.	Document Annual Report 2025-26, page 120, Consolidated Note 36	"The consolidated financial statements include the assets and liabilities of Investee 1 as at FY 2025-26 year-end and the post-acquisition financial results for the period during which control existed." [verified]
3	Board's report calls Investee 1 an associate at FY 2025-26 year-end.	Document Annual Report 2025-26, page 29, Board's report, 'Subsidiary/Joint Ventures/Associate Companies'	"a Subsidiary named \"Subsidiary 1\" and an Associate entity named \"Investee 1\" as on the financial year ended FY 2025-26 year-end\" [verified]
4	AOC-1 Part B lists Investee 1 as an associate.	Document Annual Report 2025-26, page 36, AOC-1 Part B	"Date on which the Associate was associated or acquired" [verified]
5	Secretarial auditor: Investee 1 an associate.	Document Annual Report 2025-26, page 39, Secretarial Audit Report (the Secretarial Auditor, [date])	"the Company has acquired [percentage] stake in Investee 1 (Unlisted Public Company), thus making it an associate of the company" [verified]
6	Only two Company B persons appointed to Investee 1's board, w.e.f. FY 2025-26 year-end.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	"the Managing Director, Managing Director and Promoter Director 1, Non-Executive Director of Company B Limited have been appointed as Executive Directors, respectively, of Investee 1 with effect from FY 2025-26 year-end." [verified]
7	Company told the stock exchange Investee 1 was an associate before the [month] rights issue.	Document stock-exchange filing of [date] (subject masked), page 2	"Prior to the transaction, the Company held [percentage] of equity stake in Investee 1, which was an associate company. Upon completion of the transaction, the shareholding shall increase to 60%, pursuant to which Investee 1 shall become a subsidiary of the Company." [verified]

No.	Statement	Reference	Exact words / working
8	Company told the stock exchange Investee 1 became a subsidiary on reaching 60% ([date]).	Document stock-exchange filing of [date] (subject masked), page 1	<i>“Consequent to the completion of the aforesaid transaction, the shareholding of the Company in M/s. Investee 1 has increased to 60%. Accordingly, M/s. Investee 1 has become a subsidiary of the Company.” [verified]</i>
9	[investee promoter] promoters remained directors of Investee 1 after the acquisition.	Document stock-exchange filing of [date] (Board-meeting outcome), page 3	<i>“[investee promoter] Promoter & Director of Investee 1, a subsidiary of the Company in which the Company holds 60% equity stake” [verified]</i>
10	Rating Agency 1 attributes the rise in group gearing to Investee 1's debt.	Document stock-exchange filing of [date] (credit-rating intimation), page 3	<i>“Increase in gearing levels is largely on account of addition of the debt of the acquired subsidiary Investee 1.” [verified]</i>
11	AS 21 test for board control.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 21 para 10(i), Companies (Accounting Standards) Rules 2021	<i>“the board of directors of a company, if it has the power, without the consent or concurrence of any other person, to appoint or remove all or a majority of directors of that company.” [verified]</i>
12	AS 21 disclosure where parent holds 50% or less.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 21 para 29(b)(i), Companies (Accounting Standards) Rules 2021	<i>“the nature of the relationship between the parent and a subsidiary, if the parent does not own, directly or indirectly through subsidiaries, more than one-half of” [verified]</i>
13	Companies Act: board-composition control makes a subsidiary.	Law Companies Act, 2013, Companies Act 2013 s.2(87)(i), Companies Act 2013	<i>“means a company in which the holding company-- (i) controls the composition of the Board of Directors; or” [verified]</i>
14	Associate excludes a subsidiary.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 23 para 3.1, Companies (Accounting Standards) Rules 2021	<i>“An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.” [verified]</i>
15	Borrowings: [page 99 of the Annual Report 2025-26] [amount]; standalone [page 74 of the Annual Report 2025-26] [amount]; difference [amount].	Our computation	
16	Equity-method carrying amount if no control: [amount] (AOC-1 / standalone Note 13) + [amount] (P&L) = [amount]. Debt-equity on Note 30 formula: [amount] / ([amount]) = 0.53, vs 1.22 reported.	Our computation	
17	The [amount] is attributed to Investee 1 because the other two consolidated entities are tiny: AOC-1 Part A shows total liabilities of [amount] (JV, mostly owed to Company B) and 1.09 (Subsidiary 1). Confirmed or refuted by Investee 1's audited balance sheet.	Our inference	
18	Search for any disclosure of Investee 1 board composition or a shareholders' agreement: the full text of the Annual Report 2025-26 searched for '[investee promoter]', 'Investee 1', 'shareholders agreement', 'nominee'; the company's stock-exchange announcements ([date] to [date]) searched for '[investee promoter]', 'Investee 1', 'acqui', 'subsidiar'; the company's website documents dated start of FY 2026-27, [date] and [date] read. None discloses the size of Investee 1's board or any right to appoint a majority.	Our inference	
19	Note 36 to the consolidated financial statements treats Investee 1 as a subsidiary from FY 2025-26 year-end on board control.	Document Annual Report 2025-26, page 120, consolidated financial statements Note 36	<i>“upon obtaining control over the composition of the Board of Directors and the financial and operating policies of Investee 1 on FY 2025-26 year-end, Investee 1 has been considered as a subsidiary in accordance with Accounting Standard (AS) 21” [verified]</i>
20	The Board's report calls Investee 1 an associate at the year end.	Document Annual Report 2025-26, page 29, Board's report para 8	<i>“an Associate entity named “Investee 1” as on the financial year ended FY 2025-26 year-end” [verified]</i>
21	AOC-1 shows Investee 1 in Part B, associates, at [percentage].	Document Annual Report 2025-26, page 36, AOC-1 Part B	<i>“Part “B” Associates” [verified]</i>

No.	Statement	Reference	Exact words / working
22	MR-3 says the acquisition made Investee 1 an associate.	Document Annual Report 2025-26, page 39, Secretarial Audit Report	<i>"the Company has acquired [percentage] stake in Investee 1 (Unlisted Public Company), thus making it an associate of the company." [verified]</i>
23	Standalone Note 30 lists Investee 1 as a subsidiary.	Document Annual Report 2025-26, page 89, Note 30, read from image	<i>"Investee 1 Subsidiary" [read from page image]</i>
24	The [date] filing says Investee 1 was an associate before the rights issue.	Document stock-exchange filing of [date] (subject masked), page 2	<i>"Prior to the transaction, the Company held [percentage] of equity stake in Investee 1, which was an associate company. Upon completion of the transaction, the shareholding shall increase to 60%, pursuant to which Investee 1 shall become a subsidiary of the Company." [verified]</i>
25	The [date] filing says Investee 1 has now become a subsidiary.	Document stock-exchange filing of [date] (subject masked), page 1, Para 2	<i>"Accordingly, M/s. Investee 1 has become a subsidiary of the Company." [verified]</i>
26	The start of FY 2026-27 filing reported the directors' appointment w.e.f. FY 2025-26 year-end without saying Investee 1 became a subsidiary.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1, Para 2	<i>"the Managing Director, Managing Director and Promoter Director 1, Non-Executive Director of Company B Limited have been appointed as Executive Directors, respectively, of Investee 1 with effect from FY 2025-26 year-end." [verified]</i>
27	The auditor's report on the results lists Investee 1 as consolidated on control.	Document stock-exchange filing of [date] (financial statements), page 14	<i>"3. Investee 1 (Consolidation based on control)" [verified]</i>
28	The Q4 FY26 RPT disclosure labels Investee 1 a subsidiary.	Document Company website document "Q4 FY 2025-26", page 2, item 17	<i>"Investee 1 AAACK7197B Subsidiary company Investment [amount]" [verified]</i>
29	The Chairman describes a 'controlling stake'.	Document Annual Report 2025-26, page 4, Chairman's message	<i>"the acquisition of a controlling stake in Investee 1." [verified]</i>
30	Board control makes a company a subsidiary.	Law Companies Act, 2013, Companies Act 2013 s.2(87)(i), Companies Act, 2013	<i>"'subsidiary company' or 'subsidiary', in relation to any other company (that is to say the holding company), means a company in which the holding company-- (i) controls the composition of the Board of Directors;" [verified]</i>
31	Acquiring control is a Para A(1) acquisition.	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI LODR Sch III Part A Para A(1) Expl. (1), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])	<i>"For the purpose of this sub-paragraph, the word 'acquisition' shall mean- (i) acquiring control, whether directly or indirectly;" [verified]</i>
32	Board's report item 8 calls Investee 1 an associate as on FY 2025-26 year-end.	Document Annual Report 2025-26, page 29, Report of the Board of Directors, item 8	<i>"a Subsidiary named "Subsidiary 1" and an Associate entity named "Investee 1" as on the financial year ended FY 2025-26 year-end" [verified]</i>
33	AOC-1 Part B presents Investee 1 as an associate and says it is considered to the extent of the Company's interest.	Document Annual Report 2025-26, page 36, Annexure I (Form AOC-1) Part B	<i>"The financial statement of Investee 1 is taken into consideration for consolidation of financial statements to the extent Company's interest therein" [verified]</i>
34	MD&A says the consolidated P&L includes a share of profit from an associate.	Document Annual Report 2025-26, page 23, Management Discussion and Analysis item 5	<i>"while the consolidated profit and loss account also includes the Group's share of profit from an associate" [verified]</i>
35	Note 36 to the consolidated financial statements: control over Investee 1's Board obtained on FY 2025-26 year-end; Investee 1 treated as a subsidiary under AS 21.	Document Annual Report 2025-26, page 120, Notes to the consolidated financial statements, Note 36	<i>"upon obtaining control over the composition of the Board of Directors and the financial and operating policies of Investee 1 on FY 2025-26 year-end, Investee 1 has been considered as a subsidiary" [verified]</i>
36	Note 36 to the consolidated financial statements: Investee 1 consolidated line by line; NCI recognised.	Document Annual Report 2025-26, page 120, Notes to the consolidated financial statements, Note 36	<i>"the financial statements of Investee 1 have been consolidated on a line-by-line basis from the date control was obtained" [verified]</i>
37	Standalone Note 13 lists Investee 1 under investments in subsidiary companies at [amount].	Document Annual Report 2025-26, page 84, standalone Note 13 Non-current Investments	<i>"Investment in Subsidiary Companies" [read from page image]</i>
38	Standalone Note 30 lists Investee 1's relationship as 'Subsidiary'.	Document Annual Report 2025-26, page 89, standalone Note 30 Related Party Disclosure	<i>"Investee 1 Subsidiary" [read from page image]</i>

No.	Statement	Reference	Exact words / working
39	CARO report: two subsidiaries and one JV at FY 2025-26 year-end.	Document Annual Report 2025-26, page 72, Annexure B to the Independent Auditor's Report (CARO), clause (x)/(ix) area	"Company has two Subsidiary, and one joint venture as on FY 2025-26 year-end" [verified]
40	Secretarial audit report calls Investee 1 an associate.	Document Annual Report 2025-26, page 39, Annexure II Form MR-3	"has acquired [percentage] stake in Investee 1 (Unlisted Public Company), thus making it an associate of the company" [verified]
41	Company B's MD and NED were appointed executive directors of Investee 1 w.e.f. FY 2025-26 year-end.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	"the Managing Director, Managing Director and Promoter Director 1, Non-Executive Director of Company B Limited have been appointed as Executive Directors, respectively, of Investee 1 with effect from FY 2025-26 year-end" [verified]
42	The [date] filing says Investee 1 was an associate before the rights issue.	Document Company website document "Outcome of Board Meeting - [date]" ([date]), page 2	"Prior to the transaction, the Company held [percentage] of equity stake in Investee 1, which was an associate company." [verified]
43	The [date] filing says Investee 1 became a subsidiary on completion of the rights issue.	Document Company website document "Acquisition - [date]" ([date]), page 1	"Accordingly, M/s. Investee 1 has become a subsidiary of the Company." [verified]
44	Definition of subsidiary: control of Board composition suffices.	Law Companies Act, 2013, Companies Act 2013, s.2(87)	"means a company in which the holding company-- (i) controls the composition of the Board of Directors; or" [verified]
45	Definition of associate company excludes subsidiaries.	Law Companies Act, 2013, Companies Act 2013, s.2(6)	"means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence" [verified]
46	Board's report must name companies that became subsidiaries/associates.	Law Companies (Accounts) Rules, 2014 (consolidated), Companies (Accounts) Rules 2014, Rule 8(5)(iv)	"the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year" [verified]
47	AS 21 control includes control of board composition.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 21 (Companies (Accounting Standards) Rules 2021), para 5.1(b)	"control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities" [verified]
48	Consolidated PPE, borrowings and NCI at FY 2025-26 year-end.	Document Annual Report 2025-26, page 99, Consolidated Balance Sheet	"Non - Controlling Interest" [verified]
49	Standalone PPE and borrowings at FY 2025-26 year-end.	Document Annual Report 2025-26, page 74, standalone Balance Sheet	"Short Term Borrowings" [verified]
50	[17]-[18] PPE [amount]; borrowings ([amount]) - ([amount]) = [amount]; NCI [amount] (Rs lakh; figures read from the page images). JV Firm 1 and Subsidiary 1 total assets are only [amount] and 1.09 (AOC-1), so almost all of the difference is Investee 1.	Our computation	
51	Directors' Responsibility Statement affirms the accounting standards were followed.	Document Annual Report 2025-26, page 34, Board's report item 34(i)	"the applicable accounting standards had been followed along with proper explanation relating to material departures" [verified]
52	Inference: the two positions are mutually exclusive under s.2(6)/2(87) and AS 21/23; which one is wrong depends on who controlled Investee 1's Board on FY 2025-26 year-end. Confirm or refute from Investee 1's register of directors and board minutes for FY 2025-26 year-end.	Our inference	
53	Note 13 lists Investee 1 under "Investment in Subsidiary Companies"	Document Annual Report 2025-26, page 84, Note 13 Non-current Investments	"Investee 1 ([amount] equity shares of [face value] /- each at average cost price of [amount]/- per share)" [read from page image]
54	Note 13 lists JV Firm 1 under "Investment in Joint Ventures" (heading in orange, read from image)	Document Annual Report 2025-26, page 84, Note 13 Non-current Investments	"Investment in Joint Ventures - JV Firm 1 0.60" [read from page image]
55	Note 30 describes JV Firm 1, Subsidiary 1 and Investee 1 each as "Subsidiary" (orange text, read from image)	Document Annual Report 2025-26, page 89, Note 30 Related Party Disclosure	"JV Firm 1 Subsidiary Subsidiary 1 Subsidiary Investee 1 Subsidiary" [read from page image]

No.	Statement	Reference	Exact words / working
56	Board's report: JV Firm 1 a joint venture, Investee 1 an associate at FY 2025-26 year-end	Document Annual Report 2025-26, page 29, Report of the Board of Directors	<i>"The Company has a joint Venture named "JV Firm 1", a Subsidiary named "Subsidiary 1" and an Associate entity named "Investee 1" as on the financial year ended FY 2025-26 year-end."</i> [verified]
57	AOC-1 Part A treats JV Firm 1 as a subsidiary "formed in nature of Joint Venture"	Document Annual Report 2025-26, page 35, Annexure I (AOC-1) to the Board's report	<i>"This entity is formed in nature of Joint Venture."</i> [verified]
58	CARO counts two subsidiaries and one joint venture by reference to Note 13	Document Annual Report 2025-26, page 72, Annexure B to the Independent Auditor's Report (CARO 2020)	<i>"the Company has two Subsidiary, and one joint venture as on FY 2025-26 year-end, details whereof are disclosed in Note 13 to the Standalone Financial Statements"</i> [verified]
59	Note 36 to the consolidated financial statements: JV Firm 1 is a partnership firm with a 60% profit share	Document Annual Report 2025-26, page 120, Consolidated Note 36	<i>"A partnership firm named "M/s JV Firm 1" was constituted on [date], in which Company B Limited holds a 60% profit-sharing interest."</i> [verified]
60	Note 36 to the consolidated financial statements: Investee 1 consolidated as a subsidiary despite [percentage]	Document Annual Report 2025-26, page 120, Consolidated Note 36	<i>"notwithstanding the Company holding [percentage] equity interest as at FY 2025-26 year-end"</i> [verified]
61	the stock exchange [date]: before the rights issue Investee 1 "was an associate company"	Document stock-exchange filing of [date] (subject masked), page 2	<i>"Prior to the transaction, the Company held [percentage] of equity stake in Investee 1, which was an associate company."</i> [verified]
62	the stock exchange [date]: Investee 1 became a subsidiary on completing the rights subscription	Document stock-exchange filing of [date] (subject masked), page 1	<i>"Accordingly, M/s. Investee 1 has become a subsidiary of the Company."</i> [verified]
63	the stock exchange start of FY 2026-27: two Company B directors appointed to Investee 1's board w.e.f. FY 2025-26 year-end	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	<i>"have been appointed as Executive Directors, respectively, of Investee 1 with effect from FY 2025-26 year-end."</i> [verified]
64	Reg 23(9) RPT filing for H1 FY26 describes JV Firm 1 as an investment in a partnership firm	Document Company website document "Q2 FY 2025-26", page 2, row 10	<i>"JV Firm 1 ABDFG2945G Substantial Partner Share Investment in Partnership Firm 0.60 0.60"</i> [verified]
65	Schedule III requires each investee to be identified as subsidiary, associate or joint venture	Law Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date]), Companies Act 2013, Schedule III Division I, Part I para 6 K(i)	<i>"details shall be given of names of the bodies corporate indicating separately whether such bodies are (i) subsidiaries, (ii) associates, (iii) joint ventures, or (iv) controlled special purpose entities"</i> [verified]
66	AS 21 control through board composition	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), Companies (Accounting Standards) Rules 2021, AS 21, para 5.1(b)	<i>"control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities."</i> [verified]
67	Materiality of the Investee 1 investment	Our computation	[amount] / total equity [amount] = 39.5% of Company B's standalone net worth
68	Two appointed directors do not by themselves establish control of board composition	Our inference	The start of FY 2026-27 filing names two appointees. Whether they are a majority, or whether Company B can appoint or remove a majority, is not disclosed anywhere in the AR or the filings searched (evtools find "[investee promoter]" across Annual Report 2025-26; stock-exchange announcements list for the company ([date] – [date])). Investee 1's register of directors or a shareholders' agreement would confirm or refute it.
69	The MR-3 calls Investee 1 an associate.	Document Annual Report 2025-26, page 39, MR-3	<i>"the Company has acquired [percentage] stake in Investee 1 (Unlisted Public Company), thus making it an associate of the company"</i> [verified]
70	The standalone Note 30 lists Investee 1 and JV Firm 1 as 'Subsidiary'. The relationship column is in orange text and was read from the page image.	Document Annual Report 2025-26, page 89, standalone Note 30, , relationship column	<i>"Investee 1 Subsidiary"</i> [read from page image]
71	The FY26 Reg 23(9) disclosure calls Investee 1 a 'Subsidiary company' (investment [amount]).	Document Company website document "Q4 FY 2025-26", page 3, row 17	<i>"Investee 1 AAACK7197B Subsidiary company Investment [amount]"</i> [verified]
72	stock-exchange filing of [date]: before the rights issue Investee 1 'was an associate company'.	Document stock-exchange filing of [date] (subject masked), page 2, Annexure A item 9	<i>"Prior to the transaction, the Company held [percentage] of equity stake in Investee 1, which was an associate company."</i> [verified]
73	The MD and the non-executive promoter director became Executive Directors of Investee 1 from FY 2025-26 year-end.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1, p.1	<i>"have been appointed as Executive Directors, respectively, of Investee 1 with effect from FY 2025-26 year-end"</i> [verified]

No.	Statement	Reference	Exact words / working
74	The consolidated note says equity stake and management control in Investee 1 were acquired.	Document Annual Report 2025-26, page 120, consolidated notes	<i>“During the year, the Company acquired equity stake and management control in Investee 1” [verified]</i>
75	The MR-3 describes Subsidiary 2 (overseas) as an incorporated WOS and JV Firm 1 as a JV.	Document Annual Report 2025-26, page 38, MR-3	<i>“We further report that the Company has incorporated” [verified]</i>
76	The Board's report says Subsidiary 2 (overseas) will become a WOS only upon subscription.	Document Annual Report 2025-26, page 29, Board's report	<i>“intends to subscribe to 100% of its share capital. Upon such subscription” [verified]</i>
77	The consolidated note says the Subsidiary 2 (overseas) subscription was pending at FY 2025-26 year-end and Subsidiary 2 (overseas) was not consolidated.	Document Annual Report 2025-26, page 120, consolidated notes	<i>“As the subscription to the share capital is pending as of the reporting date, the accounts of the new entity have not been consolidated” [verified]</i>
78	The Reg 30 filing of [date] stated a 100% holding in Subsidiary 2 (overseas).	Document stock-exchange filing of [date] (subject masked), page 2, Annexure A item 9	<i>“The Company holds 100% shareholding in Subsidiary 2 (overseas)” [verified]</i>
79	The Reg 30 filing of [date] gave the JV Firm 1 ratio as  .	Document stock-exchange filing of [date] (Board-meeting outcome), page 2, Annexure A item 2	<i>“This JV ratio is .</i> ” [verified]
80	AOC-1 footnote: JV Firm 1 is 'formed in nature of Joint Venture' but is presented in Part A (subsidiaries) at 60%.	Document Annual Report 2025-26, page 35, AOC-1 Part A	<i>“This entity is formed in nature of Joint Venture.” [verified]</i>
81	The Q1 FY27 Reg 23(9) filing calls JV Firm 1 a 'Joint Venture'.	Document Company website document “View”, page 2	<i>“JV Firm 1 ABDFG2945G Joint Venture” [verified]</i>
82	Note 13 shows the JV Firm 1 investment under 'Investment in Joint Ventures' (orange heading, read from image).	Document Annual Report 2025-26, page 84, Note 13	<i>“Investment in Joint Ventures” [read from page image]</i>
83	Law: s.2(87).	Law Companies Act, 2013, Companies Act 2013, s.2(87)	<i>“controls the composition of the Board of Directors” [verified]</i>
84	Whether control of Investee 1's Board existed at FY 2025-26 year-end is inferred from the consolidated note and the director appointments. It would be confirmed or refuted by Investee 1's Board composition on that date.	Our inference	
85	Board's report calls JV Firm 1 a Joint Venture.	Document Annual Report 2025-26, page 29, Board's report item 8	<i>“The Company has a Joint Venture named” [verified]</i>
86	AOC-1 footnote.	Document Annual Report 2025-26, page 35, AOC-1 Part A	<i>“This entity is formed in nature of Joint Venture” [verified]</i>
87	Note 36: partnership firm, 60% profit-sharing.	Document Annual Report 2025-26, page 120, consolidated financial statements Note 36	<i>“was constituted on [date], in which Company B Limited holds a 60% profit-sharing interest” [verified]</i>
88	stock-exchange filing: JV ratio  .	Document stock-exchange filing of [date] (Board-meeting outcome), page 2	<i>“This JV ratio is .</i> ” [verified]
89	Note 30: JV Firm 1 listed as Subsidiary; sales/debtors [amount], balance [amount] (read from image).	Document Annual Report 2025-26, page 89, standalone financial statements Note 30	<i>“JV Firm 1 Subsidiary” [read from page image]</i>
90	Note 5 NCI share of loss (2.98).	Document Annual Report 2025-26, page 107, consolidated financial statements Note 5	<i>“Share of Profit/(Loss) attributable to Non-Controlling Interest for the year” [verified]</i>
91	AOC-1: JV Firm 1 turnover [amount], PAT (7.45) (read from image).	Document Annual Report 2025-26, page 35, AOC-1 Part A	<i>“JV Firm 1” [verified]</i>
92	AS 27 definitions.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 27, paras 3.1-3.2	<i>“A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control.” [verified]</i>
93	AS 21 control.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 21, para 5.1(a)	<i>“the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise” [verified]</i>

No.	Statement	Reference	Exact words / working
94	40% x 7.45 = 2.98 = [6]; AOC-1 turnover [amount] = Note 30 sales to JV Firm 1 [amount].	Our computation	
95	Inference: identical figures suggest back-to-back billing; confirm from JV Firm 1's accounts.	Our inference	

PRIORITY

HIGH

ESTABLISHED

H-02 The Board's report says there were 'no material changes and commitments' after the year end, but before the report date ([date]) Company B launched a new [new business line] division with a [amount] lease order, raised Investee 1 to a 60% subsidiary, handed [amount] of its order book back to Investee 1, and obtained shareholder approval ([date]) for warrants it allotted on the report date

YearFY 2025-26

AreaBoard's report item 11 (s.134(3)(l))

PagesAnnual Report 2025-26: pages 29, 34, 36, 120

Action byBoard, Company Secretary, CFO / finance, Audit Committee

TimingIn the FY 2026-27 financial statements and Annual Report

In brief. The Board's report dated [date] says there were no material changes or commitments after the year end. Before that date the company had itself announced to the stock exchange that Investee 1 became a 60% subsidiary, that [amount] of its order book was handed back to Investee 1, that a new [new business line] division had started, and that shareholders had approved a warrant issue which was allotted on the day the report was signed. The Companies Act requires these to be reported to members in the Board's report.

Where this appears

Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section of the Companies Act, are given in the notes to the Financial Statements.

There have been material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relates and the date of the report.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 29 — Board's report item 11

Extent of Holding (in percentage)	[percent]
Description of how there is significant influence	To support business growth and create operational synergies, the Company has initially acquired [percent] stake in [Investor 1] which eventually increased to [percent] the current financial year
Reason why the associate is not consolidated	The financial statement of [Investor 1] is taken into consideration for consolidation of financial statements to the extent Company's interest therein
Net worth attributable to shareholding as per latest audited	

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 36 — AOC-1 itself mentions the rise to 60%

Balances of trade receivables, trade payables, loans and advances and other balances are subject to confirmation, reconciliation and consequential adjustments, if any.
No significant events have occurred subsequent to the Balance Sheet date that require adjustment to or disclosure in the financial statements.
Previous year's figures have been regrouped, rearranged and/or reclassified, wherever considered necessary, to conform to the current year's presentation.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 120 — Consolidated Note 40

Loans, Guarantees and Investments
Details of Loans, Guarantees and Investments covered under the provisions of Section [] of the Companies Act, [] are given in the notes to the Financial Statements.
There have been [] material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relates and the date of the report.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 29 — Board's report para 11

the Company and wish the management all the best for achieving greater heights in the future.
By Order of the Board of Directors
For [Company B Limited] [Company B Limited] [Company B Limited]
Place : [city]
Date : [date]
Chairman, MD & CEO (DIN - [registration no. masked])
Non-Executive Director (DIN - [registration no. masked])

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 34 — Date of the Board's report

Observation

Section 134(3)(l) requires the Board to report material changes and commitments between FY 2025-26 year-end and the date of its report, [date]. The Company's own stock-exchange filings show at least five such events. Every one of them was announced before the report was signed.

(1) Investee 1 became a subsidiary (11 and [date]). Company B subscribed to [amount] Investee 1 rights shares at their [face value], a total of [amount], and its stake rose from [percentage] to 60%. Three weeks earlier Company B had paid an average [amount] per Investee 1 share (Note 13). AOC-1 itself refers to the 60%.

(2) Order-book transfer ([date]). The unexecuted [amount] balance of the [amount] Investee 1 [business line] was taken out of Company B's order book, to be executed by Investee 1 directly. That is 24.9% of the [amount] order book the MD&A reports. Rating Agency 1's [date] rationale says the group 'discontinued its [business line]'. The [business line] segment was [amount], 17.1% of FY26 revenue (Note 29).

(3) New [new business line] division (start of FY 2026-27). Company B started it with a 3-year lease order of [amount]. The [amount] [new business line] fleet announced the same day is not a post-year-end commitment: the audited FY26 accounts already carry it as plant and machinery bought on credit (cash flow 'Fixed assets acquired on credit [amount]', i.e. [amount] / 1.18, the fleet net of 18% GST; Note 10 'Payables for Capital Goods [amount]'), and management said on the [date] earnings call that the equipment was purchased 'last year'. The conflict between that accounting and the start of FY 2026-27 stock-exchange statement that the fleet was still being procured is a separate point (another observation in the full review).

(4) Warrants. The Board approved them on [date], the EGM on [date], and the allotment was made on [date], the very day the report is dated: [amount] convertible warrants at [price], i.e. [amount] on full conversion ([amount] received upfront). Allottees include [investee promoter] and [investee promoter] ([number] each).

(5) Investee 1 corporate actions. Investee 1 approved a [ratio] bonus on [date] and was renamed Investee 1 on [date].

The Board's statement also sits beside Note 40 to the consolidated financial statements ('No significant events have occurred subsequent to the Balance Sheet date'). That note was signed on [date], when items (1)-(3) had already happened.

Consolidated Note 40 (events after the balance sheet date; AS 4 paras 14-15). Between the balance sheet date (FY 2025-26 year-end) and the approval of the accounts ([date]) two events occurred that the Company itself reported to the stock exchange: (1) on [date] the Board approved, and on [date] the Company completed, subscription to [amount] Investee 1 shares in a rights issue for [amount], taking the holding from [percentage] to 60%; the Company's filing states that 'Accordingly, M/s. Investee 1 has become a subsidiary of the Company'; (2) on [date] the Board recommended a dividend of [dividend] per share (this one is disclosed - Board's report item 5, and Note 4 to the consolidated financial statements, which deducts [amount] from reserves at FY 2025-26 year-end, itself contrary to AS 4 para 14, under which a dividend proposed after the balance-sheet date is not a liability at that date). AS 4 para 15 requires material non-adjusting events to be disclosed in the report of the approving authority. Consolidated Note 40 nevertheless states that no significant events require adjustment or disclosure in the financial statements. The standalone equivalent (Note 39, page 91 of the Annual Report 2025-26) is narrower - it speaks only of events requiring 'adjustments' - so the consolidated wording goes further and is contradicted by the Company's own filings. The Investee 1 event goes to the heart of the consolidated financial statements: the consolidated financial statements consolidate Investee 1 line by line on the basis of 'control' at [percentage], while the Company's own filing says Investee 1 became a subsidiary only on reaching 60% in [date] (see the Part 1 matter on the consolidation of Investee 1). A reader of Note 40 is told there is nothing to know.

The complete list of events (Board's report, s.134(3)(l); AS 4; consolidated Note 40). Section 134(3)(l) requires the Board's report to state material changes and commitments that affect the company's financial position and occur between the balance-sheet date and the date of the report; AS 4 para 15 (Indian GAAP) places the same disclosure in 'the report of the approving authority', i.e. the Board's report. The report is dated [date]. Between [date] and [date] the company itself told the stock exchange about the following: (1) [date] - a new [new business line] division with a [amount] three-year lease order (the [amount] fleet announced as being procured was already in the FY 2025-26 year-end balance sheet; see another observation in the full review); (2) [date] - a further [amount] subscription that took Investee 1 (Investee 1) to 60% and made it a subsidiary; (3) [date] - the balance [amount] of the [amount] Investee 1 [business line] taken out of the company's order book and handed to Investee 1; (4) [date] - termination of the [amount] [city] contract; (5) [date] - Board and shareholder approval of [amount] warrants at [price] (up to [amount]); (6) [date] - allotment of [amount] warrants

with [amount] received, at a Board meeting held the same day the report was signed; plus the Investee 1 bonus issue ([date]) and name change ([date]). Items 1, 3, 5 and 6 change the company's capital, business lines and revenue base; together the order-book cuts remove [amount], 28% of the [amount] year-end order book shown in the MD&A (see another observation in the full review). None is mentioned in the Board's report, and Note 40 to the consolidated financial statements says no significant events occurred at all, although the Investee 1 60% step-up happened on [date], before the financial statements were approved on [date].

Workings

Event (date of stock-exchange filing)	Amount	Scale
Investee 1 rights issue, stake [percentage] -> 60%, Investee 1 a subsidiary (11/[date])	[amount] shares x Rs 100 = [amount] [amount]	vs [amount]/share paid in [month] (Note 13)
Investee 1 [business line] removed from Company B order book ([date])	[amount]	24.9% of [amount] order book
Lease order received (start of FY 2026-27)	[amount] over 3 years	-
Warrants allotted [date] (EGM [date])	[amount] x [price] = [amount]; 25% = [amount]	12.2% dilution ([amount] shares)
Investee 1 bonus [ratio] ([date]); Investee 1 renamed Investee 1 ([date])	-	subsidiary's capital structure and identity

Workings

Date	Event (Company's own stock-exchange filing)	Relevance
start of FY 2026-27	Acquisition of [percentage] completed; the Managing Director and Promoter Director 1 appointed directors of Investee 1 w.e.f. FY 2025-26 year-end	Basis claimed for 'control'
[date]	Board approves further investment in Investee 1 through rights issue: [amount] shares, [amount]	Material commitment/change
[date]	Rights shares acquired; holding 60%; 'has become a subsidiary'	Material change in group structure
[date]	Dividend [dividend] /share recommended ([amount]); accounts approved same day	AS 4 para 14 note required

Workings

Date	Event (company's own stock-exchange filing)	Rs Cr
start of FY 2026-27	[new business line]; fleet being procured / lease order	[amount]
[date]	Investee 1 rights subscription; Investee 1 becomes 60% subsidiary	
[date]	Unexecuted Investee 1 [business line] removed from Company B order book	([amount])
[date]	[city] 14-tower contract terminated	([amount])
[date]	EGM approves up to [amount] warrants at [price]	[amount]
[date]	[amount] warrants allotted; 25% received	[amount] received / [amount] total
26/[date]	Investee 1 [ratio] bonus; Investee 1 renamed Investee 1	-
Total order-book reduction	[amount]	[amount] (28.2% of [amount])

Requirement

Companies Act 2013, s.134(3)(I)

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;

Source: Companies Act, 2013

AS 4 para 14

If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes.

Source: Companies (Accounting Standards) Rules, 2011 (G.S.R. 432(E), [date])

AS 4 para 15

Disclosure should be made in the report of the approving authority of those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the enterprise.

Source: Companies (Accounting Standards) Rules, 2011 (G.S.R. 432(E), [date])

AS 4 (Contingencies and Events Occurring after the Balance Sheet Date), para 15

Disclosure should be made in the report of the approving authority of those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the enterprise.

Source: Companies (Accounting Standards) Rules, 2011 (G.S.R. 432(E), [date])

Consequences and penalty exposure

The Board's statement cannot be reconciled with its own Reg 30 filings: at least the member-approved warrant issue, the Investee 1 step-up to 60% and the launch of the [new business line] are 'material changes and commitments' within s.134(3)(I). The Board's report placed before members at the [date] AGM stated that there were no material changes, when the group's structure, order book, business lines and capital had all changed materially. This is a non-compliance with s.134(3)(I).

Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)

“(8) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.”

Who is liable company

Exposure for this matter Company: Rs 3,00,000; each officer in default: Rs 50,000 (s.134(8)).

Why it is engaged Section 134(3)(I) requires the Board's report to state material changes and commitments between the year end and the date of the report; item 11 states there were none.

Nature penalty (s.454 adjudication)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link])%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Who is liable MD/CFO

Exposure for this matter MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); in practice such matters are usually compounded.

Why it is engaged Consolidated Note 40 states that no significant events occurred after the balance sheet date although the Investee 1 step-up preceded approval of the accounts, and consolidated Note 4 deducts the dividend proposed after the year end, contrary to AS 4 para 14.

Nature fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date] and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

Recommended action

- Replace item 11 with a list of each post-balance-sheet event, its date and financial effect (items (1)-(5) above).
- Align Note 40 to the consolidated and standalone financial statements (AS 4 disclosure of non-adjusting events) with it.
- Tie the MD&A order book to the post-transfer position.

Suggested wording

11. Material changes and commitments: The following material changes and commitments affecting the financial position of the Company occurred between FY 2025-26 year-end and the date of this report: (a) on [date] the Company subscribed to [amount] rights shares of Investee 1 for [amount], raising its holding to 60%; (b) on [date] the unexecuted [amount] of the Investee 1 [business line] O&M order was transferred to Investee 1, reducing the Company's order book correspondingly; (c) on start of FY 2026-27 the Company commenced an [new business line] division and received a three-year lease order of [amount]; (d) on [date] the Company allotted [amount] convertible warrants at [price] on a preferential basis, following members' approval on [date].

What would settle or change this observation

Nothing; the events and dates come from the Company's own filings.

Evidence from the company's filings**REFINED****Evidence from the company's stock-exchange filings and IPO documents — the filings refined this matter; the text above already reflects them**

- View: The leasing commitment announced on start of FY 2026-27 ([amount] incl. taxes) became about [amount] of equipment incl. GST, per management - a larger post-balance-sheet commitment than announced, and one the Board's report called 'no material changes'.
- Q1 FY 2025-26: The [amount] equipment commitment and the [amount] lease order were announced on start of FY 2026-27, three months before the Board's report said there were no material changes or commitments.
- Board Meeting Notice [date]: The fund-raising that became the [date] warrant issue was on the Board's agenda from [date] (meeting [date]), well before the [date] Board's report.
- [date] — General Updates | about details of the Key Managerial Personnels authorised under Regulation 30(5) of the SEBI: Item (3) of this observation treats the [amount] [new business line] fleet as a post-year-end commitment. The FY26 cash flow shows 'Fixed assets acquired on credit [amount]', which is exactly [amount] / 1.18 (the fleet net of 18% GST), and Annual Report 2025-26 Note 10 shows 'Payables for Capital Goods [amount]'. So the fleet was already booked as FY26 plant and machinery at FY 2025-26 year-end. this observation should drop the 'commitment' limb for the fleet (the division launch and the [amount] lease order remain post-year-end). The contradiction is now a separate point (another observation in the full review).

- [date] — Analysts/Institutional Investor Meet/Con. Call Updates | about Transcript of Earnings Conference Call Q1FY27: Management says the leasing equipment was bought 'last year' (FY26), consistent with the [amount] of fixed assets acquired on credit in the FY26 accounts; the fleet is therefore not a post-year-end commitment (another observation in the full review).
- [date] — General Updates | Intimation on Credit Rating by Rating Agency 1: Source already cited in this observation: the rating agency describes the [business line] business as discontinued and transferred back to Investee 1.
- [date] — Shareholders meeting | regarding Proceedings of Extraordinary General Meeting held on [date]: Shareholders' meeting to approve the [amount]-warrant issue was held on [date], before the [date] report date, as this observation states.
- [date] — General Updates | regarding work order received by Subsidiary Company on a sub-contract basis: A further pre-report-date event: on [date], a week before the Board's report was signed ([date]), Company B itself reported Investee 1 under its new name and a [amount] Investee 1 order. Annual Report 2025-26 never uses the name Investee 1 (evtools find on Annual Report 2025-26: no page).
... and 10 further filings (Annexure B).

Source references

Extracts from the Annual Report

Page 29: "There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relates and the date of the report.

Page 34: "Date : [date]"

p.120, Note 40: "No significant events have occurred subsequent to the Balance Sheet date that require adjustment to or disclosure in the financial statements.

p.29, Board's report para 11: "There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relates and the date of the report.

No.	Statement	Reference	Exact words / working
1	Board's report item 11: no material changes.	Document Annual Report 2025-26, page 29, Board's report item 11	"There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year" [verified]
2	Report dated 14.07.2026.	Document Annual Report 2025-26, page 34, Board's report signature	"Date : [date]" [verified]
3	Rights issue consideration: [amount] shares of [face value] for [amount].	Document Company website document "Outcome of Board Meeting - [date]" ([date]), page 2	"towards subscription of [amount] equity shares having a [face value of [face value]]" [verified]
4	Holding rose to 60%; Investee 1 became a subsidiary.	Document Company website document "Acquisition - [date]" ([date]), page 1	"the shareholding of the Company in M/s. Investee 1 has increased to 60%" [verified]
5	[month] purchase price [amount] per share.	Document Annual Report 2025-26, page 84, standalone financial statements Note 13	"each at average cost price of [amount]/- per share" [read from page image]
6	Order book reduced by [amount].	Document stock-exchange filing of [date] (subject masked), page 1	"the order book of Company B Limited shall stand reduced by [amount], being the unexecuted portion of the aforesaid contract" [verified]
7	[new business line] commenced.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	"the Company has commenced a new division in the field of [new business line]" [verified]
8	Equipment commitment [amount].	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	"procuring a fleet of [new business line] and allied equipment assets of [amount]/- (inclusive of applicable taxes)" [verified]
9	Lease order [amount].	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1	"The Company has also secured a leasing order aggregating to [amount]/- for a period of 3 years" [verified]
10	Warrants allotted [date].	Document stock-exchange filing of [date] (Board-meeting outcome), page 1	"considered and approved the allotment of [amount] (Fifty Two Lakhs Thirty- Two Thousand and Eight Hundred) Convertible Warrants" [verified]
11	Allottees include [investee promoter] and [investee promoter].	Document stock-exchange filing of [date] (Board-meeting outcome), page 1	"Mr. [investee promoter] Non-Promoter 700,000" [verified]

No.	Statement	Reference	Exact words / working
12	Investee 1 bonus [redacted].	Document stock-exchange filing of [date] (subject masked), page 1	<i>"has approved the issuance and allotment of fully paid-up Bonus Equity Shares in the ratio of [ratio]" [verified]</i>
13	Investee 1 renamed Investee 1.	Document stock-exchange filing of [date] (subject masked), page 1	<i>"has been changed from "Investee 1" to "Investee 1" with effect from today, i.e., [date]" [verified]</i>
14	AOC-1 mentions the rise to 60%.	Document Annual Report 2025-26, page 36, AOC-1 Part B	<i>"eventually increased to 60% in the current financial year" [verified]</i>
15	Note 40 to the consolidated financial statements: no subsequent events.	Document Annual Report 2025-26, page 120, consolidated financial statements Note 40	<i>"No significant events have occurred subsequent to the Balance Sheet date that require adjustment to or disclosure in the financial statements." [verified]</i>
16	[business line] segment revenue [amount] of [amount] (read from image).	Document Annual Report 2025-26, page 115, consolidated financial statements Note 29 Segment Reporting	<i>"[business line]" [verified]</i>
17	Rating Agency 1: group discontinued [business line].	Document stock-exchange filing of [date] (credit-rating intimation), page 2	<i>"In fiscal [year], the group discontinued its [business line] and transferred the business back to Investee 1 following the acquisition of Investee 1." [verified]</i>
18	s.134(3)(l).	Law Companies Act, 2013, Companies Act 2013, s.134(3)(l)	<i>"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" [verified]</i>
19	[amount] x 100 = [amount]; [amount] = 24.9%; [amount] = 28.2%; [amount] [redacted] = [amount] ([amount]), x 25% = [amount]; [amount] = 12.2%; [amount] = 17.1%.	Our computation	
20	Inference: the [investee promoter] allottees share the surname of Investee 1's former name; any link to Investee 1's former promoters is not established by the filings and should be asked.	Our inference	
21	Note 40 wording	Document Annual Report 2025-26, page 120, Consolidated Note 40	<i>"No significant events have occurred subsequent to the Balance Sheet date that require adjustment to or disclosure in the financial statements." [verified]</i>
22	Standalone Note 39 is narrower (adjustments only)	Document Annual Report 2025-26, page 91, Standalone Note 39	<i>"No significant subsequent events have been observed which may require an adjustments to the financial statements." [verified]</i>
23	Rights issue approved [date]: consideration and resulting status	Document stock-exchange filing of [date] (subject masked), Annexure A	<i>"Upon completion of the transaction, the shareholding shall increase to 60%, pursuant to which Investee 1 shall become a subsidiary of the Company." [verified]</i>
24	Rights shares acquired [date]; Investee 1 'has become a subsidiary'	Document stock-exchange filing of [date] (subject masked), Letter body	<i>"Consequent to the completion of the aforesaid transaction, the shareholding of the Company in M/s. Investee 1 has increased to 60%. Accordingly, M/s. Investee 1 has become a subsidiary of the Company." [verified]</i>
25	Dividend recommended [date]	Document stock-exchange filing of [date] (Board-meeting outcome), Item iv	<i>"Recommended a Dividend of [dividend] [redacted] per Equity Share of Rs. 5 each [redacted] for the financial year ended FY 2025-26 year-end." [verified]</i>
26	consolidated financial statements signed [date]	Document Annual Report 2025-26, page 99, Consolidated Balance Sheet signature block	<i>"Dated : [date]" [read from page image]</i>
27	AS 4 para 14	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 4 para 14, Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])	<i>"If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes." [verified]</i>

No.	Statement	Reference	Exact words / working
28	AS 4 para 15	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 4 para 15, Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])	<i>“Disclosure should be made in the report of the approving authority of those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the enterprise.” [verified]</i>
29	Consideration of rights issue	Document stock-exchange filing of [date] (subject masked), Annexure A	<i>“towards subscription of [amount] equity shares having a ^{face value of [face value]}.” [verified]</i>
30	The Board's report states there were no material changes after the year end.	Document Annual Report 2025-26, page 29, Board's report para 11	<i>“There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statements relates and the date of the report.” [verified]</i>
31	The Board's report is dated [date].	Document Annual Report 2025-26, page 34, Board's report	<i>“Date : [date]” [verified]</i>
32	Note 40 to the consolidated financial statements says no significant subsequent events occurred.	Document Annual Report 2025-26, page 120, consolidated financial statements Note 40	<i>“No significant events have occurred subsequent to the Balance Sheet date that require adjustment to or disclosure in the financial statements.” [verified]</i>
33	On start of FY 2026-27 the company announced an [new business line] division and a [amount] equipment purchase.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1, Para 2	<i>“the Company is in the process of procuring a fleet of [new business line] and allied equipment assets of [amount]/- (inclusive of applicable taxes) from M/s. [other company]” [verified]</i>
34	It also secured a [amount] three-year leasing order.	Document stock-exchange filing of start of FY 2026-27 (subject masked), page 1, Para 2	<i>“The Company has also secured a leasing order aggregating to [amount]/- for a period of 3 years in respect of the aforesaid assets.” [verified]</i>
35	On [date] Investee 1 became a 60% subsidiary.	Document stock-exchange filing of [date] (subject masked), page 1, Para 1	<i>“Consequent to the completion of the aforesaid transaction, the shareholding of the Company in M/s. Investee 1 has increased to 60%. Accordingly, M/s. Investee 1 has become a subsidiary of the Company.” [verified]</i>
36	On [date] the order book was reduced by [amount]	Document stock-exchange filing of [date] (subject masked), page 1, Para 3	<i>“Accordingly, the order book of Company B Limited shall stand reduced by [amount], being the unexecuted portion of the aforesaid contract.” [verified]</i>
37	On [date] the [city] contract was terminated, cutting the order book by [amount]	Document stock-exchange filing of [date] (subject masked), page 2, Annexure A item 4	<i>“The impact is that the order book of Company B Limited shall stand reduced by [amount]” [verified]</i>
38	On [date] the Board approved up to [amount] warrants at ^[price] .	Document stock-exchange filing of [date] (Board-meeting outcome), page 1, Item 1	<i>“Issuance of upto [amount] Warrants on preferential basis to the proposed allottees mentioned in Annexure-2” [verified]</i>
39	On [date] [amount] warrants were allotted and [amount] (25%) received.	Document stock-exchange filing of [date] (Board-meeting outcome), page 3, Item 3	<i>“aggregating to [amount]/. The Company has received 25% of the Warrant Issue Price, amounting to [amount]/-, from the respective allottees at the time of subscription and allotment.” [verified]</i>
40	The allotment Board meeting was held on [date], 12:30-1:45 pm.	Document stock-exchange filing of [date] (Board-meeting outcome), page 2	<i>“The Board Meeting commenced at 12:30 P.M. and concluded at 1:45 P.M.” [verified]</i>
41	s.134(3)(l) requires material changes up to the report date.	Law Companies Act, 2013, Companies Act 2013 s.134(3)(l), Companies Act, 2013	<i>“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;” [verified]</i>
42	AS 4 para 15 requires the disclosure in the Board's report.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 4 para 15, Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])	<i>“Disclosure should be made in the report of the approving authority of those events occurring after the balance sheet date that represent material changes and commitments affecting the financial position of the enterprise.” [verified]</i>
43	The two order-book cuts total [amount], 28.2% of the year-end order book stated in the MD&A.	Our computation	[amount]; [amount] (p.22) = 28.2%

No.	Statement	Reference	Exact words / working
44	No part of Annual Report 2025-26 discloses these post-balance-sheet events.	Our inference	Searched Annual Report 2025-26 text recognition (both passes) for 'warrant', 'leasing', 'material change', 'subsequent', '60%', 'Investee 1', '[city]': the only hits are the withdrawn [date] issue (MR-3, p.38-39), AOC-1's remark that the Investee 1 stake 'eventually increased to 60% in the current financial year' (p.36), and CFS Note 40. Refuted if an addendum exists.

Part 2 — Compliance and Disclosure Gaps

Departures from a specific requirement of the Companies Act, the Accounting Standards, Schedule III, CARO or SEBI regulations, shown against the company’s own pages. (6 observations)

COMPLIANCE GAP	HIGH	ESTABLISHED
----------------	------	-------------

S-01 The AGM Notice says the re-appointing director's profile is 'furnished as an Annexure', but there is no annexure: Promoter Director 1 was re-appointed without the particulars required by Reg 36(3) LODR and SS-2 para 1.2.5

Year	FY 2025-26
Area	Notice of AGM - Item 3 and Note 1 (pages 9-10, 20 of the Annual Report 2025-26)
Pages	Annual Report 2025-26: pages 9, 10, 20; Annual Report 2024-25: page 25
Action by	Company Secretary, Board, Secretarial auditor
Timing	Immediate

In brief. The notice of the AGM re-appointed promoter director Promoter Director 1 and said her profile was 'furnished as an Annexure', but no annexure exists in the notice or in the copy filed with the stock exchange. SEBI's listing rules (Reg 36(3)) and the Secretarial Standard on general meetings (SS-2) both require the director's age, shareholding, relationships, other directorships and attendance to be given to members. The re-appointment remains valid, but members voted without the information the law requires.

Where this appears

NOTES:

The Explanatory Statement, pursuant to Section [redacted] of the Companies Act, [redacted] as amended from time to time ("Act") setting out the material facts concerning the special business forms part of this Notice. Additional information, pursuant to Regulation [redacted] of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, [redacted] ("Listing Regulations") and Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, **is furnished as an Annexure to the Notice.**

In view of the continuing COVID-[redacted] pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated [redacted] read with circulars dated [redacted] and [redacted] and subsequent circulars issued in this regard, latest being [redacted] dated [redacted] other relevant circulars issued from time to time (collectively referred to as "MCA Circulars"), permitted holding of the Annual General Meeting ("AGM")

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 10 — Note 1 promises an Annexure with the Reg 36(3)/SS-2 particulars

To receive, consider and adopt the Audited Standalone Financial Statements and the Audited Consolidated Financial Statements of the Company for the financial year ended FY26 end together with the Reports of the Board of Directors and the Auditors thereon.

To declare dividend of Rs. 10/- per Equity Share for the Financial Year ended FY26 end

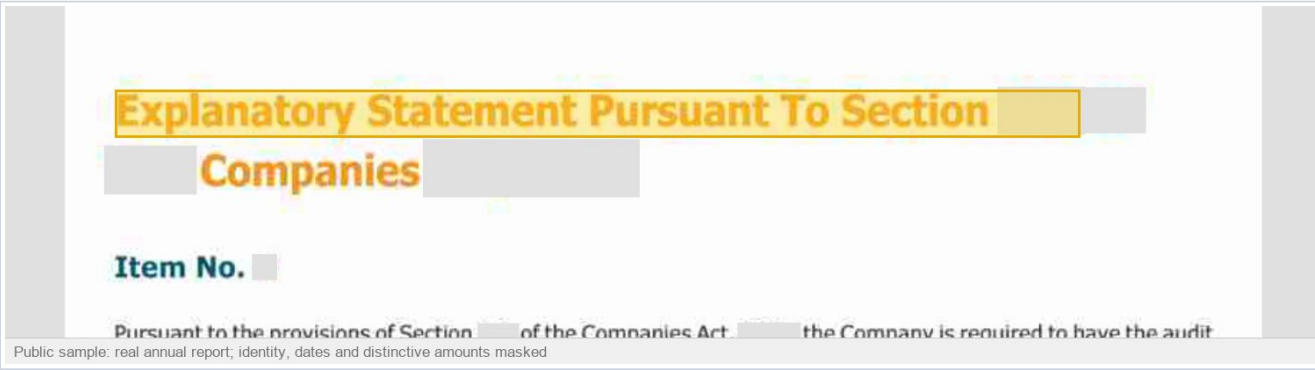
To appoint Director in place of Prom. Dir. Promoter Director 1 Promoter Director 1 (holding DIN: [redacted] whose office is liable to retirement by rotation and retires at this Meeting and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

Ratification of payment of remuneration of Cost Auditor of the Company for the financial year ending

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 9 — Item 3 - re-appointment by rotation



Annual Report 2025-26, page 20 — The only statement annexed covers Item 4; the next page (p.21) is the MD&A

DETAILS OF THE DIRECTOR RETIRING BY ROTATION AT THE ENSUING ANNUAL GENERAL MEETING	
[In terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, [amount]	
Particulars	Name of Director
	the Managing Director (DIN: [reg.]

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2024-25, page 25 — FY25 notice did carry the Reg 36(3) table (for the Managing Director)

Observation

Item 3 re-appoints Promoter Director 1, a promoter and non-executive director, on retirement by rotation. Two separate rules require the notice to give members a profile of a director being re-appointed. (i) Reg 36(3) LODR: Reg 15(2) exempts an SME-listed entity only from Regs 17-27, parts of Reg 46(2) and Schedule V paras C-E; Reg 36 is outside that list, so it applies in full to this the SME platform company. Reg 36(3) speaks of 're-appointment of a director' without distinguishing re-appointment by rotation. (ii) SS-2 para 1.2.5 (mandatory under s.118(10)) requires, 'in all cases relating to ... re-appointment' of directors, the director's age, qualifications, experience, date of first appointment, shareholding, relationships with other directors and KMP, Board meetings attended, and other directorships and committee positions, to be given in the explanatory statement.

The notice itself acknowledges both rules: Note 1 states that this information 'is furnished as an Annexure to the Notice'. No such annexure exists. The notice runs from page 9 of the Annual Report 2025-26 to page 20 of the Annual Report 2025-26. The only explanatory statement (page 20 of the Annual Report 2025-26) covers Item 4 (the cost auditor) and ends with the CS's signature. page 21 of the Annual Report 2025-26 starts the MD&A. The stand-alone 13-page notice filed on the stock exchange on [date] (identical to the company-site copy; same MD5 hash) also ends with the Item 4 statement. The Contents page (page 1 of the Annual Report 2025-26) lists no annexure. A search of the full text of the whole Annual Report for the table's usual captions ('Date of Birth', 'Inter-se', 'Expertise in specific', 'Directorship held', 're-appointment') finds nothing beyond Item 3 and Note 1. The practice was dropped this year: the FY25 notice carried a Reg 36(3) table for the Managing Director (page 25 of the Annual Report 2024-25) and a Schedule V/SS-2 table (pages 16-17 of the Annual Report 2024-25).

The omission matters here because the missing facts are exactly the ones a minority shareholder weighs. Mrs. [name masked] held [amount] shares ([percentage] of the [amount] shares; Corporate Governance Report page 47 of the Annual Report 2025-26 and distribution table page 55 of the Annual Report 2025-26). She is the spouse of the Chairman-MD (stated in the FY25 notice, page 16 of the Annual Report 2024-25, but nowhere in this notice). She holds 4 other directorships, not named (page 47 of the Annual Report 2025-26), and chairs the CSR Committee (page 32 of the Annual Report 2025-26). Her Board profile (page 6 of the Annual Report 2025-26) gives none of age, date of first appointment, shareholding, relationship with the MD, or meetings attended. The [date] newspaper advertisement told members that the notice had been sent 'along with Annexures' (read from the published image). The resolution passed with [amount] votes for and 800 against, almost entirely promoter votes ([amount]), so the result would not have changed. But the notice on which members voted refers to an annexure that it does not contain.

Workings

Reg 36(3) / SS-2 1.2.5 particular	Where it is in this AR	In the notice?
Brief resume / qualifications	Board profile p.6 (fashion-design qualification)	No
Age / date of birth	Nowhere	No
Date of first appointment on the Board	Nowhere ('associated ... since its incorporation', p.6)	No
Shareholding (NED - Reg 36(3)(e))	CG report p.47: [amount] shares = [percentage] of [amount]	No
Inter-se relationship (Reg 36(3)(c))	Nowhere in Annual Report 2025-26 (FY25 notice: spouse of the Managing Director)	No
Listed-entity directorships and committee positions; listed entities resigned in past 3 years (Reg 36(3)(d))	CG report p.47: '4' other directorships, not named; no listed directorship	No
Board meetings attended during the year	CG report	No
Terms of re-appointment / remuneration	Nowhere	No

Requirement

SEBI LODR Reg 36(3)

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 expertise in specific functional areas; (c) disclosure of relationships between directors inter-se; (d) names of listed entities in which the person also holds the directorship ... (e) shareholding of non-executive directors

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

SEBI LODR Reg 15(2) (SME exemption list - Reg 36 is not in it)

The compliance with the corporate governance provisions as specified in regulations 17, 17A, 18, 19, 20, [amount], 23, 24, 24A, 25, 26, 26A, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

Secretarial Standard-2 (w.e.f. start of FY 2024-25), para 1.2.5

In all cases relating to the appointment or re-appointment and/or fixation of remuneration of Directors ... details of each such Director ... including age, qualifications, experience ... date of first appointment on the Board, shareholding in the company, relationship with other Directors ... the number of Meetings of the Board attended during the year and other Directorships ... shall be given in the explanatory statement.

Source: ICSI Secretarial Standard on General Meetings (SS-2), effective start of FY 2024-25

Companies Act 2013 s.118(10) and (11)

(10) Every company shall observe secretarial standards with respect to general and Board meetings ... (11) If any default is made in complying with the provisions of this section in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.

Source: Companies Act, 2013

Consequences and penalty exposure

The notice does not comply with Reg 36(3) LODR or SS-2 para 1.2.5. Under s.118(11), the SS-2 breach attracts a penalty of Rs 25,000 on the company and Rs 5,000 on every officer in default, per meeting. The FY 2026-27 secretarial audit and annual secretarial compliance report should report it. The notice also contains a statement that is inaccurate on its face (Note 1), repeated in the public advertisement. The re-appointment is not void: it is ordinary business, it was validly passed, and nothing in s.152 makes the SS-2 particulars a condition of validity. But the Board and the CS signed off a notice that did not give members the information the law requires for a promoter-director holding a quarter of the company.

Companies Act 2013, s.118(10)-(12) (SS-1/SS-2 compliance; minutes)

“(10) Every company shall observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India ... (11) If any default is made in complying with the provisions of this section in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.”

Who is liable	company
Exposure for this matter	Company: Rs 25,000; each officer in default: Rs 5,000, for the one meeting (s.118(11)).
Why it is engaged	Section 118(10) makes SS-2 mandatory, and SS-2 para 1.2.5 requires the director's particulars in the notice for every re-appointment.
Nature	(11) penalty (s.454 adjudication) - original [year] wording, never criminal; (12) fine + imprisonment (court prosecution; not compoundable under s.441(6)(a) as imprisonment AND fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount])

SEBI Act 1992, s.15HB (residual)

“15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”

Who is liable	company
Exposure for this matter	Up to Rs 1 crore (minimum Rs 1 lakh) if SEBI chose to adjudicate; discretionary, and Reg 36(3) carries no fixed stock-exchange fine.
Why it is engaged	Reg 36(3) applies to SME-listed companies (it is outside the Reg 15(2) exemptions) and has no separate penalty, so the SEBI Act residual provision is the route.
Nature	SEBI adjudication penalty

Source: SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date])

Recommended action

- Place the Reg 36(3)/SS-2 particulars of Promoter Director 1 on the company website and file them with the stock exchange as a clarification, acknowledging the omission.
- Report the non-compliance in the FY 2026-27 secretarial audit report and the annual secretarial compliance report.
- Add a pre-issue checklist so that every notice cross-references each 'annexed' document to an actual page before the Board approves it.
- From the 4th AGM onwards, include a director-profile annexure for every appointment or re-appointment, including re-appointments by rotation.

Suggested wording

Annexure to the Notice - Details of Director seeking re-appointment at the AGM [Reg 36(3) of SEBI LODR and para 1.2.5 of SS-2]: Name: Promoter Director 1 (DIN [registration no. masked]); Category: Non-Executive, Non-Independent Director (Promoter); Age: []; Qualification: formal qualification in fashion design, [institution]; Date of first appointment on the Board: []; Terms of re-appointment: liable to retire by rotation; no remuneration other than sitting fees of Rs []; Remuneration last drawn: []; Shareholding in the Company: [amount] equity shares ([percentage]); Relationship with other Directors/KMP: spouse of the Managing Director, Chairman, MD & CEO; Board meetings attended in FY 2025-26: [] of []; Other directorships: [names of the 4 companies]; Committee memberships in other companies: Nil; Listed entities in which directorship is held / resigned in the past three years: Nil.

What would settle or change this observation

Mrs. [name masked]'s date of birth, date of first appointment, Board attendance for FY 2025-26, and the names of her four other directorships (to complete the draft annexure).

An annexure, addendum or corrigendum carrying the particulars, sent to members or filed on the stock exchange before [date]. None appears in the company's stock-exchange announcements ([date] to [date]), which lists announcements up to [date]; the only corrigenda relate to the EGMs of [date] and [date].

Evidence from the company's filings

CONSISTENT

Evidence from the company's stock-exchange filings and IPO documents — the filings are consistent with this matter

- [date] — Shareholders meeting | regarding Notice of Annual General Meeting to be held on [date]: The notice separately filed on the stock exchange ([date]) also refers to an annexure with the Reg 36(3)/SS-2 particulars and also ends (p.10) without one - there is no filed profile of Promoter Director 1 anywhere.
- [date] — Copy of Newspaper Publication | Publication of Notice, E-voting and Dividend for the purpose of Annual General: The advertisement tells members the notices were sent 'along with Annexures'; no annexure with Promoter Director 1's Reg 36(3) particulars exists in the AR or the stock-exchange filing. (Read from the page image.)

Source references

Extracts from the Annual Report

Page 9: "To appoint a Director in place of Promoter Director 1 (holding DIN: [registration no. masked]), whose office is liable to retirement by rotation and retires at this Meeting and being eligible, offers herself for re-appointment.

p.10, Note 1: "Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") and Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, is furnished as an Annexure to the Notice.

No.	Statement	Reference	Exact words / working
1	Item 3 of the notice re-appoints Promoter Director 1 on retirement by rotation.	Document Annual Report 2025-26, page 9, (filed on the stock exchange [date]), Notice of AGM, Item 3	"To appoint a Director in place of Promoter Director 1 (holding DIN: [registration no. masked]), whose office is liable to retirement by rotation and retires at this Meeting and being eligible, offers herself for re-appointment." [verified]
2	Note 1 states that the Reg 36(3)/SS-2 information is furnished as an Annexure.	Document Annual Report 2025-26, page 10, (filed on the stock exchange [date]), Notice, Note 1	"Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") and Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, is furnished as an Annexure to the Notice." [verified]
3	The only explanatory statement in the notice concerns Item 4 and closes with the CS's signature.	Document Annual Report 2025-26, page 20, (filed on the stock exchange [date]), Explanatory Statement	"The Board considers the remuneration payable to the Cost Auditors as fair and recommends the resolution contained in Item No. 4 of the accompanying notice for approval of the members as an Ordinary Resolution" [verified]
4	The next page begins the MD&A, not an annexure.	Document Annual Report 2025-26, page 21, (filed on the stock exchange [date]), Management Discussion and Analysis heading	"Management Discussion and Analysis" [verified]
5	The stand-alone notice filed on the stock exchange carries the same Note 1 and ends with the Item 4 statement (page 10 of the Annual Report 2025-26 of 13).	Document stock-exchange filing of [date] (Board-meeting outcome), page 13, Note 1 and (last page	"Explanatory Statement Pursuant To Section 102 Of The Companies Act, 2013 Item No. 4" [verified]
6	Reg 36(3) requires director particulars on re-appointment.	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI (LODR) Regulations 2015, Reg 36(3), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])	"In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information" [verified]

No.	Statement	Reference	Exact words / working
7	Reg 15(2)'s SME exemption does not include Reg 36.	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI (LODR) Regulations 2015, Reg 15(2), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])	<i>“and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V shall not apply” [verified]</i>
8	SS-2 para 1.2.5 requires director particulars in the explanatory statement for every re-appointment.	Law ICSI Secretarial Standard on General Meetings (SS-2), effective start of FY 2024-25, ICSI Secretarial Standard-2 (revised, w.e.f. start of FY 2024-25), para 1.2.5, ss2 text	<i>“In all cases relating to the appointment or re-appointment and/or fixation of remuneration of Directors” [verified]</i>
9	Observing SS is mandatory and a default carries a penalty.	Law Companies Act, 2013, Companies Act 2013, s.118(10)-(11), Companies Act, 2013	<i>“the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.” [verified]</i>
10	The FY25 notice did carry the director particulars as an annexure.	Document Annual Report 2024-25, page 18, Notice of AGM, Note 3 and annexure	<i>“The relevant details of the Directors seeking re-appointment as required under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings is also annexed to this Notice.” [verified]</i>
11	The FY25 annexure heading.	Document Annual Report 2024-25, page 25, annexure to Notice	<i>“DETAILS OF THE DIRECTOR RETIRING BY ROTATION AT THE ENSUING ANNUAL GENERAL MEETING” [verified]</i>
12	Promoter Director 1 held [amount] shares at FY 2025-26 year-end.	Document Annual Report 2025-26, page 47, (filed on the stock exchange [date]), Corporate Governance Report, directors table	<i>“[amount]” [verified]</i>
13	Total shares at FY 2025-26 year-end: [amount] (total row of the distribution table, read from the page image).	Document Annual Report 2025-26, page 55, (filed on the stock exchange [date]), Corporate Governance Report, distribution of shareholding	<i>“Distribution of Shareholding as on FY 2025-26 year-end” [verified]</i>
14	Her stake as a percentage of shares.	Our computation	<i>= [percentage]</i>
15	She is the MD's spouse (a fact disclosed only in the FY25 notice).	Document Annual Report 2024-25, page 16, Notice annexure (Schedule V / SS-2 table	<i>“the Managing Director is spouse of Mrs. Promoter Director 1” [verified]</i>
16	She chairs the CSR Committee.	Document Annual Report 2025-26, page 32, (filed on the stock exchange [date]), Board's Report, CSR	<i>“Promoter Director 1 (Chairman), the Managing Director (Member) and Independent Director 2 (Member)” [verified]</i>
17	Item 3 was voted on as an Ordinary Resolution ([amount] for, 800 against; figures read from the Scrutinizer's report).	Document stock-exchange filing of [date] (Board-meeting outcome), page 8, Scrutinizer's report	<i>“Item No. 3 as an Ordinary Resolution: To appoint a Director in place of Promoter Director 1” [verified]</i>
18	The newspaper advertisement told members that the notices had been sent 'along with Annexures' on [date].	Document stock-exchange filing of [date] (Board-meeting outcome), page 2, Company B advertisement, para 1 of the numbered list (read from the page image; text recognition does not capture this block	<i>“The date of completion of sending the Notices along with Annexures through electronic mode: [date].” [read from page image]</i>
19	Inference: no annexure exists anywhere and none was filed later. Searched the Annual Report 2025-26 (full text, and the page images of pages 9-21 of the Annual Report 2025-26) for 'Annexure to the Notice', 'Date of Birth', 'Inter-se', 'Expertise in specific', 'Directorship held', 're-appointment', 'rotation'; the only hits are pages 9-10 of the Annual Report 2025-26. Searched the company's stock-exchange announcements ([date] to [date]) for 'Promoter Director 1', 'appoint', 'rotation', 'corrigendum': no AGM addendum was filed. Would be refuted by a separately dispatched annexure.	Our inference	

COMPLIANCE GAP

HIGH

ESTABLISHED

S-02 CARO clause 3(iii) ignores [amount] of investments made in the year, gives no amounts, treats demand loans as outside 3(iii)(c), contrary to the ICAI Guidance Note, and omits 3(iii)(f) entirely

Year	FY 2025-26
Area	Annexure B, CARO 2020 para 3(iii); Notes 13, 19, 30, 41
Pages	Annual Report 2025-26: pages 71, 84, 92
Action by	Statutory auditor, Audit Committee
Timing	In the FY 2026-27 financial statements and Annual Report

In brief. The auditor's CARO report on loans and investments (clause 3(iii)) does not mention the [amount] invested during the year in Investee 1, Subsidiary 1 and the JV Firm 1 joint venture, gives no loan amounts, and leaves out the sub-clause on loans repayable on demand. The ICAI Guidance Note requires all six sub-clauses to be answered with amounts. Shareholders therefore have no auditor comment on the year's largest capital decision.

Where this appears

	The Company has been sanctioned working capital limits in excess of [amount] crores, [amount] aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to information and explanations given to us, and as disclosed in Note [amount] of the Standalone Financial Statements, the quarterly returns or statements filed by the Company with such banks are [amount] agreement with the books of account of the Company of the respective quarters.
iii	According to the information and explanations given to us and based on our examination of the records of the Company, the Company has granted loans/advances [amount] the nature of loans to its Joint Venture during the year, the particulars of which are disclosed in Note [amount] to the Standalone Financial Statements. In our opinion, the terms and conditions of the grant of such loans/advances are not prejudicial to the interest of the Company. Since the loans/advances are repayable on demand and no repayment schedule has been stipulated, reporting under clauses [amount] and [amount] of the Order is not applicable.
iv	In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections [amount] and [amount] of the Companies Act, [amount] in respect of the investments

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 71 — CARO 3(iii) as reported

As at	[amount]	5.79	1.96	[amount]	[amount]	8.36	[amount]
Depreciation for the year	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
Disposals/Transfer during the year	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
As at	FY25 end	FY26	[amount]	[amount]	[amount]	[amount]	[amount]
NET BOOK VALUE							
As at	[amount]	[amount]	[amount]	[amount]	1	[amount]	1
As at	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
NOTE Non-current Investments							
						(Rs in lakhs)	
						As at	[amount]
						end	FY25 end
Subsidiary Companies							
Investment in Equity (Unquoted)							
Investee 1 Investee 1 Investee 1							
equity shares of Rs.100/- each average cost price of Rs [amount] per share)							
Subsidiary 1 Subsidiary 1 Subsidiary 1							

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 84 — Note 13: [amount] invested during FY26 (nil at FY 2024-25 year-end)

III)	The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
	The Company has not traded or invested in Crypto Currency or Virtual Currency during the current and previous financial year.
	The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
	The Company has made investments and granted loans/advances in the nature of loans to its subsidiaries, joint venture and other entities. The Company has complied with the applicable provisions of Sections 185 and 186 of the Companies Act in respect of such transactions. The terms and conditions of the loans and investments are not, in the opinion of the management, prejudicial to the interests of the Company.
VII)	The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 92 — Note 41 VI: loans to subsidiaries, joint venture AND other entities

Observation

Clause 3(iii) has six parts. The ICAI Guidance Note says the auditor must comment on all six, for all loans, advances in the nature of loans, guarantees, securities and investments. It is triggered here twice over.

First, investments. During FY26 the company invested [amount] ([amount]) in Investee 1, Subsidiary 1 and JV Firm 1 (Note 13; nil a year earlier). This is 39.5% of its net worth of [amount]. Of the total, [amount] was paid by setting off receivables (consolidated financial statements non-cash note). Clause 3(iii)(b) asks whether 'the investments made' are prejudicial to the company. The CARO paragraph does not mention investments at all, so the largest capital-allocation decision of the year gets no auditor comment under the one clause designed for it.

Second, loans. The CARO paragraph names only a loan to 'its Joint Venture' and gives no amount. 3(iii)(a) requires the aggregate for the year and the closing balance, split between group entities and others. Note 30 shows [amount] to JV Firm 1. Note 19 shows 'Other Loan & Advances given' of [amount], and Note 41 VI says loans were given to 'subsidiaries, joint venture and other entities'. So on the company's own statement, there were loans to 'other entities' that 3(iii)(a)(B) requires to be quantified.

Third, the paragraph states that because the loans are repayable on demand with no schedule, 3(iii)(c) to (e) are 'not applicable'. The Guidance Note says the opposite for (c): where there is no schedule, the auditor 'shall report that there is no stipulation'. And demand loans are exactly what 3(iii)(f) covers. That sub-clause asks for the aggregate, the percentage of total loans and the amount to promoters and related parties. It is not answered, although the only named borrower (JV Firm 1) is a related party per Note 30.

The description of JV Firm 1 is itself inconsistent. It is a 'Joint Venture' in CARO (iii), CARO (ix) and Note 13, but a 'Subsidiary' in Note 30 and in the company's Reg 23(9) RPT filing for FY26.

Workings

Transaction in FY26 (₹ lakh)	Amount	Covered by CARO 3(iii) as written?
Investment in Investee 1 ([amount] shares)	[amount]	No
Investment in Subsidiary 1	0.51	No
Capital in JV Firm 1	0.60	No
Loans & advances to JV Firm 1 (related party)	[amount]	Mentioned, no amount; (c) and (f) not reported
'Other Loan & Advances given' (Note 19)	[amount]	No (3(iii)(a)(B))
Total investments as % of net worth	[amount] = 39.5%	

Requirement

CARO 2020, para 3(iii)(a)(A)

the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates;

Source: Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020)

CARO 2020, para 3(iii)(b)

whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;

Source: Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020)

CARO 2020, para 3(iii)(f)

whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties

Source: Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020)

ICAI GN on CARO 2020, para 50(e) (clause 3(iii)(c))

If there is no such agreement / arrangement or the agreement / arrangement does not contain the schedule of repayment of principal and payment of interest, the auditor shall report that there is no stipulation of schedule of repayment of principal and payment of interest

Source: Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020)

Consequences and penalty exposure

The auditor's statutory check on intercorporate investments and loans does not address [amount] of investments, including [amount] settled by giving up receivables. Loan amounts, terms and the related-party share are not reported. Shareholders cannot see from the CARO report what the auditor concluded on the year's most significant transaction.

Companies Act 2013, s.132(4)(c) read with NFRA Rules 2018 r.3(1)(a) (NFRA sanctions on auditors)

“(c) ... (A) imposing penalty of-- (I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and (II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms; (B) debarring ... for a minimum period of six months or such higher period not exceeding ten years ...”

Who is liable statutory auditor

Exposure for this matter If NFRA finds professional misconduct: the individual auditor Rs 1 lakh up to five times the fees received, the firm Rs 5 lakh up to ten times the fees, and possible debarment of 6 months to 10 years; discretionary.

Why it is engaged CARO 2020 is an order under s.143(11) with no penalty of its own; since [date] s.147(2) no longer covers s.143, so defective CARO reporting by the auditor of a listed company (SME included) is dealt with by NFRA.

Nature penalty/debarment by NFRA (civil; appeal to NCLAT under s.132(5)) - not a court fine

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]). NFRA Rules 2018 (G.S.R. [amount](E), [date]) r.3(1)(a): 'companies whose securities are listed on any stock exchange in India or outside India' - [link] (linked from [link]), read [date]; amendments G.S.R. 636(E) [date] (adds banking Explanation only) and G.S.R. 456(E) [date] (substitutes r.13) checked, neither narrows r.3(1)(a).

Recommended action

- Re-draft 3(iii) to report: (a) aggregate loans given during the year and closing balances, split into subsidiaries/JV/associates and others; (b) whether the investments in Investee 1, Subsidiary 1 and JV Firm 1 and the loans are prejudicial; (c) that no repayment schedule was stipulated; (d)/(e) as applicable; (f) aggregate demand loans, % of total, and amount to related parties.
- Align the description of JV Firm 1 across Notes 13, 30, CARO and the RPT filings.

Suggested wording

(iii) During the year the Company has made investments in three entities aggregating [amount] (of which [amount] by settlement of trade receivables) and granted loans/advances in the nature of loans aggregating ₹[x] lakh, of which [amount] to JV Firm 1 (balance [amount]) and ₹[y] lakh to other parties (balance ₹[y] lakh). ... (c) No schedule of repayment of principal or payment of interest has been stipulated; the loans are repayable on demand and have not been demanded during the year. (f) Loans repayable on demand: ₹[x] lakh (100% of loans granted), of which [amount] to related parties.

What would settle or change this observation

The composition of 'Other Loan & Advances given' [amount] (whether it includes the [amount] JV Firm 1 loan) and the loan agreements.

Nothing on the omissions. The amounts in the fix depend on the loan ledger.

Source references

Extracts from the Annual Report

p.71, CARO (iii): "the Company has granted loans/advances in the nature of loans to its Joint Venture during the year, the particulars of which are disclosed in Note 30 to the Standalone Financial Statements. In our opinion, the terms and conditions of the grant of such loans/advances are not prejudicial to the interest of the Company. Since the loans/advances are repayable on demand and no repayment schedule has been stipulated, reporting under clauses 3(iii)(c), 3(iii)(d) and 3(iii)(e) of the Order is not applicable.

p.92, Note 41 VI: "The Company has made investments and granted loans/advances in the nature of loans to its subsidiaries, joint venture and other entities.

No.	Statement	Reference	Exact words / working
1	CARO (iii) as reported: loans to JV only; (c)-(e) 'not applicable' because repayable on demand.	Document Annual Report 2025-26, page 71, Annexure B (CARO) para (iii)	"Since the loans/advances are repayable on demand and no repayment schedule has been stipulated, reporting under clauses 3(iii)(c), 3(iii)(d) and 3(iii)(e) of the Order is not applicable." [verified]
2	Note 13 shows investments of [amount] at FY 2025-26 year-end, nil at FY 2024-25 year-end. (figures read from the page image)	Document Annual Report 2025-26, page 84, Note 13 Non-current Investments	"Investee 1 ([amount] equity shares of [face value] /- each at average cost price of [amount]/- per share) [amount] ... Total [amount]" [read from page image]
3	The consolidated financial statements shows [amount] cash and [amount] by conversion of debtors. (figures read from the page image)	Document Annual Report 2025-26, page 76, Cash Flow Statement	"Investment in Subsidiary / JV ([amount]) ... Investment in subsidiary through conversion of debtors [amount]" [read from page image]
4	Note 41 VI: loans to subsidiaries, joint venture and other entities.	Document Annual Report 2025-26, page 92, Note 41 VI	"The Company has made investments and granted loans/advances in the nature of loans to its subsidiaries, joint venture and other entities." [verified]
5	Note 30: JV Firm 1 is listed as 'Subsidiary' with Loans & Advance Given [amount]. (figures read from the page image)	Document Annual Report 2025-26, page 89, Note 30 Related Party Disclosure	"JV Firm 1 Subsidiary ... Loans & Advance Given [amount]" [read from page image]
6	Note 19 shows 'Other Loan & Advances given' [amount]. (figures read from the page image)	Document Annual Report 2025-26, page 85, Note 19 Short Term Loans & Advances	"Other Loan & Advances given [amount]" [read from page image]
7	Note 13 calls JV Firm 1 an investment in a Joint Venture. (figures read from the page image)	Document Annual Report 2025-26, page 84, Note 13	"Investment in Joint Ventures - JV Firm 1 0.60" [read from page image]
8	CARO 3(iii)(b) covers investments made.	Law Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020), CARO 2020 (in ICAI GN), para 3(iii)(b)	"whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest" [verified]
9	CARO 3(iii)(f) requires reporting of demand loans.	Law Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020), CARO 2020 (in ICAI GN), para 3(iii)(f)	"whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment" [verified]
10	The GN requires comment on all six sub-clauses for all parties.	Law Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020), ICAI Guidance Note on CARO 2020, para on clause 3(iii), Relevant Provisions (a), GN para 3(iii)(a)	"It is clarified that the auditor's comments on all the six clauses are to be made with reference to all the loans/advances in nature of loans granted, guarantee or security provided to companies, firms, limited liability partnerships or any other parties." [verified]
11	The GN says that where no schedule exists, the auditor reports that fact under (c).	Law Companies (Auditor's Report) Order, 2020 (text in the ICAI Guidance Note on CARO 2020), ICAI Guidance Note on CARO 2020, para 50(e), GN clause 3(iii)(c)	"the auditor shall report that there is no stipulation of schedule of repayment of principal and payment of interest" [verified]

No.	Statement	Reference	Exact words / working
12	Investments as a share of net worth.	Our computation	[2] [amount] / BS net worth [amount] = 39.5%; [3] [amount]
13	Whether the [amount] JV Firm 1 loan is inside Note 19's [amount].	Our inference	Note 19 has no related-party line; the only plausible home for [5] is 'Other Loan & Advances given' [6]. Confirmed or refuted by the Note 19 ledger break-up.

COMPLIANCE GAP

MEDIUM

ESTABLISHED

S-03 Cost auditor: the Board's Report says the FY 2025-26 remuneration 'is sought to be ratified' at this AGM, but the Notice ratifies FY 2026-27; the FY 2025-26 remuneration was never placed before members (s.148(3), Rule 14)

Year	FY 2025-26
Area	Notice Item 4 and Explanatory Statement (pages 9, 20 of the Annual Report 2025-26) vs Board's Report para 18(b) (page 31 of the Annual Report 2025-26)
Pages	Annual Report 2025-26: pages 9, 20, 31
Action by	Board, Audit Committee, Company Secretary
Timing	In the FY 2026-27 financial statements and Annual Report

In brief. The Board's report tells members that the cost auditor's fee for FY 2025-26 is being ratified at the AGM, but the AGM notice ratifies only the fee for FY 2026-27. The FY 2025-26 fee, fixed by the Board on [date], has not been placed before members at any meeting. The Companies Act requires members to ratify the cost auditor's remuneration fixed by the Board.

Where this appears

enactment(s) for the time being in force).

Cost Audit- Pursuant to Section of the Act, the Central Government has made it mandatory for the Company to conduct a cost audit and accordingly, the Company is required to have the audit of its cost records conducted by Cost Accountant in practice. The Board of Directors of the Company has on the recommendation of the Audit Committee approved the appointment of Cost Auditor M/s the Cost Auditor Kumar for conducting the Cost Audit for the Financial Year and their remuneration is sought to be ratified by the shareholders at the forthcoming Annual General Meeting of the Company.

The Cost Auditors of the Company have not reported any fraud as specified under the second proviso of Section of the Companies Act, including any statutory modification(s) or re-enactment(s) for the time being in force).

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 31 — Board's Report: FY 2025-26 remuneration to be ratified at this AGM

To appoint Director in place of Prom. Dir. Promoter Director 1 Promoter Director 1 (holding DIN: (registration no. masked) whose office is liable to retirement by rotation and retires at this Meeting and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

Ratification of payment of remuneration of Cost Auditor of the Company for the financial year ending on FY27 end FY27 end FY27 end

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

THAT pursuant to the provisions of Section and other applicable provisions, if any, of the Companies Act and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the remuneration of Rupees

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 9 — Notice Item 4: ratification for FY 2026-27 only

Associates, Cost Accountants, having Firm Registration No. [redacted] as the Cost Auditors for the financial year [redacted] a remuneration of ₹ [amount] (Rupees Thirty Thousand only) excluding taxes as applicable and reimbursement of out-of-pocket expenses as may be incurred [redacted] connection with the cost audit of the Company.

Pursuant to Section [redacted] of the Companies Act, [redacted] read with the Companies (Audit and Auditors) Rules, [redacted] the consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors of the [redacted] Company for the financial year [redacted].

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested (to the extent of their shareholding in the Company, if any), financially or otherwise, in the resolution set out at Item No. [redacted] of the Notice.

The Board considers the remuneration payable to the Cost Auditors as fair and recommends the resolution

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 20 — Explanatory statement: FY 2026-27

Observation

Under s.148(3) read with Rule 14(a)(ii), the Board fixes the cost auditor's remuneration on the Audit Committee's recommendation, and members must ratify it 'subsequently'. The company's filings show three appointments:

- (a) FY 2024-25: appointed [date] and ratified at the AGM on [date] (page 14 of the Annual Report 2024-25).
- (b) FY 2025-26: appointed by the Board on [date] (stock-exchange filing of that date).
- (c) FY 2026-27: 're-appointed' on [date] (stock-exchange outcome filing).

The FY 2025-26 remuneration has never been put to members. The AGM ([date]) came before the [date] appointment. The EGM of [date] dealt only with a preferential issue of securities, and the EGM of [date] only with convertible warrants. The AGM ratified FY 2026-27 only. Yet the Board's Report, dated [date] like the notice, tells members that the FY 2025-26 remuneration 'is sought to be ratified ... at the forthcoming Annual General Meeting'. The Board's Report and the Notice approved at the same meeting contradict each other. Either the Board's Report is wrong, or the notice left out the resolution the Board intended. Both readings leave FY 2025-26 unratified. Item 4 itself is properly framed: an ordinary resolution, an explanatory statement with interest disclosure, Audit Committee recommendation, and the fee of Rs 30,000 plus taxes and out-of-pocket expenses.

Workings

Financial year audited	Board appointment (stock-exchange filing)	Placed before members	Status
FY 2024-25	[date]	AGM [date], Item 3	Ratified
FY 2025-26	[date]	Not at EGM [date] (preferential issue only), not at EGM [date] (warrants only), not at AGM [date]	NOT ratified - yet Board's Report says it is being ratified at this AGM
FY 2026-27	[date] ('reappointed')	AGM [date], Item 4	Ratified ([percentage]+)

Requirement

Companies Act 2013 s.148(3)

The audit under sub-section (2) shall be conducted by a cost accountant who shall be appointed by the Board on such remuneration as may be determined by the members in such manner as may be prescribed

Source: Companies Act, 2013

Companies (Audit and Auditors) Rules 2014, Rule 14(a)(ii)

the remuneration recommended by the Audit Committee under (i) shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders

Source: [link] (read [date]); saved copy

Companies Act 2013 s.148(8)(a)

the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of section 147

Source: Companies Act, 2013

Consequences and penalty exposure

The Board's Report (s.134) does not correctly describe the business before the AGM. The FY 2025-26 cost-audit fee (Rs 30,000 plus taxes, if on the same terms as the other years; the amount is not disclosed) has been or will be paid without members' determination under s.148(3). s.148(8)(a) makes a default under s.148 punishable in the manner of s.147(1). The money is small; the point is that the compliance trail for a mandatory audit is broken, and the Board's Report does not reflect this.

Companies Act 2013, s.147(1) (company contravening ss.139-146)

“(1) If any of the provisions of sections 139 to 146 (both inclusive) 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 with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees.”

Who is liable company

Exposure for this matter Company: fine of Rs 25,000 to Rs 5,00,000; each officer in default: fine of Rs 10,000 to Rs 1,00,000; s.148(8)(a) applies the s.147(1) punishment to a default under s.148.

Why it is engaged Section 148(3) with Rule 14(a)(ii) requires members to ratify the cost auditor's remuneration; the FY 2025-26 fee has not been ratified.

Nature fine (court prosecution; compoundable) - imprisonment for officers omitted [year]

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)

“(8) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.”

Who is liable company

Exposure for this matter Company: Rs 3,00,000; each officer in default: Rs 50,000 (s.134(8)).

Why it is engaged Board's report para 18(b) states that the FY 2025-26 remuneration is being ratified at this AGM, which the notice does not do.

Nature penalty (s.454 adjudication)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Recommended action

- Place a resolution ratifying the FY 2025-26 cost-auditor remuneration at the next general meeting (or by postal ballot), with an explanatory statement disclosing the fee and the omission.
- Correct the Board's Report statement (for example in the FY 2026-27 Board's Report) and report the lapse to the Audit Committee.
- Keep a register of cost-auditor appointments by financial year, mapping each to its members' ratification.

Suggested wording

Board's Report 18(b) (correct version): 'The Board, on the recommendation of the Audit Committee, appointed M/s the Cost Auditor, Cost Accountants (FRN [registration no. masked]), as Cost Auditors for FY 2025-26 on [date] and re-appointed them for FY 2026-27 on [date]. The remuneration for FY 2026-27 is placed for ratification at the AGM (Item 4). The remuneration for FY 2025-26, which was inadvertently not placed before members, will be placed for ratification at the next general meeting.'

What would settle or change this observation

The FY 2025-26 cost-audit fee actually paid or provided, and whether the cost audit report for FY 2025-26 has been received and filed (CRA-4).

Evidence of members' ratification of the FY 2025-26 remuneration at any general meeting or by postal ballot. None is found in the notices of the [date] AGM, the [date] and [date] EGMs, the AGM, or the company's stock-exchange announcements ([date] to [date]).

Evidence from the company's filings

CONSISTENT

Evidence from the company's stock-exchange filings and IPO documents — the filings are consistent with this matter

- [date] — Shareholders meeting | regarding Notice of Annual General Meeting to be held on [date]: Item 4 of the filed notice ratifies the cost-audit fee only 'for the financial year ending on FY 2026-27 year-end'; FY 2025-26 is not on the agenda.
- [date] — Shareholders meeting | Company B Limited has submitted the Exchange a copy Scrutinizers report of Annu: The scrutinizer's report confirms that the AGM ratified the cost-audit fee for FY 2024-25 only (Item 3); with the AGM ratifying FY 2026-27, FY 2025-26 was never placed before members.
- [date] — Shareholders meeting | regarding Notice of Annual General Meeting to be held on [date]: The [year] AGM ratified the cost auditor's fee for FY 2024-25 only, and the [year] AGM ratifies FY 2026-27, so the FY 2025-26 fee was never put to members.
- [date] — Outcome of Board Meeting | regarding Outcome of Board Meeting held on [date]: The FY 2024-25 cost auditor was appointed on [date] (S-03 (a)).
- [date] — Shareholders meeting | Company B Limited has submitted the Exchange a copy Scrutinizers report of Annu: The AGM ratified only the FY 2026-27 cost auditor remuneration; no resolution for FY 2025-26 was put to members.
- Outcome of Board Meeting - [date]: The FY 2025-26 cost auditor was appointed by the Board on [date], after the [date] AGM, so his remuneration could only be ratified at the [year] AGM, which ratified FY 2026-27 instead.
- [date] — Outcome of Board Meeting | regarding Outcome of Board Meeting held on [date]: Cost auditor appointed for FY 2025-26 on [date], after the AGM ([date]); the AGM ratified only FY 2026-27 (D016), so FY26 remuneration was never ratified.
- [date] — Shareholders meeting | regarding Proceedings of Annual General Meeting held on [date] along with a copy: The AGM ratified the FY 2024-25 cost-audit fee only; with the AGM ratifying FY 2026-27 (D016), FY 2025-26 was never ratified.

... and 1 further filings (Annexure B).

Source references

Extracts from the Annual Report

p.31, Board's Report 18(b): "The Board of Directors of the Company has on the recommendation of the Audit Committee approved the appointment of Cost Auditor M/s the Cost Auditor for conducting the Cost Audit for the Financial Year 2025-26 and their remuneration is sought to be ratified by the shareholders at the forthcoming Annual General Meeting of the Company.

p.9, Item 4: "Ratification of payment of remuneration of Cost Auditor of the Company for the financial year ending on FY 2026-27 year-end.

Page 20: "the consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year 2026-27.

No.	Statement	Reference	Exact words / working
1	The Board's Report says the FY 2025-26 remuneration is being ratified at this AGM.	Document Annual Report 2025-26, page 31, (filed on the stock exchange [date]), Board's Report para 18(b)	"approved the appointment of Cost Auditor M/s the Cost Auditor for conducting the Cost Audit for the Financial Year 2025-26 and their remuneration is sought to be ratified by the shareholders at the forthcoming Annual General Meeting of the Company." [verified]

No.	Statement	Reference	Exact words / working
2	Notice Item 4 ratifies the year ending FY 2026-27 year-end.	Document Annual Report 2025-26, page 9, (filed on the stock exchange [date]), Notice Item 4	<i>“Ratification of payment of remuneration of Cost Auditor of the Company for the financial year ending on FY 2026-27 year-end.” [verified]</i>
3	The resolution text specifies FY 2026-27.	Document Annual Report 2025-26, page 9, (filed on the stock exchange [date]), Notice Item 4 resolution	<i>“cost records maintained by the Company for the financial year 2026-27” [verified]</i>
4	The explanatory statement specifies FY 2026-27.	Document Annual Report 2025-26, page 20, (filed on the stock exchange [date]), Explanatory Statement Item 4	<i>“the consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year 2026-27.” [verified]</i>
5	The Board appointed the cost auditor for FY 2025-26 on [date].	Document stock-exchange filing of [date] (Board-meeting outcome)	<i>“The Board has approved the Appointment of the Cost Auditor, M/s the Cost Auditor, Cost Accountants for the Financial Year 2025-26.” [verified]</i>
6	The Board re-appointed the cost auditor for FY 2026-27 on [date].	Document stock-exchange filing of [date] (Board-meeting outcome)	<i>“reappointed the Cost Auditor, M/s the Cost Auditor, Cost Accountants for the Financial Year 2026-27.” [verified]</i>
7	The AGM ([date]) ratified FY 2024-25 only.	Document Annual Report 2024-25, page 14, Notice Item 3	<i>“to conduct the audit of cost records maintained by the Company for the financial year 2024-25;” [verified]</i>
8	The [date] EGM business was a preferential issue.	Document stock-exchange filing of [date] (Board-meeting outcome), Special Business item 1	<i>“ISSUE OF SECURITIES ON A PREFERENTIAL BASIS TO MEMBERS OF THE COMPANY” [verified]</i>
9	The [date] EGM business was convertible warrants.	Document stock-exchange filing of [date] (Board-meeting outcome), Special Business item 1	<i>“CONVERTIBLE WARRANTS ON PREFERENTIAL BASIS TO CERTAIN INVESTOR(S)” [verified]</i>
10	The AGM transacted the FY 2027 ratification only.	Document stock-exchange filing of [date] (Board-meeting outcome), page 3, business table item 4	<i>“Ratification of payment of remuneration of Cost Auditor of the Company for” [verified]</i>
11	Members must determine the cost auditor's remuneration.	Law Companies Act, 2013, Companies Act 2013 s.148(3), Companies Act, 2013	<i>“who shall be appointed by the Board on such remuneration as may be determined by the members in such manner as may be prescribed” [verified]</i>
12	The remuneration must be ratified subsequently by the shareholders.	Law Companies (Audit and Auditors) Rules 2014, Rule 14(a)(ii), ca2013.com, read [date]	<i>“the remuneration recommended by the Audit Committee under (i) shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders” [verified]</i>
13	Penalty provision.	Law Companies Act, 2013, Companies Act 2013 s.148(8)(a), Companies Act, 2013	<i>“the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of section 147” [verified]</i>
14	Inference: no other general meeting or postal ballot occurred between [date] and [date]. the company's stock-exchange announcements ([date] to [date]) 'Shareholders meeting' entries list only the EGMs of [date] and [date] and the AGM of [date]; there are no postal-ballot entries. A search of all evidence PDFs for 'Cost Auditor' finds no ratification for FY 2025-26.	Our inference	

COMPLIANCE GAP

MEDIUM

ESTABLISHED

S-04 The FY26 final dividend ([amount]), recommended only on [date], is booked as a liability at FY 2025-26 year-end and shown as paid in the cash flow statement, contrary to AS 4

Year	FY 2025-26
Area	Note 4 Reserves & Surplus; Note 10 Other current liabilities; Cash Flow Statement
Pages	Annual Report 2025-26: pages 76, 81, 83, 107, 109
Action by	CFO / finance, Audit Committee, Statutory auditor
Timing	In the FY 2026-27 financial statements and Annual Report

In brief. The final dividend of [amount] that the Board recommended on [date] is recorded as a liability at FY 2025-26 year-end and shown as paid in the cash flow statement. Since [year] AS 4 has prohibited recognising a dividend proposed after the year end; it should only be disclosed in a note. The amount is small, but the treatment departs from a mandatory standard in both the standalone and consolidated statements, and the auditor's report states compliance.

Where this appears

RESERVES AND SURPLUS		As at	
		FY25 end	FY26 end
Surplus (Statement of Profit & Loss)			
Opening Balance			[amount]
Add : Profit during the Year			[amount]
Less : Share Issue Expense			[amount]
Less : Dividend on Equity Shares (refer Note below)			[amount]
Closing balance		[amount]	[amount]
Securities Premium			
Opening balance			[amount]
Add : Addition during the year			[amount]
Closing balance		[amount]	[amount]
Total			[amount]

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 81 — Note 4: dividend deducted from Surplus with a cross-reference to the note on the dividend recommended for FY26

Statutory Liabilities		As at	
		[date]	1 [read]
Salary Payable to Employees			[amount]
Payables for Capital Goods			[amount]
Security Deposit Received (refer note 10.1 below)			[amount]
Retention Money (refer note 10.2 below)			[amount]
Advance from Customers			[amount]
Dividend Payable			[amount]
Total			[amount]

The above refers to the security deposits company takes from the sub-contractors to whom materials are issued for erection installation purpose and so certain amount of security is taken from them against the materials issued which is settled on the completion of Defect Liability Period.

The Mobilization Advance monetary payment made by the client to the contractor for initial expenditure in respect of site mobilization, and fair proportion of job overheads or preliminaries. The Mobilization Advance is non interest

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 83 — Note 10: Dividend Payable [amount] at FY 2025-26 year-end (orange figure read from image)

Proceeds from sale of investment in Listed Equities			[amount]
Purchase of investment in Listed Equities			[amount]
Cash Generated from (utilised in) Investing Activities	(B)		[amount]
Cash Flow from Financing Activities			
Proceeds from Short term borrowings (Net)			[amount]
Proceeds from Long term borrowings (Net)			[amount]
Proceeds from Issue of Shares			[amount]
Dividend paid proposed			
Interest & other finance expenses paid			[amount]
Cash Generated from (utilised in) Financing Activities		[amount]	[amount]
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)			[amount]
Opening Cash Cash Equivalents		[amount]	[amount]
Closing Cash Cash Equivalents			[amount]
Non-cash Investing & Financing Activities:			
- Fixed assets acquired on credit			

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 76 — Cash flow statement: Rs ([amount]) lakh shown as a financing outflow

NOTE			
RESERVES AND SURPLUS			As at
Surplus (Statement of Profit & Loss)			
Opening Balance			[date]
Add : Profit during the Year			[amount]
Less : Share Issue Expense			[amount]
Less : Dividend on Equity Shares (refer Note below)			[amount]
Closing balance			[amount]
Securities Premium			
Opening balance			
Add during the year			[amount]
Closing balance			[amount]
Total			[amount]

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 107 — Note 4 deducts the dividend and refers to a note that does not exist in the CFS

			As at
Statutory Liabilities			[amount]
Salary Payable to Employees			[amount]
Payables for Capital Goods			
Security Deposit Received			[amount]
Retention Money			[amount]
Advances from Customers			[amount]
Dividend Payable			
Other Payables and Accrued Liabilities			
Total			[amount]

NOTE 12 Short Term Provisions

	As at	As at
--	--------------	--------------

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 109 — Note 11 shows the same [amount] as a liability at FY 2025-26 year-end

Observation

Note 4 deducts [amount] from the Surplus as "Dividend on Equity Shares" and points the reader to the note directly below it, which says the Board has recommended a final dividend of [dividend] a share for FY 2025-26, subject to shareholders' approval at the AGM. [dividend] x [amount] shares = [amount], exactly the amount deducted. The same [amount] sits in Note 10 as "Dividend Payable" at FY 2025-26 year-end. It cannot be the FY 2024-25 dividend being paid out in FY26: the FY25 Board's report says the Directors did not recommend a dividend that year, and the company made no interim-dividend announcement during FY26. The Board recommended the dividend at its meeting of [date], the same meeting that approved these accounts, i.e. after the balance-sheet date. Shareholders declared it at the AGM on [date] (record date [date]). Since the [year] revision of AS 4 (effective for periods from start of FY 2016-17), a dividend proposed or declared after the balance-sheet date is a non-adjusting event. It is disclosed in the notes (Schedule III para 6 U) and is not provided for. No statute requires otherwise: under s.123 a final dividend becomes a debt only when the AGM

declares it. The cash flow statement compounds the error. It shows "Dividend paid / proposed ([amount])" as a financing outflow, although the amount was unpaid at the year-end (it is still in Note 10). The matching [amount] increase in the payable is inside "Increase/(Decrease) in Other Current Liabilities [amount]" in operating activities. So operating cash flow is overstated and financing cash flow understated by [amount], with no net effect on cash.

The consolidated statements repeat the treatment (consolidated Note 4, Reserves & Surplus, and Note 11, Other current liabilities; AS 4 para 14; Schedule III para U). No dividend was declared for FY 2024-25 (the FY25 Board's report says the Directors did not recommend a dividend). The only dividend in play is the FY 2025-26 final dividend of [dividend] per share recommended by the Board on [date] - after the FY 2025-26 year-end balance sheet date - and approved by members only at the AGM on [date]. The Company's own results filing of [date] says the outflow 'would be approximately [amount]' ([amount] shares x [dividend] = [amount]). Yet consolidated Note 4 deducts [amount] from the surplus and Note 11 carries 'Dividend Payable [amount]' at FY 2025-26 year-end. Since the [year] amendment carried into the Companies (AS) Rules 2021, AS 4 para 14 forbids recognising a dividend declared after the balance sheet date as a liability; it must be disclosed in the notes. The line '(refer Note below)' in consolidated Note 4 points to a note that exists only in the standalone Note 4 (page 81 of the Annual Report 2025-26); the consolidated financial statements therefore also lack the para U disclosure of the proposed dividend per share. The consolidated cash flow compounds the error by showing [amount] as 'Dividend paid / proposed' in financing activities although no cash left the group before FY 2025-26 year-end (the same amount is still shown as payable). The same treatment appears in the standalone statements (pages 81, 83 of the Annual Report 2025-26), as set out below.

The standalone statements in detail (Balance Sheet, Note 4, Note 10 and Cash Flow Statement; AS 4 and AS 3). The only dividend in play is the FY26 final dividend of [dividend] per share ([amount] shares x [dividend] = [amount]). The Board recommended it at its meeting on [date], which is after the balance sheet date, and shareholders approved it at the AGM on [date]. No dividend was declared or paid during FY26: the FY25 auditor's report says no dividend was declared or paid in FY25, and the stock-exchange announcements for FY26 contain no interim dividend. So the [amount] cannot be a dividend for an earlier year paid during FY26.

AS 4 para 14 (as revised in [year] and carried into the [year] Rules) says a dividend proposed or declared after the balance sheet date must not be recognised as a liability. It is disclosed in the notes only, which is what Schedule III Div I para U also requires. The company did both things. It disclosed the recommendation in the note under Note 4, which is correct. But it also debited Surplus with [amount] (Note 4) and credited 'Dividend Payable' of [amount] in Other Current Liabilities (Note 10). That is the pre-2016 'proposed dividend' accounting, which AS 4 no longer allows.

The error then flows into the cash flow statement. The financing section shows 'Dividend paid / proposed ([amount])' as an outflow. But the liability is still unpaid at the year end (Note 10), so no cash left the company. We recast the operating working-capital line to show how the statement still balances. Other current liabilities rose by [amount]. The consolidated financial statements takes [amount] of that into operating activities, which is the full increase less only the [amount] of assets bought on credit. So the [amount] dividend payable sits inside the operating inflow and is taken out again as a financing outflow. The net cash change is unaffected. Operating cash flow is overstated by [amount] and financing cash flow is understated by the same amount, and a non-cash item appears as a cash payment, contrary to AS 3 para 40.

The amount is small (0.17% of net worth), so the point is not about size. It is a clear departure from a mandatory AS paragraph, in accounts on which the auditor reported AS compliance (para 1(d)). Paragraph 1(h)(v) of the auditor's own report calls the same amount a dividend 'proposed' by the Board, which contradicts the balance sheet that records it as payable.

Workings

Item	As reported (Rs lakh)	Under AS 4 para 14 (Rs lakh)	Difference
Surplus in P&L (Note 4)	[amount]	[amount]	+ [amount]
Reserves & Surplus (BS)	[amount]	[amount]	+ [amount]
Other current liabilities (Note 10)	[amount]	[amount]	- [amount]
Total current liabilities	[amount]	[amount]	- [amount]
Current ratio (CA [amount] / CL)	1.21	1.21 ([amount])	negligible
CFS: operating "increase in other current liabilities"	[amount]	[amount]	- [amount]

Item	As reported (Rs lakh)	Under AS 4 para 14 (Rs lakh)	Difference
CFS: financing "dividend paid / proposed"	([amount])	nil	+ [amount]

Workings

Check	Figure	Source
Shares outstanding	[amount]	Note 3
Dividend per share recommended [date]	[dividend]	stock-exchange outcome [date]
Total dividend	[amount] × [dividend] = [amount]	Computation
Amount deducted in Note 4 / payable in Note 11 / 'paid' in cash flow	[amount] / ([amount])	p.107, 109, 101
Correct treatment at FY 2025-26 year-end	No liability; reserves [amount] ([amount]); other current liabilities [amount] ([amount]); disclose [] /share in notes	AS 4 para 14

Workings

Item	As reported (₹ lakh)	Corrected under AS 4 para 14 (₹ lakh)	Source
Surplus: opening [amount] + PAT [amount]	[amount] less [amount]	[amount]	Note 4, p.81
Reserves and Surplus	[amount]	[amount] ([amount])	BS, p.74
Other current liabilities	[amount] (incl. Dividend Payable [amount])	[amount]	Note 10, p.83
Operating cash flow (A)	([amount])	([amount])	CFS, p.76
Financing cash flow (C)	[amount]	[amount]	CFS, p.76
Net change in cash	([amount])	([amount]), unchanged	CFS, p.76
Proof that [amount] sits in operating: rise in OCL [amount]; less assets on credit [amount]	CFS shows [amount]		Notes 10, CFS

Requirement

AS 4 (revised 2016), Contingencies and Events Occurring after the Balance Sheet Date, para 14

If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Schedule III Division I, Part I, General Instructions para 6 U

The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately.

Source: Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date])

AS 4 (Contingencies and Events Occurring after the Balance Sheet Date) para 14

If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Schedule III Division I Part I para U

The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately.

Source: Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date])

AS 4 (Contingencies and Events Occurring After the Balance Sheet Date), para 14, Companies (Accounting Standards) Rules, 2021

If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

AS 3 (Cash Flow Statements), para 40

Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Schedule III Division I, Part I, Notes, para U

The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately.

Source: Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date])

Consequences and penalty exposure

Reserves are understated and current liabilities overstated by [amount], and the cash flow statement reports a dividend outflow that never happened in FY26. The amount is small (0.17% of equity), but it is a departure from an unambiguous mandatory standard. The auditor's report nevertheless states that the accounts comply with the Accounting Standards. The label "refer Note below" also invites the reader to think the recommended FY26 dividend has already been paid.

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Who is liable	MD/CFO
Exposure for this matter	MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); for an amount of 0.17% of net worth, compounding is the realistic outcome.
Why it is engaged	AS 4 para 14 and AS 3 para 40, binding through s.129(1), prohibit recording the post-year-end dividend as a liability and as a cash outflow.
Nature	fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date] and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

Recommended action

- Reverse the [amount] appropriation and the Note 10 payable at FY 2025-26 year-end, and disclose the recommended dividend only by way of the Note 4 footnote (Schedule III para 6 U).
- Remove the Rs ([amount]) lakh financing line from the FY26 cash flow statement and correct the "other current liabilities" movement.
- Recognise the dividend in FY 2026-27, when the AGM declared it ([date]), and show it in that year's cash flow when paid.
- If the FY26 figures are not reopened, correct the FY26 comparatives in the FY27 financial statements with an explanatory note.

Suggested wording

Note 4 (footnote): "The Board of Directors, at its meeting held on [date], recommended a final dividend of [dividend] per equity share of ₹5 each [dividend], aggregating [amount], for FY 2025-26, subject to approval of shareholders at the Annual General Meeting. In accordance with AS 4, the proposed dividend has not been recognised as a liability as at FY 2025-26 year-end."

What would settle or change this observation

Evidence that the [amount] was an interim dividend declared by the Board and paid (or unpaid but declared) before FY 2025-26 year-end. None was found: the only FY26/FY27 dividend announcements on the stock exchange are [date] (recommendation), [date] (record date) and [date] (newspaper notice).

Evidence from the company's filings

ADDS EVIDENCE

Evidence from the company's stock-exchange filings and IPO documents — the filings add evidence for this matter

- Company website document "Dividend Distribution Policy": The company's own policy says a final dividend is only 'recommended' at the accounts meeting and is approved/declared at the AGM - so at FY 2025-26 year-end there was no obligation, as S-04 argues under AS 4. (Read from the page image.)
- View: The dividend was only 'recommended' by the Board on [date], subject to approval - after the balance-sheet date - so it was not a liability at FY 2025-26 year-end.
- [date] — General Updates | about details of the Key Managerial Personnels authorised under Regulation 30(5) of the SEBI: The results cash flow, approved the same day the dividend was recommended, shows the [amount] dividend as a financing outflow of FY26.
- Communication to Shareholders on Tax Deduction at Source: The company's own shareholder letter says the dividend was only recommended on [date] and remained subject to AGM approval, which supports S-04's point that it could not be a liability (or a cash payment) at FY 2025-26 year-end under AS 4.
- Company website document "MoA AoA final": Under the AoA (Art 80) a final dividend exists only when the general meeting declares it. At FY 2025-26 year-end there was only a recommendation made on [date], so no liability could exist then.
- Q4 FY 2025-26: The same filing says the dividend is subject to shareholders' approval, yet both cash flows deduct 'Dividend paid / proposed ([amount])' for FY26.
- [date] — Record Date | that Record date for the purpose of Dividend is [date].: On [date] the company still described the FY26 dividend as payable only 'if approved by the Shareholders at the AGM' - so at FY 2025-26 year-end there was no obligation, and booking it as a liability and a cash outflow (S-04) contradicts the company's own disclosure.
- Board Meeting Notice [date]: The final dividend was only to be 'recommended' at the [date] meeting, i.e. after the balance-sheet date, which is why AS 4 does not allow it to be booked at FY 2025-26 year-end.

Source references

Extracts from the Annual Report

p.81, Note 4: "Less : Dividend on Equity Shares (refer Note below) ([amount])" [figure read from page image]

p.81, Note 4: "Note: The Board of Directors has recommended a dividend of [dividend] per equity share of face value ₹5 each for the financial year ended FY 2025-26 year-end, subject to approval of the shareholders at the ensuing Annual General Meeting."

p.83, Note 10: "Dividend Payable [amount] -" [figure read from page image]

p.76, Cash Flow Statement (C): "Dividend paid / proposed ([amount]) -" [figure read from page image]

No.	Statement	Reference	Exact words / working
1	Note 4 deducts [amount] from the Surplus as dividend, cross-referring to the note below	Document Annual Report 2025-26, page 81, Note 4 Reserves & Surplus	"Less : Dividend on Equity Shares (refer Note below) ([amount])" [read from page image]
2	The note below says the Board has recommended a [dividend] dividend for FY 2025-26, subject to AGM approval	Document Annual Report 2025-26, page 81, Note 4 footnote	"The Board of Directors has recommended a dividend of [dividend] per equity share of face value 5 each for the financial year ended FY 2025-26 year-end, subject to approval of the shareholders at the ensuing Annual General Meeting." [verified]

No.	Statement	Reference	Exact words / working
3	Note 10 carries Dividend Payable [amount] at FY 2025-26 year-end (nil at FY 2024-25 year-end)	Document Annual Report 2025-26, page 83, Note 10 Other Current Liabilities	<i>"Dividend Payable [amount] -" [read from page image]</i>
4	The cash flow statement shows Rs ([amount]) lakh as dividend paid/proposed in financing activities	Document Annual Report 2025-26, page 76, Cash Flow Statement, section (C	<i>"Dividend paid / proposed ([amount])" [read from page image]</i>
5	Board recommended the FY26 dividend on [date], the date the accounts were approved	Document stock-exchange filing of [date] (Board-meeting outcome), page 1, item iv	<i>"Recommended a Dividend of [dividend] per Equity Share of Rs. 5 each for the financial year ended FY 2025-26 year-end." [verified]</i>
6	The record date for this dividend was fixed on [date] as [date], for the AGM of [date]	Document stock-exchange filing of [date] (Board-meeting outcome), page 1, items (a) and (b)	<i>"the Company has fixed Monday, [date] as the "Record Date" for the purpose of determining" [verified]</i>
7	No dividend was recommended for FY 2024-25, so the FY26 deduction cannot be the FY25 final dividend paid in FY26	Document Annual Report 2024-25, page 30, Board's Report, item 5 Dividend	<i>"Your Directors do not recommend Dividend this year." [verified]</i>
8	The amount deducted equals the recommended FY26 dividend	Our computation	$[\text{amount}] \text{ shares (Note 3)} \times [\text{dividend}] = [\text{amount}]$
9	The consolidated financial statements operating movement in other current liabilities includes the dividend payable	Our computation	Note 10 total [amount]; less non-cash "Fixed assets acquired on credit" [amount] (CFS, p.76) = [amount], which matches the CFS line "Increase/(Decrease) in Other Current Liabilities [amount]" and therefore includes the [amount] payable
10	AS 4 para 14 prohibits recognising post-balance-sheet dividends as a liability	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), Companies (Accounting Standards) Rules 2021, AS 4, para 14	<i>"If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes." [verified]</i>
11	Schedule III requires only a note disclosure of proposed dividends	Law Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date]), Companies Act 2013, Schedule III Division I, Part I, General Instructions para 6 U	<i>"The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately." [verified]</i>
12	No interim dividend was declared in FY26	Our inference	Searched stock-exchange announcements list for the company ([date] – [date]) (176 items) for "dividend": FY26/27 hits are only [date] (recommendation), [date] (record date) and [date] (newspaper). No interim-dividend Board outcome between [date] and [date]. A Board minute declaring an interim dividend before FY 2025-26 year-end would refute this.
13	Note 4 deducts dividend and refers to a note below	Document Annual Report 2025-26, page 107, Consolidated Note 4	<i>"Less : Dividend on Equity Shares (refer Note below)" [verified]</i>
14	Amount deducted is [amount] (read from image)	Document Annual Report 2025-26, page 107, Consolidated Note 4	<i>"Less : Dividend on Equity Shares (refer Note below) ([amount])" [read from page image]</i>
15	Note 11 shows Dividend Payable [amount] (read from image)	Document Annual Report 2025-26, page 109, Consolidated Note 11	<i>"Dividend Payable [amount]" [read from page image]</i>
16	Cash flow shows the amount as paid/proposed	Document Annual Report 2025-26, page 101, Consolidated Cash Flow Statement	<i>"Dividend paid / proposed" [verified]</i>
17	Board recommended the FY26 dividend on [date], subject to AGM approval, outflow [amount]	Document stock-exchange filing of [date] (Board-meeting outcome), Outcome letter and results note	<i>"The Board of Directors has recommended a dividend of [dividend] per equity share of face value ₹5 each for the financial year ended FY 2025-26 year-end, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outflow on account of dividend would be approximately [amount]." [verified]</i>
18	No dividend for FY25	Document Annual Report 2024-25, page 30, Board's Report para 5 'Dividend'	<i>"Your Directors do not recommend Dividend" [verified]</i>

No.	Statement	Reference	Exact words / working
19	The explanatory note exists only in the standalone Note 4	Document Annual Report 2025-26, page 81, Standalone Note 4	<i>"The Board of Directors has recommended a dividend of [dividend] per equity share of face value ₹5 each for the financial year ended FY 2025-26 year-end, subject to approval of the shareholders at the ensuing Annual General Meeting."</i> [verified]
20	AS 4 para 14	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 4 para 14, Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])	<i>"If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes."</i> [verified]
21	Schedule III para U	Law Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date]), Schedule III Division I Part I para U, Companies Act 2013, Schedule III, Division I (as amended by G.S.R. 207(E), [date])	<i>"The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately."</i> [verified]
22	Dividend total	Our computation	[Note 3] [amount] shares x [5] [dividend] = [amount] = [2] = [3]
23	No pre-FY 2025-26 year-end dividend declaration	Our inference	Searched all 176 stock-exchange announcements for 'dividend': only [date] (recommendation), [date] (record date) and [date] (newspaper). No interim dividend declared in FY26. Would be refuted by a Board resolution declaring an interim dividend before FY 2025-26 year-end.
24	Note 4 deducts [amount] from Surplus 'refer Note below'. (figures read from the page image)	Document Annual Report 2025-26, page 81, Note 4 Reserves & Surplus	<i>"Less : Dividend on Equity Shares (refer Note below) ([amount])"</i> [read from page image]
25	The note under Note 4 describes the amount as a dividend recommended for FY26, subject to AGM approval.	Document Annual Report 2025-26, page 81, Note 4	<i>"The Board of Directors has recommended a dividend of [dividend] per equity share of face value ₹5 each for the financial year ended FY 2025-26 year-end, subject to approval of the shareholders at the ensuing Annual General Meeting."</i> [verified]
26	Note 10 carries Dividend Payable [amount] at FY 2025-26 year-end (nil at FY 2024-25 year-end) within total OCL [amount]. (figures read from the page image)	Document Annual Report 2025-26, page 83, Note 10 Other Current Liabilities	<i>"Dividend Payable [amount] Total [amount] [amount]"</i> [read from page image]
27	The consolidated financial statements shows 'Dividend paid / proposed ([amount])' in financing, OCL change [amount] in operating, and 'Fixed assets acquired on credit [amount]' as non-cash. (figures read from the page image)	Document Annual Report 2025-26, page 76, Cash Flow Statement	<i>"Dividend paid / proposed ([amount]) ... Increase/(Decrease) in Other Current Liabilities [amount] ... Fixed assets acquired on credit [amount]"</i> [read from page image]
28	The Board recommended the dividend on [date], after the balance sheet date.	Document stock-exchange announcements list for the company ([date] – [date]), stock-exchange announcements list for the company ([date] – [date]), [date] entry	<i>"that Board of Directors at its meeting held on [date], recommended Final Dividend of [dividend] per equity share subject to approval of the shareholders at the ensuing Annual General Meeting"</i> [verified]
29	No dividend was declared or paid in FY25, so the [amount] cannot be an FY25 dividend paid in FY26.	Document Annual Report 2024-25, page 57, Independent Auditor's Report para (v	<i>"The Company has not declared or paid any dividend during the year and hence, compliance with Section 123 of the Act is not applicable."</i> [verified]
30	The auditor's report calls the amount a proposed dividend.	Document Annual Report 2025-26, page 68, Independent Auditor's Report para (v	<i>"The Board of Directors of the Company has proposed a dividend for the year ended FY 2025-26 year-end. In our opinion, the dividend proposed is in accordance with Section 123 of the Companies Act, 2013, as applicable."</i> [verified]
31	AS 4 para 14 prohibits recognising post-balance-sheet dividends as a liability.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), Companies (Accounting Standards) Rules, 2021, AS 4 para 14, AS 4 para 14	<i>"If an enterprise declares dividends to shareholders after the balance sheet date, the enterprise should not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise."</i> [verified]
32	AS 3 para 40 excludes non-cash financing transactions from the consolidated financial statements.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), Companies (Accounting Standards) Rules, 2021, AS 3 para 40, AS 3 para 40	<i>"Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement."</i> [verified]

No.	Statement	Reference	Exact words / working
33	Surplus before the dividend debit and corrected reserves.	Our computation	[1] opening [amount] + PAT [amount]; [amount] (as printed); corrected R&S = [amount]
34	The dividend payable sits inside the operating OCL movement.	Our computation	[3] [amount]; less [4] [amount] vs [4] [amount] printed; so the [amount] in [3] is inside the operating inflow and deducted again in financing
35	Corrected operating and financing cash flows.	Our computation	[4] ([amount]) - [amount] = ([amount]); [4] [amount]; net change unchanged at ([amount])
36	No interim dividend was declared in FY26.	Our inference	Searched stock-exchange announcements list for the company ([date] – [date]) for 'ividend' and 'Record': only the [date] recommendation, [date] record date ([date]) and [date] AGM newspaper notice. Refuted only if a pre-FY 2025-26 year-end Board declaration exists.

COMPLIANCE GAP

MEDIUM

ESTABLISHED

S-05 The auditor states that reporting on preservation of the audit trail is "not applicable" for FY 2025-26; the Rule and ICAI guidance make it applicable from FY 2024-25 (stale text copied from the FY25 report)

Year	FY 2024-25 and FY 2025-26
Area	Independent Auditor's Report, Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014
Pages	Annual Report 2025-26: page 68; Annual Report 2024-25: pages 57, 58
Action by	Statutory auditor, Audit Committee, CFO / finance
Timing	In the FY 2026-27 financial statements and Annual Report

In brief. The auditor's report says that reporting on whether the accounting audit trail has been preserved is 'not applicable' for FY 2025-26. ICAI's Implementation Guide says this limb applies from the second year, FY 2024-25, and this was the company's third year. The sentence is carried over from first-year wording, so a mandatory reporting item has not been addressed.

Where this appears

Based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of account for the financial year ended FY26 end FY26 end FY26 end which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, as proviso to Rule of the Companies (Accounts) Rules, is applicable from FY24 start FY24 FY24 start reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY26 end FY26 end FY26 end As required by the Companies (Auditor's Report) Order, "the Order"), issued by the Central Government of India in terms of sub-section 1 of section of the Companies Act, we give in the "Annexure B" statement on the matters specified in paragraphs and of the Order, to the extent applicable.	Public sample: real annual report; identity, dates and distinctive amounts masked
--	--

Annual Report 2025-26, page 68 — Rule 11(g) paragraph, FY26

audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY25 end 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central	Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. For the Statutory Auditor CHARTERED ACCOUNTANTS
Public sample: real annual report; identity, dates and distinctive amounts masked	

Annual Report 2024-25, page 58 — FY25 report: identical wording, year changed

Independent Auditor's Report	
audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY25 end 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central	Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. For the Statutory Auditor
Public sample: real annual report; identity, dates and distinctive amounts masked	

Annual Report 2024-25, page 58 — Audit report: preservation reporting said to be not applicable for FY 2024-25

iv. d) the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including	recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from FY24 start reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of	Annual Report 2024-25 57
Public sample: real annual report; identity, dates and distinctive amounts masked		

Annual Report 2024-25, page 57 — Start of the sentence on p.57

Observation

Rule 11(g) has four limbs:

- (i) the software has an audit-trail feature;
- (ii) the feature operated throughout the year;
- (iii) the feature was not tampered with;
- (iv) the audit trail 'has been preserved ... as per the statutory requirements for record retention'.

The fourth limb could not bite in the first year of the requirement, FY 2023-24, because there was no earlier year's trail to preserve. That is the only reason ICAI's illustrative wording then said preservation reporting was not applicable. ICAI's Implementation Guide (Revised 2024) states that preservation reporting 'would be relevant from the second year i.e. financial year 2024-25'.

For this company the audit-trail obligation applied from its first financial year as a company (incorporated [date], FY 2023-24). By FY 2025-26 the trails for FY 2023-24 and FY 2024-25 had to be preserved under s.128(5), and the auditor had to report on them. The sentence in the FY26 report is the FY 2023-24 formula with the year changed. The FY25 report carried the same sentence with 'FY 2024-25 year-end', which was already wrong for FY25 under the same guidance.

There is a smaller drafting error too. This paragraph is labelled 'i)', although it is the sixth Rule 11 item (after i to v) and should be (vi). The label also collides with s.143(3)(i), which the report deals with at para 1(f).

In summary (Independent Auditor's Report, Rule 11(g)): Rule 11(g) has four limbs: the software has an audit-trail (edit log) feature; it operated all year; it was not tampered with; and the audit trail "has been preserved ... as per the statutory requirements for record retention" [3]. The duty to keep an audit trail began with the financial year starting start of FY 2023-24 [4]. In the first year (FY 2023-24) there was no earlier year's trail to check, so ICAI allowed auditors to omit the preservation limb. ICAI's Implementation Guide says in terms that preservation reporting "would be relevant from the second year i.e. financial year 2024-25" [5]. The auditor's sentence reasons the other way: because the rule applies from start of FY 2023-24, preservation reporting is "not applicable for the financial year ended FY 2024-25 year-end" [1][2]. That is the FY 2023-24 transitional sentence, rolled forward with only the year changed. The company existed in FY 2023-24 (from [date]) [7], so FY 2024-25 was its second year on any view [6]. The result is that one of the four matters the auditor must report on was not reported.

Requirement

Rule 11(g), Companies (Audit and Auditors) Rules, 2014

Whether the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility ... and the audit trail has been preserved by the company as per the statutory requirements for record retention.

Source: Companies (Audit and Auditors) Rules, 2014, Rule 11

Companies Act 2013, s.128(5)

The books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year ... shall be kept in good order

Source: Companies Act, 2013

ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024 Edition), footnote 8

Reporting on Rule 11(g) is applicable from the financial year 2023-24. Accordingly, this reporting w.r.t. preservation of audit trail would be relevant from the second year i.e. financial year 2024-25.

Source: [link]_1712114860.pdf (read [date]); saved as ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024))

Companies (Audit and Auditors) Rules 2014, Rule 11(g)

the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

Source: Companies (Audit and Auditors) Rules, 2014, Rule 11

Companies (Accounts) Rules 2014, proviso to Rule 3(1)

Provided that for the financial year commencing on or after the 1st day of [date], every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail

Source: ICAI Implementation Guide (Revised 2024), ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024)

ICAI Implementation Guide on Rule 11(g) (Revised 2024), footnote 8

Reporting on Rule 11(g) is applicable from the financial year 2023-24. Accordingly, this reporting w.r.t. preservation of audit trail would be relevant from the second year i.e. financial year 2024-25.

Source: [link]_1712114860.pdf

Consequences and penalty exposure

A mandatory limb of Rule 11(g) is not reported on. Shareholders are told it does not apply, which is incorrect. If the trails for FY24/FY25 were not preserved, s.143(3)(b) and (h) reporting would also be affected, and the reader cannot tell.

Companies Act 2013, s.132(4)(c) read with NFRA Rules 2018 r.3(1)(a) (NFRA sanctions on auditors)

“(c) ... (A) imposing penalty of-- (I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and (II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms; (B) debaring ... for a minimum period of six months or such higher period not exceeding ten years ...”

Who is liable statutory auditor

Exposure for this matter If NFRA finds professional misconduct: the individual auditor Rs 1 lakh up to five times the fees received, the firm Rs 5 lakh up to ten times the fees, and possible debarment; discretionary.

Why it is engaged Rule 11(g) reporting is part of the auditor's report under s.143(3)(j); a defective report of a listed company's auditor is a matter for NFRA, not s.147(2), after 21-12-2020.

Nature penalty/debarment by NFRA (civil; appeal to NCLAT under s.132(5)) - not a court fine

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]). NFRA Rules 2018 (G.S.R. [amount](E), [date]) r.3(1)(a): 'companies whose securities are listed on any stock exchange in India or outside India' - [link] (linked from [link]), read [date]; amendments G.S.R. 636(E) [date] (adds banking Explanation only) and G.S.R. 456(E) [date] (substitutes r.13) checked, neither narrows r.3(1)(a).

Companies Act 2013, s.128(6) (books of account; Accounts Rules r.3 audit trail)

“(6) If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such [persons] ... shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.”

Who is liable MD/CFO

Exposure for this matter Only if the FY 2023-24 and FY 2024-25 audit trails were in fact not preserved: MD, whole-time director in charge of finance, CFO or person charged by the Board, fine of Rs 50,000 to Rs 5,00,000 (s.128(6)).

Why it is engaged The audit-trail requirement is in Rule 3(1) of the Accounts Rules made under s.128, with preservation under s.128(5).

Nature fine (court prosecution; compoundable under s.441) - imprisonment omitted, not converted to penalty

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Recommended action

- Report on preservation: 'Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention' (or the exceptions).
- Renumber the paragraph as (vi).
- Correct the same error in the consolidated report and in future years' templates.

Suggested wording

(vi) Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention.

What would settle or change this observation

Nothing; this is a reading of the Rule and ICAI guidance against the printed sentence.

Source references**Extracts from the Annual Report**

p.68, para i): "Additionally, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from start of FY 2023-24, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY 2025-26 year-end.

p.57-58 (printed p.57-58): "Additionally, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from start of FY 2023-24, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY 2024-25 year-end.

No.	Statement	Reference	Exact words / working
1	The FY26 report says preservation reporting is not applicable for FY26.	Document Annual Report 2025-26, page 68, Independent Auditor's Report, para i) under Rule 11	"reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY 2025-26 year-end." [verified]
2	The FY25 report used the same sentence.	Document Annual Report 2024-25, page 58, Independent Auditor's Report	"audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY 2024-25 year-end." [verified]

No.	Statement	Reference	Exact words / working
3	Rule 11(g) includes a preservation limb.	Law Companies (Audit and Auditors) Rules, 2014, Rule 11, Companies (Audit and Auditors) Rules, 2014, Rule 11(g), Rule 11(g)	<i>“the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.” [verified]</i>
4	ICAI dates preservation reporting from FY 2024-25.	Law ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024), ICAI Implementation Guide on Reporting under Rule 11(g), Revised 2024 Edition, p.61	<i>“Reporting on Rule 11(g) is applicable from the financial year 2023-24. Accordingly, this reporting w.r.t. preservation of audit trail would be relevant from the second year i.e. financial year 2024-25.” [verified]</i>
5	s.128(5) eight-year retention.	Law Companies Act, 2013, Companies Act 2013, s.128(5), s.128(5)	<i>“The books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year” [verified]</i>
6	The company was incorporated on [date].	Document Annual Report 2025-26, page 77, Note 1 Corporate Information	<i>“is a public limited company domiciled and incorporated in India on [date], under the Companies Act, 2013.” [verified]</i>
7	The auditor's Rule 11(g) paragraph begins on page 57 of the Annual Report 2024-25 and says the proviso to Rule 3(1) applies from start of FY 2023-24.	Document Annual Report 2024-25, page 57, Independent Auditor's Report, para 1(i)	<i>“Additionally, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from start of FY 2023-24, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of” [verified]</i>
8	It concludes that reporting on preservation is not applicable for FY 2024-25.	Document Annual Report 2024-25, page 58, Independent Auditor's Report, continuation of para 1(i)	<i>“audit trail as per the statutory requirements for record retention is not applicable for the financial year ended FY 2024-25 year-end.” [verified]</i>
9	Rule 11(g) requires the auditor to report whether the audit trail has been preserved.	Law Companies (Audit and Auditors) Rules, 2014, Rule 11, Companies (Audit and Auditors) Rules 2014, Rule 11(g), Rule 11(g)	<i>“the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.” [verified]</i>
10	Proviso to Rule 3(1), Companies (Accounts) Rules 2014, as quoted in the ICAI Implementation Guide.	Law ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024), ICAI Implementation Guide on Reporting on Audit Trail under Rule 11(g) (Revised 2024 Edition), Appendix text of proviso to Rule 3(1). URL [link]_1712114860.pdf, read [date], p.39	<i>“Provided that for the financial year commencing on or after the 1st day of [date], every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail” [verified]</i>
11	ICAI says preservation reporting is relevant from the second year, i.e. FY 2024-25.	Law ICAI Implementation Guide on Reporting under Rule 11(g) (Revised 2024), ICAI Implementation Guide on Reporting on Audit Trail under Rule 11(g) (Revised 2024 Edition), to the illustrative report. Same URL, read [date], p.61	<i>“Reporting on Rule 11(g) is applicable from the financial year 2023-24. Accordingly, this reporting w.r.t. preservation of audit trail would be relevant from the second year i.e. financial year 2024-25.” [verified]</i>
12	The company itself existed from [date], so FY 2023-24 ([date] to FY 2023-24 year-end) was its first financial year and FY 2024-25 its second; on either count preservation reporting was due for FY 2024-25. The sentence is the FY 2023-24 transitional wording carried forward with only the year changed.	Our inference	
13	Note 1: incorporated [date] (company existed in FY 2023-24).	Document Annual Report 2024-25, page 67, Note 1 Corporate Information	<i>“is a public limited company domiciled and incorporated in India on [date]” [verified]</i>

COMPLIANCE GAP

MEDIUM

ESTABLISHED

S-06 FY24 comparative EPS ([amount]) not restated for the [ratio] split and [ratio] bonus; restated it is [amount], so the P&L overstates the prior-year EPS 2.5 times and understates EPS growth

YearFY 2024-25

AreaStatement of Profit and Loss; Note 30 (AS 20)

PagesAnnual Report 2024-25: pages 65, 83

Action byCFO / finance, Audit Committee, Statutory auditor

TimingIn the FY 2026-27 financial statements and Annual Report

In brief. The FY 2024-25 profit and loss statement shows the prior-period earnings per share at [amount] without adjusting for the [ratio] share split and [ratio] bonus issue made during the year. AS 20 requires the comparative to be restated; on the adjusted share count it is [amount]. The comparison on the face of the statement therefore understates the growth in earnings per share.

Where this appears

been used as denominator for calculating the basic and diluted earnings per shares.

	FY25 end	FY24 end
Face Value Per Share (In ₹)	5.00	[amount]
Net Profit/(Loss) after tax (In ₹)	[amount]	[amount]
Weighted Average Number of Equity Share	[amount]	[amount]
Basic and Diluted Earnings Per Share	[amount]	

NOTE 31 Disclosures of Corporate Social Responsibility expenditure in line with the requirement of Guidance Note on “Accounting for Expenditure on

Public sample: real annual report; identity, dates and distinctive amounts masked

statements

Annual Report 2024-25, page 83 — Note 30: FY24 weighted shares not adjusted

	[amount]	[amount]
IX Profit / (Loss) After Tax	[amount]	[amount]
X Earnings per equity share:		
a. Basic (in ₹)	[amount]	
b. Diluted (in ₹)	[amount]	
See accompanying notes forming part of the financial statements	1-39	
As per our report of even date attached.		

For the Statutory AuditorFor and on behalf of the Board of Directors

Public sample: real annual report; identity, dates and distinctive amounts masked

ments

Annual Report 2024-25, page 65 — P&L EPS comparative [EPS]

Observation

During FY25 each Rs 10 share was split into two of Rs 5 [3] and a [ratio] bonus followed [4]. Neither brought in money, so AS 20 treats them as if they had happened at the start of the earliest period shown and requires EPS for all periods presented to be adjusted [5]. The FY25 EPS ([amount]) has been adjusted correctly: we reproduce [amount] weighted shares against [amount] printed [7][8]. The FY24 comparative has not: it still uses [amount] shares of Rs 10 [1][2]. On the adjusted basis FY24 EPS is [EPS], not [EPS] [6]. The comparison on the face of the P&L ([amount] against [EPS], about 3.2 times) should read [amount] against [EPS] (8 times) [9]. The FY24 period was only [in] days ([date] to FY 2023-24 year-end), which the reader must also be told.

Workings

	FY25	FY24 printed	FY24 restated
PAT (Rs lakh)	[amount]	[amount]	[amount]
Weighted shares (lakh)	[amount]	[amount]	[amount]
EPS (Rs)	[amount]	[EPS]	[EPS]

Requirement

AS 20 para 44

If the number of equity or potential equity shares outstanding increases as a result of a bonus issue or share split or decreases as a result of a reverse share split (consolidation of shares), the calculation of basic and diluted earnings per share should be adjusted for all the periods presented.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Consequences and penalty exposure

A clear departure from AS 20 on the face of the P&L. Anyone comparing per-share earnings across the two periods is given a prior-year EPS 2.5 times too high.

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Who is liable MD/CFO

Exposure for this matter MD, CFO or other person charged by the Board: imprisonment up to 1 year, or a fine of Rs 50,000 to Rs 5,00,000, or both (s.129(7)); usually compounded.

Why it is engaged AS 20 para 44, binding through s.129(1), requires EPS for all periods presented to be adjusted for bonus issues and share splits.

Nature fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date] and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

Recommended action

- Restate FY24 basic and diluted EPS to [EPS] on [amount] weighted shares of Rs 5.
- Add: "Per-share figures for the previous period have been adjusted for the sub-division and bonus issue made during the year (AS 20 para 44)."
- Disclose the dates of the pre-IPO allotment, split, bonus and IPO allotment used in the weighting.

Suggested wording

Earnings per share for the period ended FY 2023-24 year-end have been restated to reflect the sub-division of shares (Rs 10 to Rs 5) and the bonus issue ([ratio]) made during the year, as required by AS 20.

What would settle or change this observation

Dates of the pre-IPO allotment, split and bonus (for exact FY25 weighting).

None.

Evidence from the company's filings

REFINED

Evidence from the company's stock-exchange filings and IPO documents — the filings refined this matter; the text above already reflects them

- [date] — Copy of Newspaper Publication | about Copy of Newspaper Publication: The published FY25 results extract also shows the FY24 EPS as [EPS], unrestated for the [ratio] split and [ratio] bonus. (Read from the page image.)
- [date] — Copy of Newspaper Publication | about Copy of Newspaper Publication: The same failure to restate EPS for the [ratio] split and [ratio] bonus recurs in the company's results publications: Q1 FY25 EPS of [EPS] = [amount] / [number] pre-split shares. Adjusted for the split and bonus ([amount] x 1.25 = [amount] shares) it is about [EPS], so the published figure is 2.5 times too high, the same ratio S-06 finds for FY24. Q4 FY25 EPS of 3.36 also does not equal [amount] shares (2.72). Figures read from the page image.
- [date] — Investor Presentation | about Investor Presentation: FY24 EPS [EPS] is shown beside FY25 [amount] without adjustment for the split and bonus.

- Q1 FY 2025-26: Q1 FY25 comparative EPS [EPS] is on [amount] Rs 10 shares, not restated for the [ratio] split and [ratio] bonus (AS 20 para 44); restated EPS is [amount] = [EPS]. The error S-06 finds in Annual Report 2024-25 recurs in FY26 results.
 - [date] — Press Release | regarding a press release dated [date], titled "Information regarding Financial and Ope: The same AS 20 failure recurs in FY26 publications: Q1 FY25 EPS is shown as [EPS] (Rs 10 shares, pre split/bonus) beside Q1 FY26 3.42, although PAT rose 45.6%. Restated for the [ratio] split and [ratio] bonus it is [amount] = [EPS], which is also what the company's own H1 FY25 figures imply (5.54 - 2.29).
 - View: Already in [date] the FY24 comparative EPS was carried at face value Rs 10 (3.60) beside current EPS on Rs 5 shares - the unrestated comparative that S-06 finds in Annual Report 2024-25 ([EPS] there).
 - View: The FY24 EPS of [EPS] is repeated without restatement for the split and bonus.
 - [date] — RHP topic 2 - Corporate history, conversion and the FY24 periods (RHP p.1, 15, 35, 38-39, 149, 182, 184, 189: Fact correction only: 'the FY24 period was only [n] days ' should read [n] days ([date] to FY 2023-24 year-end inclusive). The EPS finding is unaffected.
- ... and 2 further filings (Annexure B).

Source references

Extracts from the Annual Report

Page 83: "Face Value Per Share (In Rs) 5.00 [amount] ... Weighted Average Number of Equity Share [amount] [amount] Basic and Diluted Earnings Per Share [amount] [EPS]

No.	Statement	Reference	Exact words / working
1	Note 30: FY24 EPS [EPS] on [amount] weighted shares of face value Rs 10.	Document Annual Report 2024-25, page 83, Note 30 Earning Per Share	"Face Value Per Share (In) 5.00 [amount] Net Profit/(Loss) after tax (In) [amount] [amount] Weighted Average Number of Equity Share [amount] [amount] Basic and Diluted Earnings Per Share [amount] [EPS] " [verified]
2	The P&L shows FY24 basic and diluted EPS of [EPS] .	Document Annual Report 2024-25, page 65, Statement of Profit and Loss, EPS	"Basic (in ₹) [amount] [EPS] " [verified]
3	Split (Rs 10 into two of Rs 5) during the year.	Document Annual Report 2024-25, page 71, Note 3	"each equity share having a face value of 10 was split into 2 equity shares of 5 each." [verified]
4	Bonus during the year.	Document Annual Report 2024-25, page 71, Note 3	"The Company issued bonus shares in the ratio of [ratio], i.e., one fully paid-up equity share for every four equity shares held" [verified]
5	AS 20 para 44 requires EPS of all periods presented to be adjusted for bonus and split.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 20 Earnings Per Share, para 44 (Companies (Accounting Standards) Rules 2021), para 44	"If the number of equity or potential equity shares outstanding increases as a result of a bonus issue or share split or decreases as a result of a reverse share split (consolidation of shares), the calculation of basic and diluted earnings per share should be adjusted for all the periods presented." [verified]
6	Adjustment factor = 2 (split) x 1.25 (bonus) = 2.5. Restated FY24 weighted shares = [amount] x 2.5 = [amount]; restated FY24 EPS = [amount] = [EPS] (printed [EPS] , overstated 2.5 times).	Our computation	
7	FY25 check: base shares [amount] x 2.5 = [amount] for the full year; pre-IPO [amount] x 2.5 = [amount] for most of the year; IPO [amount] allotted [date] for 118 of 365 days = [amount]. Total about [amount] depending on the undisclosed pre-IPO allotment date, against [amount] printed; EPS [amount]. FY25 EPS is therefore correctly adjusted and immaterially different.	Our computation	
8	IPO allotment date [date] (annual return, secretarial compliance annexure).	Document Company website document "FY Year [year] - 25", Attachment, item 8 Issue/Allotment of Securities	"on [date], allotted equity shares" [verified]
9	The FY24 figure was plainly carried over unadjusted: the face value column still shows [amount] for FY24 and the weighted shares ([amount]) are the pre-split, pre-bonus number. No sentence discloses that per-share figures reflect the split and bonus, as para 44 also requires.	Our inference	

Part 3 — Presentation and Drafting Points

Inconsistencies, omissions and drafting errors of lower individual significance. They are listed so that the next Annual Report can be corrected. (2 observations)

DRAFTING	MEDIUM	ESTABLISHED
----------	--------	-------------

M-01 The Corporate Governance Report and all four annexures present this SME-listed company as complying with LODR governance provisions that Regulation 15(2)(b) switches off, and the PCS 'certifies' compliance with those non-applicable conditions

Year	FY 2024-25 and FY 2025-26
Area	Corporate Governance Report - legal basis (pages 46-64 of the Annual Report 2025-26)
Pages	Annual Report 2025-26: pages 46, 61, 64
Action by	Board, Company Secretary
Timing	In the FY 2026-27 financial statements and Annual Report

In brief. The Corporate Governance Report and its four annexures describe the company as complying with LODR governance rules (Regs 17-27 and Schedule V) that do not apply to an SME-listed company, apart from Reg 23 from start of FY 2025-26, and the practising company secretary certifies compliance with them. The report never says it is published voluntarily, and it does not identify the rules that actually bind the company (the Companies Act provisions on independent directors and committees, and Reg 23). Shareholders are given a wrong picture of the legal standard the Board works to and of what the certificate assures.

Where this appears

3.Board of Directors:

As at the financial year ended FY26 end FY26 end FY26 end the Board of Directors of the Company comprised of optimum combination of Executive and Non-Executive Directors including three Women Directors and not less than fifty percent of the Board of Directors comprised of Independent Directors and is in conformity with the provisions of the Companies Act, and as per Regulation 17 of the Listing Regulations.

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 46 — Board composition said to be 'as per Regulation 17'

India,

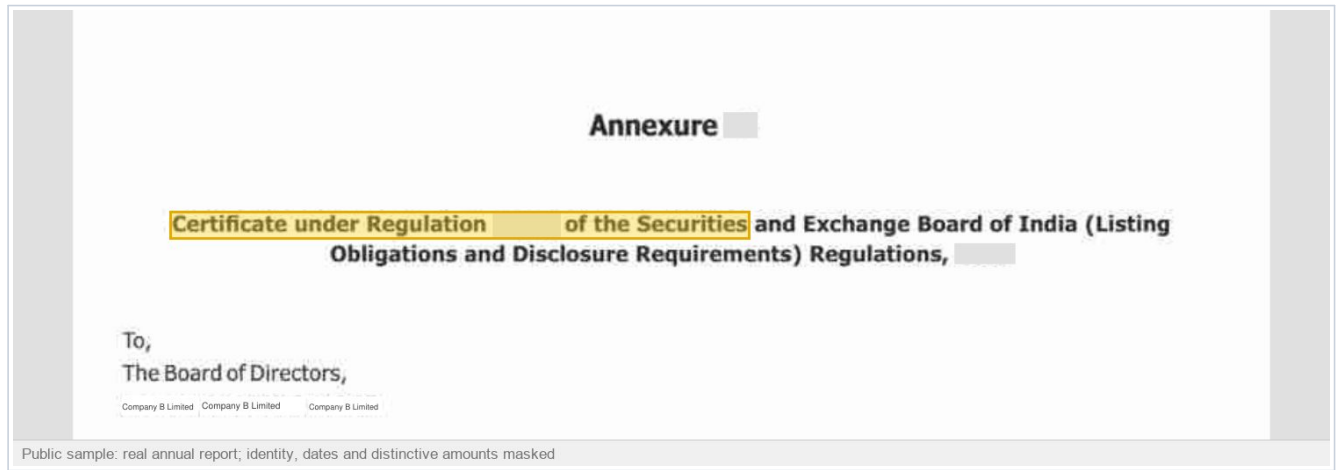
This certificate is issued in accordance with the terms of our engagement letter dated [date] [date] [date]

This report contains the details of compliance with the conditions of Corporate Governance by Company B Company B Limited Company B Limited ("the Company") for the financial year ended FY26 end FY26 end FY26 end as stipulated in Regulations 17 to clauses (b) to of Regulation and paragraphs and of Schedule of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, as amended ("SEBI Listing Regulations"), pursuant to the Listing Agreement entered into by the Company with the Stock Exchange.

Management's Responsibility for Compliance with the Conditions of Corporate Governance

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 61 — PCS certificate: the criteria certified are exactly the provisions Reg 15(2) disapplies



Annual Report 2025-26, page 64 — CEO/CFO certificate issued 'under Regulation 17(8)'

Observation

Company B Limited is listed on the SME platform. Regulation 15(2)(b) of the Listing Regulations (LODR) says that the governance provisions in Regs 17 to 27, Reg 46(2)(b)-(i) and (t), and paras C, D and E of Schedule V 'shall not apply' to such a company. There is one carve-back. From start of FY 2025-26, Reg 23 (related-party transactions) applies to an SME whose paid-up capital exceeds [amount] or whose net worth exceeds [amount]. Company B's paid-up capital is [amount] (Note 3) and its net worth is far above [amount], so Reg 23 now applies to it, but nothing else in Regs 17-27 does. Board composition, the separate meeting of independent directors, the discretionary requirements, the CEO/CFO certificate, the code-of-conduct declaration and the PCS certificates therefore carry no LODR obligation for this company. The Companies Act 2013 fills part of the gap: s.149 (independent directors), s.177 (audit committee), s.178 (NRC and SRC) and Schedule IV para VII (the separate IDs' meeting) all apply in full. Publishing a governance report voluntarily is good practice. But the report does not say that it is voluntary. It says things were done 'as required by' or 'in compliance with' provisions that do not apply. The PCS certificate (Annexure 2) then states that its subject is compliance with the conditions 'stipulated in Regulations 17 to 27 ... and paragraphs C, D and E of Schedule V', and gives an opinion that the company 'has generally complied'. It never says these conditions are not binding on an SME. A reader would conclude that the full main-board governance regime applies and has been certified. Neither is true. The certificate also describes itself as issued 'pursuant to the Listing Agreement'. For listed equity, the Listing Agreement's governance clause (Clause 49) was replaced by the LODR from [date], so this is stale boilerplate. The misdescription runs through eight places in the report (see the table).

Workings

PDF (printed)	Where	Provision cited in the AR	Applies to Company B (SME) for FY26?	Correct basis
49 (46)	Board composition	Reg 17	No - Reg 15(2)(b)	s.149(4) Companies Act (one-third IDs); voluntary
50 (47)	IDs' separate meeting	'Clause 25(3)'	No - Reg 15(2)(b)	Schedule IV para VII(1), Companies Act
61 (58)	Board procedures	Schedule II (information to the Board)	No - Sch II Part A is tied to Reg 17(7)	Voluntary; SS-1
61 (58)	Discretionary requirements	Reg 27(1) / Sch II Part E	No - Reg 15(2)(b)	Voluntary
62, 67 (59, 64)	CEO/CFO certificate	Reg 17(8) / Sch II Part B	No - Reg 15(2)(b)	Voluntary
63 (60)	Non-disqualification certificate	Reg 34(3) + Sch V para C(10)(i)	No - Sch V para C disapplied	Voluntary

PDF (printed)	Where	Provision cited in the AR	Applies to Company B (SME) for FY26?	Correct basis
64 (61)	PCS CG certificate	Regs 17-27, 46(2)(b)-(i), Sch V C-E; 'Listing Agreement'	No - Reg 15(2)(b)	Voluntary; say so
66 (63)	Code-of-conduct declaration	Reg 34(3) + Sch V Part D	No - Sch V para D disappplied	Voluntary

Requirement

SEBI LODR Reg 15(2), opening words

The compliance with the corporate governance provisions as specified in regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 26A, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of -

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]) (SEBI consolidated text to [date]), lines [amount]

SEBI LODR Reg 15(2)(b) and first proviso (w.e.f. start of FY 2025-26)

(b) a listed entity which has listed its specified securities on the SME Exchange: Provided that with effect from start of FY 2025-26, the provisions of regulation 23 shall be applicable in respect of a listed entity which has listed its specified securities on the SME Exchange and which has either paid up equity share capital exceeding Rupees ten crore

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

Consequences and penalty exposure

Shareholders are told that a mandatory LODR governance regime applies and has been independently certified. In fact it does not apply, apart from Reg 23. This misdescribes the legal standard that the board and the PCS are working to, and it makes the PCS 'opinion' meaningless as assurance. The real statutory obligations (Companies Act ss.149, 177, 178, Schedule IV; LODR Reg 23 from start of FY 2025-26) are not identified as the operative ones. The error is presentational, not a breach, but it runs through the whole section and both certificates.

No specific penalty: the LODR governance provisions described do not apply to an SME-listed company, so presenting them as complied with is a matter of accuracy in a voluntary report, not a penalised contravention.

Recommended action

- Open the Corporate Governance Report with a statement that the company is exempt under Reg 15(2)(b) from Regs 17-27 (other than Reg 23, which applies from start of FY 2025-26) and from Sch V paras C-E, and that the report is published voluntarily, following Sch V para C as a guide.
- Replace 'as per Regulation 17', 'as required by Clause 25(3)' and 'in compliance with Regulation 17(8)' with the Companies Act basis (s.149, Schedule IV para VII) or with 'voluntarily'.
- Ask the PCS to reframe Annexure 2 as a voluntary engagement, name the criteria actually examined (Companies Act ss.149/177/178 and LODR Reg 23), and delete the 'Listing Agreement' reference.
- Re-title Annexures 1, 3 and 4 as voluntary certificates/declarations.

Suggested wording

Company B Limited is listed on the SME platform of the stock exchange (the SME platform). Under Regulation 15(2)(b) of the SEBI Listing Regulations, Regulations 17 to 27 (except Regulation 23, which applies to the Company from start of FY 2025-26), clauses (b) to (i) and (t) of Regulation 46(2) and paras C, D and E of Schedule V do not apply to the Company. The Board has nevertheless chosen to publish this Report voluntarily, following the structure of Schedule V para C. Where a statement below refers to a legal requirement, the requirement is that of the Companies Act, 2013.

What would settle or change this observation

A statement elsewhere in the Annual Report 2025-26 that the Corporate Governance Report is voluntary (none found: the text of pages 46-64 was searched for 'voluntar', '15(2)' and 'SME Exchange'), or a Board resolution adopting the LODR CG provisions as binding internal policy (even then the 'as required by' wording would be wrong).

Evidence from the company's filings

CONSISTENT

Evidence from the company's stock-exchange filings and IPO documents — the filings are consistent with this matter

- View: The Board Diversity Policy also presents Reg 17 composition rules and Reg 46 disclosures as binding on the company, the same misdescription of the SME regime as in this observation.
- View: The company files the main-board Reg 27(2) report and affirms that board and committee composition is 'in terms of' LODR, although Regs 17-21 and 27 do not apply to it.
- Familiarisation Programme: Another company document framed on LODR provisions Reg 15(2) switches off (Reg 25(7), 46(2)(i)); it is also stale (FY 2024-25 data only).

Source references

Extracts from the Annual Report

Page 46: "not less than fifty percent (50%) of the Board of Directors comprised of Independent Directors and is in conformity with the provisions of the Companies Act, 2013 and as per Regulation 17 of the Listing Regulations

Page 47: "As required by Clause 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors held their Meeting on [date]

Page 58: "Discretionary Requirements under Regulation 27(1) of Listing Regulations

Page 59: "In compliance with Regulation 17(8) of the SEBI Listing Regulations, a certificate from Chief Executive Officer and Chief Financial Officer

No.	Statement	Reference	Exact words / working
1	The Corporate Governance Report says board composition is 'as per Regulation 17'.	Document Annual Report 2025-26, page 46, Report on Corporate Governance, section 3	"not less than fifty percent (50%) of the Board of Directors comprised of Independent Directors and is in conformity with the provisions of the Companies Act, 2013 and as per Regulation 17 of the Listing Regulations" [verified]
2	The IDs' meeting is said to be 'required by Clause 25(3)'.	Document Annual Report 2025-26, page 47, Corporate Governance Report, section 3	"As required by Clause 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors held their Meeting on [date]" [verified]
3	Discretionary requirements are reported under Reg 27(1).	Document Annual Report 2025-26, page 58, Corporate Governance Report, section 10	"Discretionary Requirements under Regulation 27(1) of Listing Regulations" [verified]
4	Board procedures refer to Schedule II information.	Document Annual Report 2025-26, page 58, Corporate Governance Report, item n	"The Board has access to any information within your Company which includes the information as specified in Schedule II of the SEBI Listing Regulations." [verified]
5	The CEO/CFO certificate is said to be 'in compliance with Regulation 17(8)'.	Document Annual Report 2025-26, page 59, Corporate Governance Report, section 14	"In compliance with Regulation 17(8) of the SEBI Listing Regulations, a certificate from Chief Executive Officer and Chief Financial Officer" [verified]
6	Annexure 1 is issued under Reg 34(3) and Sch V para C(10)(i).	Document Annual Report 2025-26, page 60, Annexure-1 (PCS certificate of non-disqualification)	"Certificate of Non-Disqualification of Directors (Pursuant to Regulation 34(3) and Schedule V Para C Sub clause (10)(i)" [verified]
7	Annexure 2 certifies compliance with the conditions in Regs 17-27, 46(2)(b)-(i) and Sch V C, D and E.	Document Annual Report 2025-26, page 61, Annexure-2 (PCS certificate on corporate governance), para 2	"as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V" [verified]
8	Annexure 2 refers to the Listing Agreement.	Document Annual Report 2025-26, page 61, Annexure-2, para 2	"pursuant to the Listing Agreement entered into by the Company with the Stock Exchange" [verified]

No.	Statement	Reference	Exact words / working
9	Annexure 2 opines that the company 'has generally complied', with one exception.	Document Annual Report 2025-26, page 61, Annexure-2, para 7	<i>"the Company has generally complied with the conditions of Corporate Governance as stipulated under the SEBI Listing Regulations for the financial year ended FY 2025-26 year-end, except for the following observation" [verified]</i>
10	Annexure 3 is framed under Reg 34(3) and Sch V Part D.	Document Annual Report 2025-26, page 63, Annexure-3 (declaration on code of conduct	<i>"as envisaged in Regulation 34(3) read with Schedule V (Part D)" [verified]</i>
11	Annexure 4 is titled a certificate under Reg 17(8).	Document Annual Report 2025-26, page 64, Annexure-4 (CEO/CFO certificate	<i>"Certificate under Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015" [verified]</i>
12	Reg 15(2) disappplies Regs 17-27, Reg 46(2)(b)-(i) and Sch V paras C, D and E.	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI LODR Regulations 2015, Reg 15(2), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])	<i>"of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V shall not apply, in respect of" [verified]</i>
13	The exemption covers entities listed on the SME Exchange; from start of FY 2025-26 only Reg 23 is brought back for SMEs above [amount] paid-up capital or [amount] net worth.	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI LODR Reg 15(2)(b) and proviso, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])	<i>"Provided that with effect from start of FY 2025-26, the provisions of regulation 23 shall be applicable in respect of a listed entity which has listed its specified securities on the SME Exchange and which has either paid up equity share capital exceeding Rupees ten crore" [verified]</i>
14	Company B's paid-up capital is [amount] ([amount]), so Reg 23 applies to it from FY26 (and no other of Regs 17-27).	Document Annual Report 2025-26, page 81, standalone Note 3 Share Capital	<i>"[amount] Equity Shares of Rs. 5/- each. (PY: [amount] Equity Shares of Rs. 5/- each.) [amount]" [read from page image]</i>
15	No statement that the Corporate Governance Report is voluntary appears on pages 46-64 of the Annual Report 2025-26.	Our inference	

DRAFTING

LOW

ESTABLISHED

M-02 AOC-2 Part 2 is mis-headed as 'Details of contracts ... not at arm's length basis', the same as Part 1; it should read 'material contracts ... at arm's length basis' as in FY25. It also cites the 'forth' proviso

Year FY 2025-26
Area Form AOC-2 (s.134(3)(h), Accounts Rule 8(2))
Pages Annual Report 2025-26: page 41
Action by Company Secretary
Timing In the FY 2026-27 financial statements and Annual Report

In brief. In Form AOC-2 (contracts with related parties), Part 2 carries the heading of Part 1, 'not at arm's length basis', so the statement that all transactions were at arm's length sits under a heading that says the opposite. The FY25 form had the correct heading. The form also cites the 'forth' proviso instead of the 'fourth'.

Where this appears

Annexure –

Form No. AOC-2

(Pursuant to clause of sub-section of section of the Act and Rule of the Companies (Accounts) Rules,)

Details of contracts or arrangements or transactions not at arm's length basis

	Name(s) of the related party and nature of relationship	
	Nature of	

Public sample: real annual report; identity, dates and distinctive amounts masked

Annual Report 2025-26, page 41 — Part 1 and Part 2 carry the same heading

Observation

Form AOC-2 has two parts: (1) contracts not at arm's length, and (2) material contracts at arm's length. In the Annual Report 2025-26 both parts carry the Part 1 heading. So Part 2's statement ('Since all transactions have been entered in the ordinary course of business at arm's length basis ...') appears under a heading announcing transactions that are not at arm's length, which reverses its meaning on the face of the form. The FY25 AOC-2 (page 39 of the Annual Report 2024-25) had the correct heading and spelled 'fourth'. The error was introduced when the Annual Report 2025-26 was re-typeset. The proviso cited is correct: the fourth proviso to s.188(1) is the ordinary-course/arm's-length carve-out.

Requirement

Companies Act 2013, s.134(3)(h)

particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;

Source: Companies Act, 2013

Consequences and penalty exposure

A presentation error in a prescribed form that inverts the heading of Part 2.

Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)

“(8) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.”

Who is liable

company

Exposure for this matter

Company: Rs 3,00,000; each officer in default: Rs 50,000 (s.134(8)); for a heading error in an otherwise complete form, correction is the realistic outcome.

Why it is engaged

Form AOC-2 is the prescribed disclosure of related-party contracts under s.134(3)(h) and Accounts Rule 8(2), enforced through s.134(8).

Nature

penalty (s.454 adjudication)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Recommended action

- Restore the Part 2 heading: 'Details of material contracts or arrangement or transactions at arm's length basis'.
- Correct 'forth' to 'fourth'.

Suggested wording

2. Details of material contracts or arrangement or transactions at arm's length basis:

What would settle or change this observation

Nothing; the heading can be seen on the page image.

Source references

Extracts from the Annual Report

Page 41: "1. Details of contracts or arrangements or transactions not at arm's length basis:" ... "2. Details of contracts or arrangements or transactions not at arm's length basis:" ... "section 188(1) of the Companies Act, 2013 is not applicable pursuant to the forth proviso of the said section.

No.	Statement	Reference	Exact words / working
1	The FY26 AOC-2 Part 2 heading reads 'not at arm's length basis' (image: printed twice on the page).	Document Annual Report 2025-26, page 41, Annexure IV AOC-2	"Details of contracts or arrangements or transactions not at arm's length basis" [verified]
2	Part 2 text cites the 'forth' proviso.	Document Annual Report 2025-26, page 41, Annexure IV AOC-2	"section 188(1) of the Companies Act, 2013 is not applicable pursuant to the forth proviso of the said section" [verified]
3	The FY25 heading was correct.	Document Annual Report 2024-25, page 39, Annexure III AOC-2	"Details of material contracts or arrangement or transactions at arm's length basis" [verified]
4	Law: the fourth proviso to s.188(1) is the ordinary-course carve-out.	Law Companies Act, 2013, Companies Act 2013, s.188(1), fourth proviso	"Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis" [verified]

Part 4 — Matters for the Company’s Clarification

Matters where the published documents raise a question that only the company’s records can answer. Each states the information requested. (2 observations)

CLARIFICATION

MEDIUM

FOR
CONFIRMATION

Q-01 The promoter-MD pledged [amount] shares, at least [amount] of them still under IPO lock-in, to Lender 1 (NBFC) between [date] and [date]. ICDR Reg 242 permits a pledge of locked-in promoter shares only to a scheduled commercial bank, a public financial institution, a systemically important NBFC or a housing finance company; nothing filed shows that Lender 1 (NBFC) qualified. The [date] shareholding pattern shows no pledge, although the release came only on [date]. The FY26 Reg 31(4) declaration says no encumbrance was made, and the Secretarial Audit Report (MR-3) in the Annual Report 2025-26 reports compliance with ICDR and SAST

Year	FY 2025-26
Area	ICDR Reg 242 (pledge of locked-in shares); SAST Reg 31(4); LODR Reg 31 shareholding pattern; MR-3
Action by	Promoters, Company Secretary, Secretarial auditor, Board
Timing	Immediate

In brief. Between [date] and [date] the promoter-Managing Director pledged [amount] shares, at least [amount] of them still under the IPO lock-in, to Lender 1 (NBFC). SEBI's issue regulations allow locked-in promoter shares to be pledged only to banks, public financial institutions, systemically important non-banking finance companies or housing finance companies, and nothing filed shows that this lender qualified. The [date] shareholding pattern and the promoter's annual declaration of encumbrances also do not reflect the pledge, and the Secretarial Audit Report is silent.

Observation

The [date] shareholding pattern (SHP) shows no pledged promoter shares. The [date] SHP shows that the Managing Director held [amount] shares, that [amount] of them were locked in under the IPO lock-in, and that [amount] were pledged. Only [amount] of his shares were free: these are the shares he bought on [date]. So at least [amount] of the pledged shares were locked-in shares. His own Reg 31(2) disclosure shows the pledge was released on [date]. It names the pledgee as 'Lender 1 (NBFC)' and the reason as 'Pledge of shares for loan'.

Under ICDR Reg 242, locked-in promoter shares may be pledged only to a scheduled commercial bank, a public financial institution, a systemically important NBFC or a housing finance company, and only where the pledge is a term of the loan sanction. We could not confirm Lender 1 (NBFC)'s RBI classification from a primary source (its own annual report or RBI's NBFC register). Secondary reports describe a small listed NBFC (net worth about [amount] for FY26), which, if right, would be well below the size at which RBI treats an NBFC as systemically important (now the Middle Layer under its Scale Based Regulation). That is an inference only: whether Lender 1 (NBFC) was a permitted pledgee under Reg 242, and whether the pledge was a term of sanction of the loan, are questions for the company.

The company's own filings are also inconsistent with each other:

- (a) The SHP at [date] shows no pledge, both as first filed and as revised in [date], although the release took place on [date].
- (b) The promoter's FY26 declaration under Reg 31(4), dated [date] and filed on the stock exchange by the company, states flatly that the promoters 'Have not made any encumbrance' during FY26. The form omits the regulation's qualifier 'other than those already disclosed'.
- (c) In [date] the MD was a proposed allottee of [amount] warrants, with relevant date [date]. Reg 167(6) requires his whole pre-preferential holding to be locked in from that date, yet [amount] of those shares were then pledged. The EGM notice does not mention the pledge. The release on [date] came shortly before the issue was withdrawn (another

observation in the full review). The link between the release and the issue is an inference.

What is not claimed. No Reg 31(1) creation disclosure was needed, because the proviso exempts pledges created in a depository. We therefore do not claim a missing filing. The obligations under Reg 242 and Reg 31(4) fall on the promoter. The SHP is the company's own filing, and the Secretarial Audit Report (MR-3) in the Annual Report 2025-26 covers ICDR and SAST compliance for FY26 without mentioning any of this.

Workings

Item	Shares	Source
the Managing Director holding, [date]	[amount]	SHP
Locked in	[amount]	SHP
Free (bought [date])	[amount]	difference
Pledged	[amount]	SHP / Reg 31(2)
Minimum locked-in shares pledged	[amount]	[amount]

Requirement

SEBI ICDR Regulations 2018, Reg 242

Specified securities held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company

Source: SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (amended to [date])

SEBI SAST Regulations 2011, Reg 31(4)

has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year

Source: SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

SEBI SAST Regulations 2011, Reg 31(1) proviso

Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository

Source: SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

SEBI ICDR Regulations 2018, Reg 167(6)

The entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date

Source: SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (amended to [date])

Consequences and penalty exposure

If Lender 1 (NBFC) was not a lender Reg 242 permits, the pledge undermined the lock-in the prospectus promised investors: had it been invoked, locked-in shares would have passed to a non-qualifying lender. The [date] SHP and the FY26 Reg 31(4) declaration gave the market an incomplete picture of promoter encumbrance, and the Secretarial Audit Report (MR-3) in the Annual Report 2025-26 does not report any of it.

SEBI ICDR Regs 238-243 (SME promoter lock-in; pledge of locked-in shares Reg 242; transfer Reg 243)

“242. Specified securities held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following: a) if ... locked-in in terms of clause (a) of regulation 238, the loan has been granted to the issuer company or its subsidiary(ies) for ... the objects of the issue ...”

Who is liable promoter/insider

Exposure for this matter If confirmed that Lender 1 (NBFC) was not a permitted pledgee under Reg 242, or that the pledge was not a term of the loan sanction: no fixed ICDR penalty, but SEBI may issue directions under Reg 296 and levy a penalty under SEBI Act s.15HB of Rs 1 lakh up to Rs 1 crore.

Why it is engaged At least [amount] of the [amount] pledged shares were under IPO lock-in, and Reg 242 limits who may take a pledge of locked-in promoter shares.

Nature SEBI directions/adjudication; exchange action

Source: (lines [amount]), read [date]

SEBI SAST Regulations 2011, Reg 29 (acquisition/disposal) and Reg 31 (encumbrance) - penalty via SEBI Act s.15A(b)

“29.(1) Any acquirer, together with persons acting in concert with him acquiring shares or voting rights ... which taken together aggregates to five per cent or more ..., shall disclose their aggregate shareholding and voting rights ... (2) ... change ... exceeds two per cent ... 31(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him ...”

Who is liable promoter/insider

Exposure for this matter If the FY26 Reg 31(4) declaration ('have not made any encumbrance') is confirmed to be incorrect: SEBI Act s.15A(b), minimum Rs 1 lakh, up to Rs 1 crore per noticee.

Why it is engaged The declaration does not reflect a pledge created and released within FY26, and omits the regulation's 'other than those already disclosed' qualifier.

Nature SEBI adjudication penalty; settlement common

Source: (amended to [date]; lines [amount]), read [date]; SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date]

SEBI Act 1992, s.15A(a)/(b)/(c) (failure to furnish information, returns, disclosures)

“15A. If any person ... required under ... regulations ...,-- (a) to furnish any document ... to the Board, fails to furnish ...; (b) to file any return or furnish any information ... within the time specified ..., fails to file ... he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day ... maximum of one crore rupees.”

Who is liable company

Exposure for this matter If the [date] shareholding pattern is confirmed to have omitted a pledge still in force on that date: minimum Rs 1 lakh, up to Rs 1 crore (furnishing incorrect information), by SEBI adjudication.

Why it is engaged The promoter's own Reg 31(2) disclosure gives the release date as [date], after the shareholding-pattern date.

Nature SEBI adjudication penalty (s.15-I adjudicating officer, or SEBI itself under s.11(4A)/s.11B(2)); appeal to SAT; settlement possible under s.15JB

Source: SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date]

Recommended action

- Obtain the pledge documents, the loan sanction terms and Lender 1 (NBFC)'s RBI classification.
- The secretarial auditor should assess ICDR Reg 242 and report it in the MR-3.
- Revise the [date] SHP and the FY26 Reg 31(4) declaration.

Information requested from the company

Pledge creation date; the borrower and purpose of the loan; Lender 1 (NBFC)'s RBI layer; depository records of the lock-in on the pledged shares.

Evidence that Lender 1 (NBFC) was a systemically important NBFC and that the pledge was a sanction term; or depository records showing that only free shares were pledged; or a corrected release date before [date].

Source references**Extracts from the Annual Report**

p.37-38 (printed p.37-38), MR-3: lists the SEBI SAST Regulations and ICDR Regulations among the laws examined and reports that the Company 'has generally complied' with them, naming only the Subsidiary 2 (overseas) Reg 30 delay.

No.	Statement	Reference	Exact words / working
1	No pledged promoter shares at [date].	Document Company website document “Q1 FY26” ([date]), page 1, Declaration table	“Whether any shares held by promoters are encumbered under “Pledged”? No No” [verified]
2	At [date], [amount] of [amount] shares were locked in and [amount] were pledged.	Document Company website document “Q2 FY26”, page 3, Table II	“[amount] [amount] [amount] [amount]” [verified]

No.	Statement	Reference	Exact words / working
3	Pledge released [date] in favour of Lender 1 (NBFC), for a loan.	Document stock-exchange filing of [date] (subject masked), page 3, Form, page 3	<i>"release [date] pledge Pledge of shares for loan [amount] 4.51% Lender 1 (NBFC)" [verified]</i>
4	[date] SHP shows no pledge.	Document Company website document "Q3 FY26", page 3, Table II	<i>"[amount] [amount] 0 0.0000 [amount]" [verified]</i>
5	FY26 Reg 31(4) declaration denies any encumbrance.	Document stock-exchange filing of [date] (subject masked), page 1	<i>"Have not made any encumbrance, directly or indirectly, on the shares held by us in the Company." [verified]</i>
6	MD was a proposed allottee of warrants with pre-preferential holding of [amount].	Document stock-exchange filing of [date] (Board-meeting outcome), page 15	<i>"the Managing Director Promoter 1,38,[amount] [amount]" [verified]</i>
7	MR-3 covers SAST and ICDR.	Document Annual Report 2025-26, page 37, Secretarial Audit Report	<i>"The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations" [verified]</i>
8	At least [amount] of the pledged shares were locked in.	Our computation	[2] [amount] free; [amount] locked-in shares pledged
9	Secondary sources describe Lender 1 (NBFC) as a non-banking finance company with total assets of about [amount] ([date]), below the size RBI treats as systemically important; its RBI classification has not been confirmed from a primary source (inference).	Our inference	CFL is registered as a non systematically important non-deposit taking Non-Banking Financial Company with the RBI
10	Searches: all 176 stock-exchange announcements ([date] to [date]) for 'pledge', 'encumb' and 'SAST' (only the Reg 31(4) declarations of [date] and [date] and the Reg 31(2) disclosure of [date]); the text of the Annual Report 2025-26 for 'pledge', 'encumb' and 'lock-in' (no hits).	Our inference	

CLARIFICATION

MEDIUM

FOR
CONFIRMATION

Q-02 The registered office is leased from Promoter-group Company 1 - the promoter-group 'Group Company' named in the IPO prospectus, lease to [date] at an 'arm's length' rent - yet no lease or rent to Promoter-group Company 1 appears in the related-party notes of either Annual Report or in any of the seven Reg 23(9) filings covering the period since the office moved there

Year	FY 2024-25 and FY 2025-26
Area	Related parties (AS 18; s.188(1)(c); LODR Reg 23(9)) - Annual Report 2024-25 Note 28 and AOC-2; Annual Report 2025-26 Note 30
Pages	Annual Report 2025-26: page 89; Annual Report 2024-25: page 81
Action by	Audit Committee, Board, CFO / finance, Company Secretary
Timing	Before the next results / filing

In brief. The IPO offer document states that the registered office is leased from Promoter-group Company 1, a promoter-group company, until [date] at an arm's-length rent, yet no lease or rent with Promoter-group Company 1 appears in the related-party notes of either Annual Report or in any related-party filing to the stock exchange since the move. Either a recurring related-party transaction has been left out of the disclosures, or the office is used free of rent, which is itself a related-party transaction that should be disclosed. The company should produce the lease and the rent ledger.

Where this appears

significant influence:		
TRANSACTIONS DURING THE YEAR	For the year	For the year
	FY25 end	FY24 end
Entities over which Company exercise significant influence:		
Advance for Purchases		
Promoter-group Company 1	-	1.25
Purchases		
Promoter-group Company 1	1.25	-
Loan Received /(Repaid)		
i) the Managing Director	[amount]	[amount]
ii) Promoter Director 1	[amount]	[amount]
iii) Promoter group Company 1	[amount]	[amount]

Annual Report 2024-25, page 81 — Annual Report 2024-25 Note 28: Promoter-group Company 1 - purchase 1.25 and loan [amount] only

Notes Forming Part of the Financial Statements		
as at	FY26 end	FY26 end
Related Party Disclosure		
		(Rs. in lakhs)
Entities over which Company, or key management personnel or their relatives, exercise significant influence:		

Annual Report 2025-26, page 89 — Annual Report 2025-26 Note 30: Promoter-group Company 1 - loan only (read from image)

Observation

What the prospectus says. The Red Herring Prospectus (RHP) of [date] states three times that Company B's registered office - [address masked], [address masked], [address masked], occupied from [date] - is rented from Promoter-group Company 1, under a lease running to [date], and that 'the rent consideration is at arms' length price and the agreements are duly stamped and executed' [1][2][3][4]. Promoter-group Company 1 is the company's only identified 'Group Company' and a promoter-group entity; both promoters are its directors [5][6][7].

What the Annual Reports and filings say. Promoter-group Company 1 appears in Note 28 of the Annual Report 2024-25 only for a purchase of Rs 1.25 lakh and a loan of [amount] [8][9][10], and in Note 30 of the Annual Report 2025-26 only as a lender (net loan [amount]; [amount] payable) [12]. None of the seven Reg 23(9) disclosures covering the periods after the move mentions rent or a lease with Promoter-group Company 1 [13][14][15][16]. Yet every filing to [date] still carries the [address masked] address [17], and the rent charged in the accounts rose from Rs 3.86 lakh (FY24 period) to [amount] in FY25, the year of the move [11]. AOC-2 simply says every related-party transaction was in the ordinary course and at arm's length [18].

Why it matters. Either rent is being paid to Promoter-group Company 1 - in which case the related-party note has omitted a continuing transaction for two years (AS 18 para 23 [20]), the Reg 23(9) filings, which the 2025-26 Corporate Governance Report says were submitted on a timely basis, are incomplete [22], and the lease is a s.188(1)(c) contract whose approval and terms shareholders cannot see [21] - or the premises are used free of rent, in which case the RHP's 'arm's length' statement was wrong and the free use is itself a related-party transaction, because AS 18 covers transfers of resources 'regardless of whether or not a price is charged' [19]. The same company lent Company B [amount] in FY26, so the full picture of its dealings with the company matters to minority shareholders. We cannot see the lease or the rent ledger [23], so this is put as a question.

Workings

Document	Period covered	Promoter-group Company 1 items shown	Lease / rent shown?
RHP [date] (p.37, 139, 149)	-	Lessor of registered office from [date]; lease to [date]; 'Group Company'	Yes - lease, arm's-length rent
Reg 23(9), [date]	Oct-[date] (9M FY25)	Advance for purchases 1.25 (balance)	No
Reg 23(9), [date]	FY25	Purchase 1.25; loan taken [amount]	No
Annual Report 2024-25 Note 28	FY25	Purchase 1.25; loan [amount]	No
Reg 23(9), Jun-[date] / Dec-25 quarters	FY26 to date	Loan repaid [amount]	No
Reg 23(9), [date]	FY26	Loan taken [amount] (net [amount])	No
Annual Report 2025-26 Note 30 (image)	FY26	Loan ([amount]); FY25 purchase 1.25	No
Reg 23(9), [date]	Q1 FY27	Interest [amount]; loan [amount]	No
Annual Report 2024-25 Note 24 'Rent'	FY25 / FY24 period	[amount] / 3.86 (total, counterparties not given)	-

Requirement

AS 18 para 10.2

Related party transaction - a transfer of resources or obligations between related parties, regardless of whether or not a price is charged.

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

AS 18 para 23

If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following: (i) the name of the transacting related party;

Source: Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date])

Companies Act 2013 s.188(1)(c)

no company shall enter into any contract or arrangement with a related party with respect to-- ... (c) leasing of property of any kind;

Source: Companies Act, 2013

SEBI LODR Reg 23(9)

The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website

Source: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date])

Consequences and penalty exposure

If rent is paid, a recurring related-party transaction with a promoter-group company is missing from two years' AS 18 notes and from the Reg 23(9) filings, and shareholders cannot judge the lease terms; if the office is rent-free, the RHP misdescribed the arrangement and the free use should still have been disclosed. Either way the Board's blanket 'ordinary course and arm's length' statement is untested for the company's own registered office.

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Who is liable MD/CFO

Exposure for this matter If rent to Promoter-group Company 1, or rent-free use of its premises, is confirmed and was omitted from the related-party note: in law, a fine of Rs 50,000 to Rs 5 lakh, or imprisonment of up to one year, or both, on the MD/CFO (court prosecution under s.129(7)); the realistic outcome is a corrected note in the next financial statements.

Why it is engaged AS 18 requires every related-party transaction, including a transfer of resources for which no price is charged, to be disclosed.

Nature fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date] and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

SEBI Act 1992, s.15A(a)/(b)/(c) (failure to furnish information, returns, disclosures)

“15A. If any person ... required under ... regulations ...,-- (a) to furnish any document ... to the Board, fails to furnish ...; (b) to file any return or furnish any information ... within the time specified ..., fails to file ... he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day ... maximum of one crore rupees.”

Who is liable company

Exposure for this matter If confirmed that the Reg 23(9) disclosures from FY26 (when Reg 23 began to apply to the company) omitted the lease: minimum Rs 1 lakh, up to Rs 1 crore (incomplete disclosure), by SEBI adjudication.

Why it is engaged Reg 23(9) requires half-yearly disclosure of all related-party transactions to the exchange.

Nature SEBI adjudication penalty (s.15-I adjudicating officer, or SEBI itself under s.11(4A)/s.11B(2)); appeal to SAT; settlement possible under s.15JB

Source: SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on sebi.gov.in Acts page): [link] (page [link]), read [date]

Companies Act 2013, s.188(5) (related party transactions)

“(5) Any director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall,-- (i) in case of listed company, be liable to a penalty of twenty-five lakh rupees; and (ii) in case of any other company, be liable to a penalty of five lakh rupees.”

Who is liable officers in default

Exposure for this matter If confirmed that the lease is a related-party contract that was neither in the ordinary course at arm's length nor approved by the Board: up to Rs 25 lakh on each director or employee who entered into or authorised it (listed company), and the contract becomes voidable.

Why it is engaged Leasing of property from a related party is a s.188(1)(c) contract.

Nature penalty (s.454 adjudication)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Recommended action

- Disclose in Note 30 (with the FY25 comparative) the lease of [address masked], [address masked] from Promoter-group Company 1: rent for each year, any deposit, the year-end balance and the lease term.
- Include the rent in the Reg 23(9) disclosures from H2 FY25 and file corrected disclosures.
- Record the Board/Audit Committee approval of the lease under s.188(1)(c) and LODR Reg 23(2).

- If the lease ended, or the premises are occupied free of rent, say so, from when, and disclose the free use as a related-party transaction.

Suggested wording

Lease of registered office: The Company occupies [address masked], [address masked], [address masked], [city], its registered office since [date], under a lease from Promoter-group Company 1, a promoter-group company in which the promoters are directors, valid up to [date]. Rent for the year: Rs [] lakh (previous year Rs [] lakh); security deposit Rs [] lakh; amount payable at the year end Rs [] lakh.

Information requested from the company

Lease or leave-and-licence agreement for [address masked] with Promoter-group Company 1; party-wise break-up of 'Rent' ([amount] FY25, [amount] FY26); Board and Audit Committee approvals of the lease.

A document showing that the Promoter-group Company 1 lease ended before start of FY 2025-26 and that the premises are owned or held from an unrelated party; or evidence that rent to Promoter-group Company 1 is disclosed elsewhere in the Annual Reports under another description.

Source references

Extracts from the Annual Report

Annual Report 2024-25 p.81, Note 28: "Purchases Promoter-group Company 1 1.25 -"; "iii) Promoter-group Company 1 [amount] -

p.89, Note 30 (read from the image): "Promoter-group Company 1 Loan Repaid/(Taken) ([amount]) ([amount]) ([amount]) ([amount])"; Purchase "- 1.25

Annual Report 2024-25 p.39, AOC-2: "Since all transactions have been entered in the ordinary course of business at arm's length basis, section 188(1) of the Companies Act, 2013 is not applicable

No.	Statement	Reference	Exact words / working
1	The RHP lists the registered office as rented from Promoter-group Company 1, lease ending [date].	Document Red Herring Prospectus ([date]), page 142, RHP(), properties table, row 1	"Registered Office [address masked], [address masked], [address masked], [address masked], [address masked] City, [address masked], [city]-[address masked], [state] Rented [date] Promoter-group Company 1" [verified]
2	The RHP says the office is leased from Promoter-group Company 1, a Group Company, and that the rent is at arm's length under a stamped agreement.	Document Red Herring Prospectus ([date]), page 142, RHP(), paragraph below the table	"Except for our registered office which we have taken on lease from Promoter-group Company 1 which is one of our Group Company, we have not entered into any lease agreement with promoters and directors ... The rent consideration is at arms' length price and the agreements are duly stamped and executed." [verified]
3	Risk factor 14 repeats that the registered office is rented from a Group Company, with the lease valid to [date].	Document Red Herring Prospectus ([date]), page 40, RHP	"We have taken registered office on rent from one of our Group Companies with lease validity upto [date]." [verified]
4	The registered office moved to [address masked], [address masked] with effect from [date].	Document Red Herring Prospectus ([date]), page 152, RHP	"The registered office of our Company was changed from HA-153, Sector -III, [address masked], Purbachal, [address masked], [address masked], [city] – 700 097, [state], India to [address masked], [address masked]" [verified]
5	Promoter-group Company 1 is the company's only identified Group Company.	Document Red Herring Prospectus ([date]), page 174, RHP	"Promoter-group Company 1 Limited has been identified and considered as the Group Company of our Company." [verified]
6	Promoter-group Company 1 (and Related Company 1) are promoter-group entities.	Document Red Herring Prospectus ([date]), page 173, RHP(), entities list	"Related Company 1 2. Promoter-group Company 1 3. Company B Limited Infrastructure Limited 4. Bhairavkripa Properties LLP 5. Related Company 1 Nest LLP" [verified]
7	At FY 2024-25 year-end the MD was still a director of Related Company 1 and Promoter-group Company 1.	Document Annual Report 2024-25, page 16, AGM Notice - profile of the Managing Director, Annual Report 2024-25	"Related Company 1, Promoter-group Company 1 & Company B Limited Infrastructure Limited" [verified]

No.	Statement	Reference	Exact words / working
8	Annual Report 2024-25 Note 28 describes Promoter-group Company 1 only as an entity with common directors.	Document Annual Report 2024-25, page 80, Note 28 Related Party Disclosure, Annual Report 2024-25	<i>"Promoter-group Company 1 Common Directors Related Company 1 Common Directors" [verified]</i>
9	Annual Report 2024-25 Note 28 shows only a purchase of Rs 1.25 lakh and a loan of [amount] with Promoter-group Company 1 for FY25 - no rent or lease.	Document Annual Report 2024-25, page 81, Note 28 Related Party Disclosure, Annual Report 2024-25, transactions table	<i>"Purchases Promoter-group Company 1 1.25 -" [verified]</i>
10	Annual Report 2024-25 Note 28 loan rows for Promoter-group Company 1 and Related Company 1 (the only other Promoter-group Company 1 entry).	Document Annual Report 2024-25, page 81, Note 28 Related Party Disclosure, Annual Report 2024-25, 'Loan Received /(Repaid)'	<i>"iii) Promoter-group Company 1 [amount] - iv) Related Company 1 [amount] -" [verified]</i>
11	Rent expense rose from Rs 3.86 lakh (FY24 period) to [amount] in FY25, the year the office moved to [address masked].	Document Annual Report 2024-25, page 78, Note 24 Other Expenses, Annual Report 2024-25	<i>"Rent [amount] 3.86" [verified]</i>
12	Annual Report 2025-26 Note 30 shows Promoter-group Company 1 only as lender (loan taken [amount] net; [amount] payable) and the FY25 purchase of 1.25 - no rent or lease. Read from the page image.	Document Annual Report 2025-26, page 89, Note 30 Related Party Disclosure, Annual Report 2025-26, transactions table	<i>"Promoter-group Company 1 Loan Repaid/(Taken) ([amount]) ([amount]) ([amount]) ([amount])" [read from page image]</i>
13	Reg 23(9) filing for the nine months to [date] (covering Nov-[date] after the move) shows Promoter-group Company 1 only for the Rs 1.25 lakh advance.	Document Company website document "Q3 FY [date]" ([date]), page 2	<i>"Promoter-group Company 1 ABICS0980R Common Directors Advance For Purchases 1.25 1.25" [verified]</i>
14	Reg 23(9) filing for FY25 shows Promoter-group Company 1 only for purchase (1.25) and loan taken ([amount]).	Document Company website document "Q4 FY [date]", page 2	<i>"Promoter-group Company 1 ABICS0980R Common Directors Purchase 1.25 1.25" [verified]</i>
15	Reg 23(9) filing for FY26 shows Promoter-group Company 1 only for loans.	Document Company website document "Q4 FY 2025-26", page 2, row 8	<i>"Promoter-group Company 1 ABICS0980R Common Directors Loan Repaid/(Taken) ([amount]) ([amount]) ([amount])" [verified]</i>
16	Reg 23(9) filing for Q1 FY27 shows Promoter-group Company 1 only for interest and loan.	Document Company website document "View", page 2	<i>"Promoter-group Company 1 ABICS0980R Common Directors Interest on Loan taken [amount]" [verified]</i>
17	The company still gives [address masked], [address masked] as its address in [date].	Document stock-exchange filing of [date] (subject masked), page 1, letterhead	<i>"[address masked], [address masked], 9th Floor, [address masked], [address masked], [address masked], [address masked], [address masked], [city], [state]-[address masked]" [verified]</i>
18	AOC-2 in the Annual Report 2024-25 asserts that all RPTs were in the ordinary course and at arm's length, naming none.	Document Annual Report 2024-25, page 39, Annexure III Form AOC-2, Annual Report 2024-25, Part 2	<i>"Since all transactions have been entered in the ordinary course of business at arm's length basis, section 188(1) of the Companies Act, 2013 is not applicable pursuant to the fourth proviso of the said section." [verified]</i>
19	AS 18 defines a related party transaction to include transfers of resources even where no price is charged.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 18 Related Party Disclosures, para 10.2 (Companies (Accounting Standards) Rules, 2021), AS 18 para 10.2	<i>"Related party transaction - a transfer of resources or obligations between related parties, regardless of whether or not a price is charged." [verified]</i>
20	AS 18 requires the name, relationship and nature of each related-party transaction to be disclosed.	Law Companies (Accounting Standards) Rules, 2021 (G.S.R. 432(E), [date]), AS 18 Related Party Disclosures, para 23, AS 18 para 23	<i>"If there have been transactions between related parties, during the existence of a related party relationship, the reporting enterprise should disclose the following: (i) the name of the transacting related party;" [verified]</i>
21	Leasing of property with a related party is a s.188(1) contract.	Law Companies Act, 2013, Companies Act 2013, s.188(1)(c), s.188(1)	<i>"no company shall enter into any contract or arrangement with a related party with respect to-- (a) sale, purchase or supply of any goods or materials; (b) selling or otherwise disposing of, or buying, property of any kind; (c) leasing of property of any kind;" [verified]</i>
22	LODR Reg 23(9) requires RPT disclosures to the exchange (Reg 23 applies to Company B from start of FY 2025-26; the company filed voluntarily before that).	Law SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]), SEBI LODR Regulations 2015, Reg 23(9), Reg 23(9)	<i>"The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website" [verified]</i>

No.	Statement	Reference	Exact words / working
23	Searches: 'Promoter-group Company 1' appears in the Annual Report 2024-25 only on pages 16, 80 and 81 and in the Annual Report 2025-26 only on pages 89 and 117 (consolidated copy of the same note); no lease or rent to Promoter-group Company 1 appears in either report; the seven Reg 23(9) filings covering periods after the [date] move ([date]) show no rent or lease with Promoter-group Company 1. Whether rent is paid, or the premises are occupied rent-free, is not stated anywhere; the lease agreement and the rent ledger would confirm or refute.	Our inference	

Annexure A — Penalty provisions referred to

Companies Act 2013, s.118(10)-(12) (SS-1/SS-2 compliance; minutes)

“(10) Every company shall observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India ... (11) If any default is made in complying with the provisions of this section in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.”

Amount: s.118(11): company Rs 25,000; every officer in default Rs 5,000 (per meeting). s.118(12) tampering with minutes: imprisonment up to 2 years AND fine Rs 25,000-1,00,000. Liable: company and every officer in default; any person who tampers with minutes (12). Nature: (11) penalty (s.454 adjudication) - original [year] wording, never criminal; (12) fine + imprisonment (court prosecution; not compoundable under s.441(6)(a) as imprisonment AND fine).

In force: original text (w.e.f. start of FY 2014-15); no amending footnote in consolidated text

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount])

Companies Act 2013, s.128(6) (books of account; Accounts Rules r.3 audit trail)

“(6) If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such [persons] ... shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.”

Amount: Rs 50,000 to Rs 5,00,000 on MD / WTD-finance / CFO / person charged by Board. Liable: MD, WTD in charge of finance, CFO, or other person charged by the Board. Nature: fine (court prosecution; compoundable under s.441) - imprisonment omitted, not converted to penalty.

In force: imprisonment words and 'or with both' omitted by Act 29 of [year] s.24 w.e.f. [date]

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Companies Act 2013, s.129(7) (financial statements; AS Rules 2021; Schedule III)

“(7) If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board ... and in the absence of [them], all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.”

Amount: Imprisonment up to 1 year, or fine Rs 50,000-5,00,000, or both. Liable: MD, WTD in charge of finance, CFO, person charged by Board; failing them, all directors (not the company). Nature: fine/imprisonment (court prosecution) - NOT decriminalised by [year] or [year] Amendment Acts; compoundable under s.441 (imprisonment OR fine).

In force: original text; untouched by Act 22 of [year] and Act 29 of [year] (neither amends s.129(7))

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); negative check against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]) and Companies (Amendment) Act 2019 (No. 22 of [year]), [date], gazette-printed copy on NFRA's government CDN [link] read [date]

Companies Act 2013, s.132(4)(c) read with NFRA Rules 2018 r.3(1)(a) (NFRA sanctions on auditors)

“(c) ... (A) imposing penalty of-- (I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and (II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms; (B) debarring ... for a minimum period of six months or such higher period not exceeding ten years ...”

Amount: Individual auditor: Rs 1,00,000 to 5x fees received; audit firm: Rs 5,00,000 to 10x fees received; debarment 6 months to 10 years (audit, internal audit, valuation under s.247). Liable: auditor (CA member) and audit firm. Nature: penalty/debarment by NFRA (civil; appeal to NCLAT under s.132(5)) - not a court fine.

In force: s.132(4) in force [date]; firm minimum 'five lakh' substituted for 'ten lakh' by Act 1 of [year] s.35 w.e.f. [date]; clause (B) substituted by Act 22 of [year] s.20 w.e.f. [date]

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]). NFRA Rules 2018 (G.S.R. [amount](E), [date]) r.3(1)(a): 'companies whose securities are listed on any stock exchange in India or outside India' - [link] (linked from [link]), read [date]; amendments G.S.R. 636(E) [date] (adds banking Explanation only) and G.S.R. 456(E) [date] (substitutes r.13) checked, neither narrows r.3(1)(a).

Companies Act 2013, s.134(8) (Board's report; Accounts Rules r.8)

“(8) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.”

Amount: Company: Rs 3,00,000; every officer in default: Rs 50,000. Liable: company and every officer in default. Nature: penalty (s.454 adjudication).

In force: substituted by Act 29 of [year] s.26 w.e.f. [date] (earlier: company fine Rs 50,000-25,00,000; officer imprisonment up to 3 years and/or fine)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Companies Act 2013, s.147(1) (company contravening ss.139-146)

“(1) If any of the provisions of sections 139 to 146 (both inclusive) 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 with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees.”

Amount: Company: fine Rs 25,000-5,00,000; every officer in default: fine Rs 10,000-1,00,000. Liable: company and every officer in default. Nature: fine (court prosecution; compoundable) - imprisonment for officers omitted [year].

In force: Act 29 of [year] s.31(a) w.e.f. [date] omitted 'imprisonment ... one year or' and 'or with both'

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

Companies Act 2013, s.188(5) (related party transactions)

“(5) Any director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall,-- (i) in case of listed company, be liable to a penalty of twenty-five lakh rupees; and (ii) in case of any other company, be liable to a penalty of five lakh rupees.”

Amount: Listed company (Company B): Rs 25,00,000 per director/employee who entered into or authorised the RPT; other companies: Rs 5,00,000. Liable: director or other employee who entered into / authorised the contract (not the company). Nature: penalty (s.454 adjudication).

In force: Act 29 of [year] s.39 w.e.f. [date] (was imprisonment up to 1 year and/or fine [amount] for listed)

Source: (consolidated Companies Act text; cp1252; footnotes run to [date]), read [date] (lines [amount]); verified against Companies (Amendment) Act 2020 (No. 29 of [year]), Gazette of India Extraordinary Pt II s.1 No. 54, [date] - gazette-printed copy [link]%20Act,%[amount].pdf (mirror; mca.gov.in not used), read [date]; S.O. [amount](E) [date] (commencement of [year] Act ss.1,3,[amount](a)(b),[amount](i),[amount]) - list read from [link] (secondary), read [date]

SEBI ICDR Regs 238-243 (SME promoter lock-in; pledge of locked-in shares Reg 242; transfer Reg 243)

“242. Specified securities held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following: a) if ... locked-in in terms of clause (a) of regulation 238, the loan has been granted to the issuer company or its subsidiary(ies) for ... the objects of the issue ...”

Amount: No specific monetary penalty in ICDR. Consequences: exchange action under Reg 297 (fines/freezing - no rate in SOP); SEBI directions under Reg 296 (divestment, market bar); SEBI Act s.15HB Rs 1,00,000 to Rs 1 crore (no separate penalty provided); s.11B directions. Liable: promoters; issuer; pledgee lender (pledge terms). Nature: SEBI directions/adjudication; exchange action.

In force: Reg 238(b) staggered lock-in (50% for 2 years / 50% for 1 year) substituted by ICDR (Amendment) Regs [year] w.e.f. [date]; for IPOs before that date the earlier 1-year excess-holding lock-in applies

Source: (lines [amount]), read [date]

SEBI LODR Reg 30 (material events) - NOT in SOP; SEBI adjudication

“(6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material ... not later than the following: (i) thirty minutes from the closure of the meeting of the board of directors ...; (ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity; (iii) twenty four hours ... not emanating from within the listed entity ...”

Amount: No SOP fine. SEBI: s.15A(b) - min Rs 1,00,000, up to Rs 1,00,000/day, max Rs 1 crore; and/or s.15HB - Rs 1,00,000 to Rs 1 crore; s.15HA if misleading (Rs 5 lakh - [amount]/3x profits). Liable: listed entity; compliance officer/directors/KMP where charged. Nature: SEBI adjudication penalty (s.15-I / s.11(4A)); exchange may seek clarification and refer to SEBI.

In force: Reg 30(6) substituted by LODR (Second Amendment) Regulations 2023 w.e.f. [date] (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI consolidated text, amended to [date]) fn 302)

Source: (SEBI LODR, amended to [date], cp1252), read [date] (lines [amount]); SEBI Act SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date]; absence from SOP table confirmed in SEBI LODR Master Circular HO/49/14/14(7)[year]-CFD-POD2/I/[amount]/2026 (issued [date], last updated [date]), Chapter VII Section VII-A paras [date] (pp.56-64) = (from [link]), read [date]

SEBI SAST Regulations 2011, Reg 29 (acquisition/disposal) and Reg 31 (encumbrance) - penalty via SEBI Act s.15A(b)

“29.(1) Any acquirer, together with persons acting in concert with him acquiring shares or voting rights ... which taken together aggregates to five per cent or more ..., shall disclose their aggregate shareholding and voting rights ... (2) ... change ... exceeds two per cent ... 31(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him ...”

Amount: SEBI Act s.15A(b): min Rs 1,00,000, up to Rs 1,00,000/day, max Rs 1 crore per noticee. (s.15H - Rs 10 lakh to [amount]/3x profits - is for open-offer failures, not routine Reg 29/31 lapses). Liable: acquirer and PACs (Reg 29); promoters (Reg 31). Nature: SEBI adjudication penalty; settlement common.

In force: Reg 29(1) substituted w.e.f. start of FY 2022-23; Reg 31(1) depository proviso inserted by SAST (Second Amendment) Regs [year] w.e.f. start of FY 2022-23 (SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 fn 114)

Source: (amended to [date]; lines [amount]), read [date]; SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date]

SEBI Act 1992, s.15A(a)/(b)/(c) (failure to furnish information, returns, disclosures)

“15A. If any person ... required under ... regulations ...,-- (a) to furnish any document ... to the Board, fails to furnish ...; (b) to file any return or furnish any information ... within the time specified ..., fails to file ... he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day ... maximum of one crore rupees.”

Amount: Min Rs 1,00,000; up to Rs 1,00,000 per day of continuing failure; max Rs 1,00,00,000 (each of clauses (a), (b), (c)). Liable: any person required to furnish/file - listed company, promoters, directors, KMP, insiders, acquirers. Nature: SEBI adjudication penalty (s.15-I adjudicating officer, or SEBI itself under s.11(4A)/s.11B(2)); appeal to SAT; settlement possible under s.15JB.

In force: amounts substituted by Securities Laws (Amendment) Act 2014 w.e.f. [date]; 'false, incorrect or incomplete' limb inserted by Finance Act 2018 w.e.f. [date]

Source: SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in](#) Acts page): [link] (page [link]), read [date]

SEBI Act 1992, s.15HB (residual)

“15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”

Amount: Rs 1,00,000 to Rs 1,00,00,000. Liable: whoever fails to comply (company, directors, compliance officer, promoters). Nature: SEBI adjudication penalty.

In force: amount substituted by Securities Laws (Amendment) Act 2014 w.e.f. [date]

Source: SEBI Act 1992 as amended by Finance Act 2021 w.e.f. start of FY 2021-22 (latest consolidated text listed on [sebi.gov.in Acts](https://sebi.gov.in/Acts) page): [\[link\]](#) (page [\[link\]](#)), read [\[date\]](#)

Annexure B — Glossary

Term	Meaning
AS / Indian GAAP	Accounting Standards notified under the Companies (Accounting Standards) Rules, 2021. Companies listed on an SME platform may use these instead of Ind AS; this company does.
SME platform	The stock-exchange platform for small and medium enterprises. SEBI LODR Reg 15(2) exempts SME-listed companies from Regs 17–27 and Schedule V paras C, D and E, except that Reg 23 (related-party transactions) now applies to SME companies above the prescribed paid-up capital or net worth.
Schedule III Division I	The format of the balance sheet, profit and loss and notes for companies that follow AS, with its additional disclosure requirements.
AS 4 / AS 20 / AS 21 / AS 23	Events after the balance-sheet date; earnings per share; consolidated financial statements (subsidiaries); investments in associates (equity method).
Associate / subsidiary	An associate is an entity over which the company has significant influence (usually 20% or more of votes); a subsidiary is one it controls (more than half the votes, or control of the composition of its board).
AOC-1 / AOC-2	Forms attached to the Board's Report: salient features of subsidiaries and associates (AOC-1) and related-party contracts (AOC-2).
CARO 2020	Companies (Auditor's Report) Order: matters the statutory auditor must report on.
MR-3	Secretarial audit report.
RPT	Related-party transaction.
Masked labels	Company B Limited is the company reviewed. Investee 1 is the company acquired during the year; Subsidiary 1 and Subsidiary 2 are subsidiaries; JV Firm 1 is a partnership presented as a joint venture; Promoter-group Company 1 and Related Company 1 are entities connected with the promoters. Directors and officers are named by office. Places, business lines, the lender, the rating agency, the stock exchange and the auditors are masked. [date] is a masked date, [year] a masked calendar year, [amount] a masked figure and [percent] a masked percentage; a financial year's closing or opening date is shown by its financial-year label.

This sample applies the published texts of the law to the company's two Annual Reports and its public filings. Matters in Part 4 are questions, not conclusions. Amounts of penalty are those prescribed by law and are not a prediction of any action by a regulator.

An Indian listed company (identity masked)

Public Sample: Observations on the Annual Reports · A real review of FY 2025-26 and FY 2024-25 of an SME-listed Indian infrastructure contractor, masked for publication

What this sample is

12 observations from a real review of the two most recent Annual Reports of an SME-listed Indian infrastructure contractor, reproduced as they were written for its Board. The company is called Company B Limited; its group entities, promoters, directors, officers, auditors, bankers, places and business lines carry neutral labels, and dates and distinctive amounts are masked, in the text and on every page extract.

How the review was done

Every page of both reports was read. Each observation is tied to the page it comes from, with the exact words quoted and a highlighted extract of the page, and to the exact wording of the requirement it relies on. Figures were recomputed, tables re-added, and the reports were compared with the company's stock-exchange filings.

How each point was tested

Every observation was argued from management's side, as its finance team, auditor and lawyers would argue it, before it was kept. Where the facts are clear but the conclusion depends on judgement, the point is put as a question for the company. A breach or fine the company has itself disclosed is not treated as a finding.

Basis

Only public documents were used: the annual reports, the company's stock-exchange filings and website, and the official texts of the law. The review is not an audit, does not express an opinion on the financial statements and is not legal advice.