

## Worried about signing formalities of Financial Statements and Boards' Report?

The Financial Statements and Boards' Report are one of the most important documents of any entity and many directors seem baffled when a question comes regarding signing of stated documents. To get the clarification regarding the signing formalities, please go through the below mentioned advisory.

### **BACKGROUND**

Financial Statements and Boards' Report of a company need to be signed in accordance with the provisions of section 134(1) and 134(6) of the Companies Act, 2013 ("Act"), respectively AND BEFORE SIGNING, the same shall be approved by the Board of Directors in a Board Meeting.

Here are some common questions came in mind, while signing the above mentioned Financial Statements and Boards' Report:

#### **Q. 1: Who needs to sign Financial Statements and Boards' Report?**

A. 1: Financial Statements needs to be signed by the following:

- **Chairperson of the Company or**
- **Any 2 (Two) directors** out of which one shall be **Managing Director**, if any; and
- **Chief Executive Officer**, if he/she is appointed; and
- **Chief Financial Officer**, if he/she is appointed; and
- **Company Secretary**, if he/she is appointed

\* In case of One Person Company (OPC), only 1 (One) Director.

Boards' Report needs to be signed by the following:

- Chairperson of the Company; or
- At least 2 (two) directors, one of whom shall be a Managing Director, if any

\* In case of One Person Company (OPC), 1 (One) Director, where there is one director.

#### **Q. 2: Can Chairperson solely sign the financial statements and board report?**

A. 2: Yes, Financials and Boards' report can be solely signed by the **Chairperson of the Company** and not Chairperson of the meeting. Please also be noted that Chairperson of the Company may or may not be the Chairperson of the meeting and Chairperson of the Company must be authorised by the Board.

#### **Q. 3: Can Independent Director or Additional Director sign the Financial Statements and Boards' Report?**

A. 3: The Financial Statements and Boards' Report need to be signed by the Director(s) of the Company. Therefore, an Independent Director and Additional Director being Directors of the Company can sign the same.

**Q. 4: Can Financial Statements and Boards' Report be signed through Digital Signature Certificate?**

A. 4: Yes, Financial Statements and Boards' report can be signed by directors/ CEO/ CFO/ CS and Statutory Auditors of the Company through their Digital Signature Certificates (DSC) also. A DSC is used to authenticate a document and is equivalent of a handwritten signature or a stamped seal. Also, Information Technology Act, 2003 has also legally recognised DSCs to sign the documents.

**Q. 5: In case of directors attending the meeting from different places, how to get Financial Statements and Boards' Report signed?**

A. 5: In such cases, we have two options to get the documents signed:

- I. Digital Signatures
- II. Manual Signatures

**Case I: Digital Signature Certificate i.e., DSC**

In such case, Financial Statements and Boards' Report can easily be signed through affixing DSCs by respective authorised directors and other signatories after passing the resolution for approval of Financial Statements and Boards' Report, respectively, on the same day.

**Case II: Manual Signatures**

In such case, we can obtain the following process:

- (a) First conduct Board Meeting and pass the resolution for approval of Financial Statements. Thereafter, the Financial Statements can be signed by all signatories manually at their respective places at different dates.
- (b) After signing the financials, the same will be sent to the Statutory Auditors for their signatures and issue of their report thereon.
- (c) After receiving the signed Financial Statements and audit report, conduct another board meeting for taking note of audited signed Financial Statements and Auditor Report and pass resolution for approval of Boards' Report. Thereafter, the Boards' Report can be signed by the Directors at their respective places at different dates.

**Q. 6: Can date of signing of Financial Statements and Boards' Report be different from the date of board meeting in which the same were approved?**

A. 6: Yes, the date of signing can be different as the documents needs to be approved in Board Meeting and thereafter needs to be signed by the respective signatories. Please make sure that the date of signing shall be starting from Financial Statements followed by Auditor Report and thereafter Board Report.

**Disclaimer Note:**

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