

DIRECTORS REPORT UNDER THE COMPANIES ACT 2013 & SEBI (LODR),2015

Though shareholders own the company , it is the directors who run the show. Directors act as a trustee on behalf of the shareholders. Hence, it is mandated by law for the directors to let the shareholders know about the performance and other allied aspects of the company every financial year. This is done by issuing the directors report attached along with the audited financial statements at the AGM of the company.



PART: A Contents of Directors Report as per Companies Act,2013.

SR NO	SECTION	PARTICULARS	REMARKS
1	134(3)(l)	State of Company's Affairs	• The financial results of the year • Appropriation of profit including the transfer to general reserve which is left to the Director to decide. • problems faced by the company which has affected the Profits and measures that have been taken to improve the working and reduces the costs.
2		Web Link of annual return	• The web address where the extract of Annual Return under section 92(3) is placed.
3	134(3) (b)	Number of Board Meetings during the Year	• No. of board meetings with date held during the year • No. and date of committee meetings held during the year • No of board meeting attended by each director during the year.
4	Section 134(3)(g)	Compliance with respect to Inter-corporate loans and Investments	• Limit of Upto 60% of paid up capital and free reserves or 100% of free reserves whichever more passed by Board resolution • Exceeding the above limits, special shareholders resolution required
5	Section 134(3)(h)	Related Party Transaction	• Covers only transactions which are not at arms length and not in ordinary course of business
6	Rule 8 (5)(iv)	Name of Subsidiaries, JVs or Associate Companies	• Not applicable to OPCs and Small Companies
7		Report on the performance of subsidiaries, associates companies, and Joint Ventures:	- • Not applicable to OPCs and small companies
8	134(3)(q)	Details of Directors/KMP appointed /resigned during the year, and appointment and resignation during the year	Not applicable to small companies and OPCs.

9	134 (3)(f)	Explanation on Statutory Auditor and/or secretarial auditor Qualification. If any	Directors to mention explanation or comments on every qualification, reservation or adverse remarks
10	134 (3)(k)	Dividends	the recommendation of the Board reg. dividend for the approval of shareholders at the AGM
11	134(3)(l)	Material Events Occurring after Balance Sheet Date	
12	134(3)(j)	Transfer to Reserve	
13	134(n)	Risk Management Policy	Applicable to: Top 1000 listed entities on the basis of market capitalization
14		Constitution of Committee- Sexual Harassment at Workplace:	Not applicable to OPCs and Small Companies.
15	Rules 8 (5)(i) & (ii) of Chapter IX	Financial Highlights & change in the nature of business	- Disclosures on financial summary and change in the nature of the business must be mentioned. - Not applicable to OPCs and small Companies
16.	Rule 8(5)(vii) of Chapter IX	Adequate Internal Financial Control	In the case of private limited company, - it is only required to comment on the adequacy of Internal Financial Control and not on its effectiveness. - Not applicable to OPCs and small Companies
17	Section 134(3)(c)	Director Responsibility Statement	The Directors' Responsibility Statement shall state that— - in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; - the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the F.Y. and of the profit and loss for that period; - the directors had taken proper and sufficient care for the maintenance of adequate accounting records in

			accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; - the directors had prepared the annual accounts on a going concern basis. - the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. - the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
18	Section 134(3)(d) and Rule 8(5) (iii)(ia)	Statement on declaration given by independent directors under sub-section (6) of section 149; Opinion of Board with respect to integrity, expertise, proficiency of Independent Directors	Applicable to: - Listed Public Company - Public Companies with paid-up share capital of Rs. 10 crores or more; or - Public Companies with turnover of Rs. 100 crore or more; or Public Companies with aggregate outstanding loans, debentures, and deposits, exceeding Rs. 50 crores.
19	Section 134(3)(e)	Nomination and Remuneration policy	Company's policy on the following should be mentioned: - Director's Appointment - Director's remuneration - Criteria for determining qualifications, positive attributes, independence of a director. Applicable to: - Listed Public Company - Public Companies with paid-up share capital of Rs. 10 crores or more; or - Public Companies with turnover of Rs. 100 crore or more; or

			Public Companies with aggregate outstanding loans, debentures, and deposits, exceeding Rs. 50 crores.
20	Section 134(3)(m)	Particulars of the conservation of energy, technology absorption, foreign exchange earnings and outgo	Details on the following should be provided : - Conservation of energy - Technology absorption - Foreign Exchange earnings and outgo; During the F.Y Not applicable to government companies producing defence equipment's, small companies and OPCs.
21	Section 134(3)(o)	The details about the Corporate social responsibility policy (CSR Policy)	Applicability to company having - net worth of rupees five hundred crore or more, - Turnover of rupees one thousand crore or more or - Net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee. - Such Co. must disclose the CSR policy and the amount spent during F.Y Where the amount to be spent on CSR is less than Rs 50 lacs, no requirement of forming the committee.
22	Section 134(3)(p)	A statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors;	Applicable to listed company and every other public company having such paid-up share capital of Rs. 25crore or more,
23	Rule 8(5)(v) of Chapter IX read with read with Chapter V	Details relating to deposits	Directors report shall mention : - accepted during the year - remained unpaid or unclaimed as at the end of the year.

			• whether there has been any default in repayment of deposits or payment of interest thereon during the year • Also, the details of deposits which are not in compliance with the requirement of Chapter V of the Act. • Not applicable to OPCs and Small Companies.
24	Rule 8(5)(vi) of Chapter IX	Details of Significant and Material Orders passed, impacting the going concern status and company's operation in future, by Regulators or courts or tribunals	• Need to disclose any significant orders which impacts or will impact the concern of the co, passed during the F.Y. • Not applicable to OPCS and small Companies
25	Rule 4 of Chapter IV	Disclosure about the shares issued on preferential basis, if any	• If any preferential issue was made, its details are to be disclosed.
26	Rule 8 &12 of Chapter IV	Rule 8 &12 of Chapter IV Disclosure about Sweat Equity shares and ESOP Scheme	• Details of sweat equity OR ESOPS shall be mentioned . Not applicable to OPCS and small Companies
27	Section 149(10)	Disclosure about re-appointment of Independent Directors	• If any independent director is reappointed during the F.Y , it shall be disclosed in the Directors Report
28	Section 131	Reason for voluntary revision of financial Statement or Board report, if applicable	• Reasons for voluntary revision shall be disclosed
29	Section 177(8)	Section 177(8) Composition of Audit Committee and if board has not accepted any recommendation of audit committee, reasons for same.	Applicable to : • Listed Entities • all public companies with a paid up capital of Rs.10 Crores or more; • all public companies having turnover of Rs.100 Crores or more; • all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs.50 Crores or more.
30	Section 177(10)	Section 177(10) Details of establishment of Vigil Mechanism, if applicable.	Applicable to: • Every listed companies;

			• Every other company which accepts deposits from the public; • Every company which has borrowed money from banks and public financial institutions in excess of Rs. 50.00 (Fifty) Crores.
31	Rule 5(1) of Chapter XIII	Every listed company shall specify the ratio of the remuneration of each director to the median employee's remuneration and such other details as provided in Rule 5(1).	• Every F.Y Companies shall calculate the ratio between remuneration of directors to the median remuneration of employees.
32	Rule 5 (2) and of Chapter XIII	Every listed company shall include a statement as per Rule 5 (2)	Shall disclose the following: • names of top ten employees in terms of remuneration drawn • the name of other employees who: (i) if employed throughout the financial year was in receipt of remuneration for that year of one crore and two lakh rupees (ii) if employed for part of the financial year was in receipt of remuneration for any part of that year of eight lakh and fifty thousand rupees per month.
33	Rule 8 of the Companies (Accounts) Rules 2014	maintenance of cost records as specified by the Central Government under sub-section (1) of section 148	Not applicable to OPCs and Small Companies

PART: B Disclosures to be included as per SEBI (LODR) 2015.

SR NO	REGULATION	PARTICULARS	REMARKS
1	Regulation 34	Management discussion and analysis report	• Directors Report should include discussion on the following: (i) Industry structure and developments. (ii) Opportunities and Threats. (iii) Segment-wise or product-wise performance. (iv) Outlook (v) Risks and concerns. (vi) Internal control systems and their adequacy.
2	Regulation 32	Explanation for the deviation(s) or variation(s), if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable in case of public issue, rights issue, preferential issue etc.	• Disclosures of amounts at the year end and the maximum amount
3	Regulation 43A	The Top five hundred listed entities based on market capitalization shall formulate a Dividend distribution policy which shall be disclosed in annual report and website.	The dividend distribution policy shall include the following parameters: • the circumstances under which the shareholders of the listed entities may or may not expect dividend; • the financial parameters that shall be considered while declaring dividend; • internal and external factors that shall be considered for declaration of dividend; • policy as to how the retained earnings shall be utilized; and • parameters that shall be adopted with regard to various classes of shares:

4	SCHEDULE V	Related Party Disclosures : Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.	Disclosures regarding the Holding Company's : - Loans and advances in the nature of loans to subsidiaries , associates and companies in which its directors are interested - Nature of the loan, amount and the name of the recipient shall be disclosed - Investments by the loanee in the shares of parent company and subsidiary company - Same disclosures as applicable to the parent company in the accounts of subsidiary company
5	SCHEDULE V	Corporate Governance Report	Schedule V states that following disclosure to be included in Corporate Governance Report: - Board of directors - Audit committee - Nomination and Remuneration Committee - Remuneration of Directors - Stakeholders' grievance committee - General body meetings - Means of communication - General shareholder information
6		Declaration signed by the chief executive officer	Declaration shall state affirmance to the code of conduct by Board of Directors and senior management
7		Compliance certificate from either the auditors or practicing company	- Certificate certifying compliance of corporate governance - This should be annexed to the directors report

PART C: Changes in the Directors report since last year

The MCA vide Notification dated 24th March 2021 introduced two new matters to be mentioned in the Directors Report. They are:

- ✚ The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.
- ✚ The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.”
- ✚ The above is not applicable to OPCs and “Small Companies”

PART D: Contents of Directors Report for OPC & small companies

The Ministry of Corporate Affairs vide its notification dated 31st July, 2018 introduced Rule 8A of **Companies (Accounts) Amendment Rules 2018** to minimize the compliance burden. As per the amendment, Board Report should be prepared based on the stand alone financial statements of the Company, which shall be in abridged form and contain the following:-

1. The web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed.
2. Number of meetings of the Board.
3. Directors’ Responsibility Statement as referred to in sub-section (5) of section 134.
4. Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.
5. Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.
6. The state of the company’s affairs.
7. The financial summary or highlights.

8. Material changes from the date of closure of the financial year in the nature of business and their effect on the financial position of the company.

9. The details of directors who were appointed or have resigned during the year.

10. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

11. The Report of the Board shall contain the particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the Form AOC-2.

Signing of Directors Report

- Section 134(6) state that Board's report and any annexure thereto shall be signed by the Chairperson, if authorised by the Board of Directors of the Company and where Chairperson is not authorised by Board, then by at least 2 directors, one of whom shall be a Managing Director, if there is no Managing Director then by two directors.
- For Small Company, the Directors Report shall be signed by the Chairperson or Two Directors authorized by the board.
- For OPC, Directors Report shall be signed by One Director.