

Referencer on Board's Report

The Companies Act, 2013 Series



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PREFACE

The Board's Report is the most important means of communication by the Board of Directors of a company with its shareholders. It is a comprehensive document which serves to inform the shareholders about the performance and various other aspects of the company, its major policies, relevant changes in management, future programmes of expansion, modernization and diversification, capitalization or reserves, etc. The Board's Report enables not only the shareholders but also the lenders, bankers, government and the public to make an appraisal of the company's performance and provides an insight into the future growth and profitability of the company.

The Companies Act, 2013 is based on enhanced disclosures and transparency. The Board's Report is a document, preparation of which requires thorough understanding of the subject. The Act requires the Board of Directors to disclose on various parameters including the risk management, board evaluation, implementation of Corporate Social Responsibility, a statement of declaration given by independent directors, extracts of annual return etc. The Secretarial Audit Report is also required to be annexed to the Board's Report.

This referencer attempts to guide, the corporates in preparing the Board's Report under the Companies Act, 2013 and the stakeholders in interpreting and understanding the Board's Report. It contains detailed analysis of the various requirements of a Board's Report under section 134 and otherwise.

I am confident that the publication will prove to be of immense benefit to companies and professionals.

I place on record my sincere thanks to CS Mamta Binani, Vice President, CS Vineet K. Chaudhary, Central Council Member and Chairman, Corporate Laws and Governance Committee, CS Ahalada Rao V, CS Ramasubramaniam C, CS Ashish Garg, Central Council Members for their valuable inputs in finalizing the Referencer.

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I commend the dedicated efforts put in by team ICSI led by CS Alka Kapoor, Joint Secretary and comprising CS Banu Dandona, Deputy Director, CS Disha Kant, Assistant Education Officer, CS Naveen Kumar, Assistant and team ICSI- CCGRT in preparing the publication under the overall guidance of CS Sutanu Sinha, Chief Executive & Officiating Secretary.

In any publication, there is always scope for further improvement. I would personally be grateful to users and readers for offering their suggestions/comments for further refinement.

(CS Atul H Mehta)

President

Place : New Delhi

Date : 27-05-15

Institute of Company Secretaries of India

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Referencer on Board's Report

INTRODUCTION

The Board of Directors of a company provides leadership, strategic guidance and objective judgment, and is also accountable to the stakeholders of the company and the statutory authorities. The Board must strive to maximize wealth while adhering to good corporate governance principles and practices. The efficacy of the Board of Directors is not determined simply by gauging whether it fulfils its legal requirements but, more importantly, by its philosophy and the manner in which it translates the understanding of its responsibilities for the benefit of the stakeholders of the company.

It is mandatory for the Board of Directors of every company to present financial statement to the shareholders along with its report, known as the "Board's Report" at every annual general meeting. Apart from giving a complete review of the performance of the company for the year under report, material changes till the date of the report, the report highlights the significance of various national and international developments which can have an impact on the business and indicates the future strategy of the company. The Board's Report, thus, is a comprehensive document circumscribing both financial and non-financial information, serving to inform the stakeholders about the performance and prospects of the company, relevant changes in management, capital structure, major policies, recommendations as to the distribution of profits, future programmes of expansion, modernization and diversification, capitalization of reserves, further issue of capital, etc.

The Board's Report enables shareholders, lenders, bankers, government, prospective investors, all the stakeholders and the public to make an appraisal of the company's performance and reflects the level of corporate governance in the company.

The matters to be included in the Board's Report have been specified in Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014. Apart from this, under Sections 67, 92¹, 129, 131, 135, 149, 160, 168, 177, 178, 188, 197, 204 of the Companies Act, 2013, relevant information has to be disclosed in the Board's Report. The Board's Report of companies whose shares are listed on a stock exchange must include additional information as specified in the Listing Agreement*. Further, the Reserve Bank of India Act, 1934, the Securities and Exchange Board of India Act, 1992 and the regulations, rules, directions, guidelines, circulars, etc. issued thereunder, Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, necessitate certain additional disclosures to be made in the Board's Report.

SCOPE

This Referencer *inter alia* identifies and annotates the preparation and presentation of the Board's Report. It also prescribes certain practices which are desirable from the stand point of good corporate governance.

DETAILED CONTENTS

1. DISCLOSURES PURSUANT TO THE COMPANIES ACT, 2013

Section 134 of the Act enjoins upon the Board a responsibility to make out its report to the shareholders and attach the said report to financial statements laid before the shareholders at the annual general meeting, in pursuance of Section 129 of the Act.

The provisions of Section 134, which enumerates the disclosures required to be made in the Board's Report, are applicable to the Directors' Report for the financial year commencing on or after 1st April, 2014.

1. Section 131 on voluntary revision of financial statement or board report is not yet notified.

*SEBI Board is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon. This Referencer would be updated as and when it is notified.

1.1 Disclosures under Section 134(3)

In terms of Sub-section (3) of Section 134, the Board's Report shall include:

- (a) the extract of the annual return as provided under sub-section (3) of section 92;
- (b) number and dates of meetings of the Board and attendance of the directors;
- (c) Directors' Responsibility Statement;
- (d) a statement on declaration given by independent directors under sub-section (6) of section 149;
- (e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;
- (f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—
 - (i) by the auditor in his report; and
 - (ii) by the secretarial auditor in his report;
- (g) particulars of loans, guarantees or investments under section 186;
- (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form i.e. Form no. AOC-2;
- (i) the state of the company's affairs;
- (j) the amounts, if any, which it proposes to carry to any reserves;
- (k) the amount, if any, which it recommends should be paid by way of dividend;
- (l) 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;

- (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;
- (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
- (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
- (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, 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;
- (q) such other matters as may be prescribed

Element-wise Detailed Analysis of the requirements under Section 134[3]:

(a) The extract of the annual return as provided under sub-section (3) of section 92;

An extract of the Annual Return for the financial year ended shall form part of Board's Report, in case of every company

The Extract of such Annual Return shall be in **Form MGT-9** (Appendix I).

(b) Number and dates of meetings of the Board and attendance of the directors;

Board Report should contain total number of Board Meeting held in respective financial year.

Para 9 of the Secretarial Standard-1 : Meetings of the Board of

Directors requires the annual report and annual return of a company to disclose the number and dates of meetings of the Board and Committees held during the financial year, indicating the number of meetings attended by each director.

(c) Directors' Responsibility Statement;

Directors' Responsibility Statement shall set out the following affirmations:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. 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 financial year and of the profit and loss of the company for that period;
3. 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;
4. the directors had prepared the annual accounts on a going concern basis; and
5. 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;

NOTE: In view of the very wide meaning ascribed to the expression *Internal Financial Controls* in the Explanation to Section 134[e], it would be necessary for a company to lay down policies and procedures for ensuring efficient and effective conduct of business, safeguarding of its assets and prevention & detection of frauds and errors. It would also be necessary to put in place essential and complete Accounting policies and systems for ensuring timely and reliable MIS. Adoption of Accounting Manual, Internal Control Manual focussing on the Finance function, Internal Audit Manual and having a proper Fraud Prevention Policy would go a long way in helping the

Board to make this assertion. It may be noted that Internal Financial Control is one of the elements in the overall Internal Control System and that adequacy of Internal Control System constitutes one of the reporting points of the Auditors under the Companies [Auditor's Report] Order, 2015.

6. 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.

NOTE: In view of the wide coverage intended here, it is recommended that the Board considers Secretarial Audit as a potent mechanism for ensuring legal compliance and draws up the terms of reference of the audit accordingly.

(d) a statement on declaration given by independent directors under sub-section (6) of section 149;

Declaration that the Independent Director meets the criteria of independence laid down in sub-section (6) of section 149, which is to be given by him at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director. The Board's Report should contain a statement to the effect that the independent directors have given such a declaration.

The Format of the declaration is given at *Appendix II.*

(e) Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;

The Board of directors of every listed company and the following classes of companies shall constitute Nomination and Remuneration Committee of the Board-

- (i) all public companies with a paid up capital of ten crore rupees or more;
- (ii) all public companies having turnover of one hundred crore rupees or more;
- (iii) all public companies, having in aggregate, outstanding loans

or borrowings or debentures or deposits exceeding fifty crore rupees or more.

The Nomination and Remuneration Committee should consist of three or more non-executive directors out of which not less than one-half shall be independent directors:

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Nomination and Remuneration Committee is required to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommendation of directors, Key Managerial Personnel and other employees. The Board's Report needs to disclose such criteria and also the policy relating to the remuneration.

(f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

1. *by the auditor in his report; and*
2. *by the Secretarial Auditors in his secretarial audit report;*

(g) particulars of loans, guarantees security and acquisition under section 186;

The particulars of loans given, guarantees provided, investments in securities and acquisition made during the year under review should be attached to the Board's Report as per Section 134[3][g] of the Act. Since Section 134 does not lay down any format, it would be open to the company to adopt the form MBP-2 prescribed for recording inter-corporate loans & investments as per Rule 12 of the Companies [Meetings of Board and Its Powers] Rules, 2014 read with Section 186[9] of the Act. The Format is given at Appendix III.

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

The Report of the Board shall contain the particulars of contracts or arrangements with Related Parties referred to in Section 188

[1] in the Form AOC-2 pursuant to the Companies [Meetings of Board and Its Powers] Rules, 2014. (Appendix IV).

The main point here is that every transaction entered into under Section 188 of the Act shall be recorded in the Directors' Report along with justifications.

(i) the state of the company's affairs;

- a. Information and data which are usually considered pertinent and necessary for the purpose of a proper appreciation of the state of affairs of a company include the following:
 - (i) Consolidated and standalone financial results, including dividend declared;
 - (ii) further issue of capital or debentures, if any;
 - (iii) change in status of the company, if any;
 - (iv) change in accounting year, if any;
 - (v) production and sales targets and achievement thereof;
 - (vi) major capital expenditure programmes;
 - (vii) business prospects including programmes of acquisition, mergers, expansion, modernization and diversification;
 - (viii) development, acquisition and assignment of Intellectual Property Rights (IPRs);
 - (ix) marketing policies;
 - (x) availability of raw materials, water and power supply; and
 - (xi) manpower training and executive development programmes.
- b. The state of affairs of the company should relate to the period for which the financial statements have been prepared.
- c. Relevant changes which have occurred, as compared to the position as stated in the previous year's Board's Report which have a material bearing on the performance of the company should be indicated in the Board's Report.
- d. The figures of the previous year relating to achievement of targets of production and sales should also be given in the

Board's Report to facilitate comparison and the reasons for any substantial deviation therefrom should be explained in brief.

(j) the amounts, if any, which it proposes to carry to any reserves;

The term 'Reserve' has been defined as under by the Institute of Chartered Accountants of India (ICAI) in the glossary of terms used in financial statements:

"The portion of earnings, receipts or other surplus of an enterprise (whether capital or revenue) appropriated by the management for a general or specific purpose other than a provision for depreciation or diminution in the value of assets or for a known liability. A capital reserve is that reserve which is not available for distribution as dividend.

A revenue reserve is a reserve which is other than a capital reserve."

A reserve may be a capital reserve or a revenue reserve, but there must be a clear indication to show whether it is of the one or the other kind. The fact that it constituted a mass of undistributed profits cannot automatically make it a reserve. [*CIT v. Century Spinning and Manufacturing Company Ltd.*, (1953) 23 Com Cases 462: AIR 1953 SC 501]. Terminology or descriptions used by the Board in its report or in reference to entries are not conclusive of the matter. A provision for dividend does not amount to reserve even if so described. [*Indian Tube Co. P. Ltd. v. IT (1992) Comp LJ 317 (SC)*].

The Board's Report should disclose the amount which has been transferred to reserves in the financial statements, for instance, general reserve, debenture redemption reserve, capital redemption reserve, etc.

If no amount is proposed to be transferred to reserves, a statement to that effect should be incorporated in the Board's Report. It is pertinent to note that in terms of Companies Act, 2013, there is no requirement for mandatory transfer to general reserve

If no amount is proposed to be transferred to reserves, a statement to that effect should be incorporated in the Board's Report as a good practice.

(k) the amount, if any, which it recommends should be paid by way of dividend;

It is worth noting that Section 123 of the Act stipulates that a dividend can be declared only out of

- Profits of the company for the year; or
- Accumulated Profits for any previous financial year[s] after providing for Depreciation

3rd Proviso to Section 123(1): enjoins that no dividend shall be declared / paid by a company from its Reserves other than Free Reserves.

A company cannot declare any dividend if it has defaulted in compliance with the provisions relating to acceptance / repayment of deposits.

The Board's Report shall disclose the amount per share and the percentage which the Board recommends to be paid as dividend. Articles of Association of companies — in line with Article 80 of Table F of Schedule I to the Act — typically stipulate that the company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the Board. In effect, the Shareholders can reduce the dividend recommended but cannot increase the same or declare any dividend if not recommended by the Board. Further, till the company in its general meeting accepts the recommendation and declares the dividend, it only remains a recommendation which may be withdrawn or modified by the Members. Clause 36[8] (g) of the Listing Agreement stipulates that any cancellation of a dividend, bonus or rights shall be notified forthwith to the stock exchange by a listed company.

However, no dividend should be recommended or declared subject to any condition such as the approval of financial institutions or banks or foreign collaborators or compliance with any contractual obligations. [Ministry of Company Affairs (then Department of Company Affairs) Circular No.2/98 dated 13.4.1998].

Apart from the information relating to recommendation of dividend, if any interim dividend has been paid during the year,

details of the amount per share and percentage of such interim dividend should also be disclosed in the Board's Report.

The total amount to be utilized for payment of dividend should be disclosed, stating separately the total outgo on account of dividend and on account of dividend distribution tax thereon for the year under report, alongwith the corresponding figures of the previous year.

If no dividend has been recommended or declared during the year, a statement to that effect alongwith the reasons therefor should be incorporated in the Board's Report as a good corporate practice.

(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;

In terms of clause (I) of sub-section (3) of Section 134, material changes and commitments, if any, affecting the financial position of the company and occurring between the balance sheet date and the date of the report should be disclosed in the Board's Report. The Directors' Report should, therefore, contain material changes pertaining to post-financial statement events. In this context, materiality has to be carefully weighed.

The term 'material' includes items, the knowledge of which might influence the decisions of the users of the financial statements. [Accounting Standard-I (AS-1) "Disclosure of Accounting Policies"— issued by Accounting Standards Board, ICAI]. ICAI has not set any quantitative limit for judging materiality. However, Statement of Standard Auditing Practices-13 (SAP-13) 'Audit Materiality' explains the following broad principles:

- materiality should be considered at both the overall financial information level and in relation to individual account, balances and classes of transactions;
- materiality is also influenced by other considerations such as the legal and regulatory requirements, noncompliance with which may have significant bearing on the financial information; and
- materiality level may be different for different matters.

Events occurring after the financial statements date which do not affect the figures stated in the financial statements would not normally require disclosure in the financial statements but they may be of such significance that they may require a disclosure in the report of the approving authority to enable users of financial statements to make proper evaluations and decisions. [AS-4, Para 8.4]

In this connection, the Department of Company Affairs has issued the following clarification: Usually, an event occurring after the balance sheet date which affects materially the solvency of the undertaking of the company or is otherwise of great importance to the shareholders cannot be taken into account in drawing up the balance sheet or the profit and loss account. Professional bodies in some countries have recommended that such an event should be brought to the notice of the shareholders either in the Board's Report or in the chairman's statement accompanying the accounts.

Although the expression "material changes and commitments, if any, affecting the financial position of the company....." occurring in clause (d) of Section 217(1) of Companies Act, 1956 (now clause (l) of Sub-section (3) of Section 134 of the Act) seems to be clear enough in itself, it may be stated, purely by way of illustration, that the expression would include events such as the following namely, the disposal of a substantial part of the undertaking, the profit or loss incurred whether of a capital or revenue nature, changes in the capital structure, alteration in the wage structure arising out of trade union negotiations, purchases, construction, sale or any catastrophe befalling the fixed assets, incurring or a reduction of long-term indebtedness, awards in litigation, entering into or cancellation of contracts and refunds of taxes or completion of assessments. [Ministry of Corporate Affairs (then Department of Company Affairs) Letter No.8/16(1)/61-PR dated 9.5.1961].

Accounting Standard-4 (AS-4)(Revised) dealing with contingencies and events occurring after the balance sheet date provides that events which occur between the balance sheet date and the date on which the financial statements are approved may indicate the need for adjustments to assets and liabilities as at the balance sheet date or may require disclosures. AS-4

further provides that adjustment to assets and liabilities are not appropriate for events which do not relate to conditions existing as at the balance sheet date. As has been mentioned earlier, such events would not normally require disclosure in the financial statements although they may be of such significance that they may require a disclosure in the report of the approving authority to enable users of financial statements to make proper evaluations and decisions.

Some examples of such post Balance Sheet events are:

- (i) a substantial decline in the market value of investments between the balance sheet date and the date on which financial statements are approved;
- (ii) a major fire in the factory after the close of the financial year but before the approval of financial statements by the Board of Directors;
- (iii) a major business combination or disposal of a subsidiary after the close of the financial year;
- (iv) compulsory acquisition of major assets by the Government after the close of the financial year but before the approval of the financial statements;
- (v) approval of major restructuring after the close of the financial year but before the approval of the financial statements.

Events occurring after the balance sheet date may also indicate that the enterprise ceases to be a going concern. However, this needs to be covered in the Director's Responsibility Statement as well.

In such a case it may be necessary to indicate in the Board's Report whether it is appropriate to use the fundamental accounting assumption of going concern in the preparation of the financial statements.

When the effects of events occurring after the balance sheet date are disclosed in the Board's Report to enable users of financial statements to make proper evaluations and decisions, an estimate of their financial impact should also be made in the Board's Report. In other circumstances, a statement may be incorporated in the Board's Report to the effect that evaluation

of such an estimate cannot be explicitly made. It is also desirable to mention the causes for such material changes and events in the report.

The Board's Report should also include any material event or material change occurring during the period till Board's approval of the Report in respect of any of the following:

- (i) capital structure;
- (ii) management control;
- (iii) office of Key Managerial Personnels;
- (iii) terms and conditions of loans;
- (iv) statement of fixed assets revalued during the year;
- (v) change in method of depreciation;
- (vi) change in method of accounting;
- (vii) method of valuation of stock-in-trade;
- (viii) expiry of patents or licences held by the company;
- (ix) joint ventures and foreign collaborations;
- (x) principal business activities;
- (xi) unusual income or loss;
- (xii) recovery of a book debt which was considered doubtful on the date of the balance sheet and a provision on that account was made or, conversely, the insolvency of a debtor considered good;
- (xiii) execution or suspension or termination of major contracts before or after the date of the balance sheet and the interests, if any, of directors therein;
- (xiv) adjustment of share premium account;
- (xv) institution or settlement of important legal proceedings by or against the company; and
- (xvi) fines, penalties, defaults and removal of defaults;
- (xvii) Disclosure norms for Material Price-Sensitive Information under Listing norms:

According to Clause 36 of the Listing Agreement*, certain events which have a bearing on the performance/ operations of the company as well as price sensitive, both at the time of occurrence of the event and even after cessation of the event, should be immediately intimated to the stock exchange where the shares of the company are listed in order to enable the shareholders and the public to appraise the position of the company. It is desirable that such events are also referred to in the Board's Report. These material events include:

- (i) Strikes, lockouts, closure of units/factory on account of power cuts, etc.;
- (ii) Change in the general character or nature of business like selling or disposing of any unit or division of the company etc;
- (iii) Disruption of operations due to natural calamity or act of God;
- (iv) Commencement of commercial production/ Commercial operations;
- (v) Developments with respect to pricing / realization arising out of change in the regulatory framework;
- (vi) Litigation / dispute with a material impact;
- (vii) Revision in ratings assigned by credit rating agencies;
- (viii) Issue of any class of security;
- (ix) Acquisition, merger, demerger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company;
- (x) Change in market lot of the company's shares and sub-division of equity shares of the company;
- (xi) Voluntary delisting of securities by the company from the stock exchange;
- (xii) Any action which results in alteration in the terms regarding redemption/ cancellation/ retirement in whole or in part of any securities issued by the company;

* SEBI Board is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon. This Referencer would be updated as and when it is notified.

- (xiii) Information regarding opening and closing status of ADR, GDR or any other class of securities issued abroad;
- (xiv) Cancellation of dividend / rights / bonus, etc.;
- (xv) Forfeiture of shares.

It is relevant to mention here that the Board of Directors will be able to exercise the best judgment to determine whether an event is material.

(m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

The Board's Report should include a statement as per rule 8 of the Companies (Accounts) Rules, 2014 with respect to the following matters:

A. Conservation of energy

- (i) the steps taken or impact on conservation of energy;
- (ii) the steps taken by the company for utilising alternate sources of energy;
- (iii) the capital investment on energy conservation equipment;

B. Technology absorption

- (i) the efforts made towards technology absorption;
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development.

C. Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

- (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;***
- (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;***

Corporate Social Responsibility [Section 135 of Companies Act, 2013]

In terms of section 135 (1) of the Companies Act, 2013, every company having :

- (1) Networth of Rs. 500 Crores or more,
- (2) Turnover of Rs. 1,000 Crores or more,
- (3) Net Profit of Rs. 5 Crores or more,

during any financial year is required to constitute a Corporate Social Responsibility (CSR) Committee which shall formulate and recommend to the Board , a CSR Policy indicating the activities to be undertaken by the company as well as the amount of expenditure to be incurred on the activities as mentioned in the policy.

The Board after taking into consideration the recommendations of the CSR Committee shall approve the CSR Policy and disclose the contents of the CSR Policy in its Report.

Section 135(2) of the Act provides that the Board's report should disclose the composition of the Corporate Social Responsibility Committee.

Section 135(5) of the Act further provides that the Board of a company which fulfills the criteria mentioned under sub section (1) of the section 135 shall ensure that the company spends in every financial year at least two percent (2%) of the average net profits made during three immediately preceding financial years

of the company in pursuance of the CSR Policy formulated by its CSR Committee. In terms of second proviso to sub section (5) of section 135, if the company fails to spend such amount, the Board shall, in its Report specify the reasons for not spending the amount.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 requires that the Board's Report shall include an annual report on CSR containing particulars specified in Annexure to the rules (*Extracts in Appendix V*).

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, 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;

Every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, 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. (Rule 8(4) of the Companies (Accounts) Rules, 2014)

NOTE : Under revised Clause 49 of the Listing Agreement, there is a mandatory requirement that performance of the **Independent Directors** shall be evaluated by the Peer group basis and the Evaluation criteria shall be determined by the Nomination Committee. Further, the Clause requires companies to disclose the said Evaluation criteria in their Annual Report / Board Report. Accordingly, companies would need to develop qualitative and quantitative benchmarks in order to ensure effective implementation of this requirement

(q) such other matters as may be prescribed

Rule 8(5) of the Companies (Accounts) Rules, 2014, prescribes such further matters to be dealt with in the Board's Report which inter-alia include:

- (i) the financial summary or highlights;

- (ii) the change in the nature of business, if any;
- (iii) the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;
- (iv) the details relating to deposits, covered under Chapter V of the Act,-
 - a. accepted during the year;
 - b. remained unpaid or unclaimed as at the end of the year;
 - c. whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-
 - i. at the beginning of the year;
 - ii. maximum during the year;
 - iii. at the end of the year;
- (v) the details of deposits which are not in compliance with the requirements of Chapter V of the Act;
- (vi) 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;
- (vii) the details in respect of adequacy of internal financial controls with reference to the financial statements.

1.2 Disclosures related to Employees

As per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company shall disclose in the Board's report-

- (1)(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;
- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

- (iii) the percentage increase in the median remuneration of employees in the financial year;
- (iv) the number of permanent employees on the rolls of company;
- (v) the explanation on the relationship between average increase in remuneration and company performance;
- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;
- (vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;
- (viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
- (ix) comparison of the remuneration of each Key Managerial Personnel against the performance of the company;
- (x) the key parameters for any variable component of remuneration availed by the directors;
- (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and
- (xii) affirmation that the remuneration is as per the remuneration policy of the company.

(2) A statement showing the -

- (a) name of every employee of the company, who-
 - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;
 - (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;
 - (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Further such statement shall also indicate the following details:

- (a) designation of such employee;
- (b) remuneration received;
- (c) nature of employment, whether contractual or otherwise;
- (d) qualifications and experience of the employee;
- (e) date of commencement of employment;
- (f) the age of such employee;
- (g) the last employment held by such employee before joining the company;
- (h) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and
- (i) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager.

The particulars of those employees who are posted and working outside India, not being Director or their relatives, drawing

more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be and as the Board may decide, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports.

Such particulars shall be made available to any shareholder on specific request made by him in writing before the date of AGM wherein financial results for the relevant financial year are proposed to be adopted by shareholders and such particulars shall be made available by the company within three days from the date of receipt of such request from shareholders.

If any request is received after the date of completion of AGM, then such particulars shall be made available to the shareholders within seven days from the date of receipt of such request.

1.3 Re-Appointment of Independent Director

In terms of section 149 (10), an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

1.4 Change in the composition of the Board

Any appointment, reappointment or change in the office of a director (including whole-time director, additional director, alternate director or a director filling a casual vacancy) whether by virtue of rotation, resignation, death or otherwise should be indicated in the Board's Report.

Section 168(1) requires to place the fact of resignation of a director in report of directors laid in the immediately following general meeting of the Company.

1.5 Disqualifications of Directors

Section 164 of the Act lays down grounds for disqualification of directors. The Section 164[2] [b] mandates that no person who is a director of a company shall be reappointed as a director thereof or be appointed on the Board of any other company for

a period of 5 years if the company on which he is a director fails to

- (i) File Financial Statements or Annual Return for 3 consecutive financial years or
- (ii) Repay deposits or redeem debentures as and when due or
- (iii) Pay dividend which has been recommended and declared.

Schedule V, Part II of the Act – which relates to payment of remuneration to Whole-time / Managing Director mentions that such non-payment or failure to redeem when due, would constitute an act of default.

As a good corporate practice, the Board's Report should disclose if any director has incurred any disqualification on account of non-compliance with any of the provisions of the Act. Acts of omission/commission by the company itself, as a result of which the directors may be liable for disqualification, should be disclosed.

Any disturbance to the statutory rights of the company consequent upon such disqualification of a director[s] should also be disclosed to maintain highest level of transparency in governance.

1.6 Audit Committee

In terms of Section 177(2) of the Act Every listed and the following companies as prescribed under rule 6 of Companies (Meetings of Board and its powers) Rules, 2014, shall constitute an Audit Committee.

- (i) all public companies with a paid up capital of Rs.10 Crores or more;
- (ii) all public companies having turnover of Rs.100 Crores or more;
- (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs.50 Crores or more.

The Board's report under section 134(3) shall disclose the composition of an Audit committee and where the Board had

not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons there for [Section 177(8)].

1.7 Companies (Auditor's Report) Order, 2015

The Companies Act, 1956 ceased to have effect from 1st April, 2014. As a corollary, the Companies (Auditor's Report) Order, 2003, [CARO 2003] issued under Section 227 [4A] of the Companies Act, 1956 also ceased to have effect from the said date.

Section 143[11] of the Companies Act, 2013 – which is a parallel provision — provides that the Central Government may in consultation with the National Financial Reporting Authority, by general or specific Order, direct in respect of prescribed class [es] of companies that the Auditors' Report shall include a statement on matters specified in the Order. [It is incumbent on the Board to provide explanation on every qualification or adverse reporting in such Audit Report].

The Central Government has on 10th April, 2015 issued a fresh Order called the Companies (Auditor's Report) Order, 2015, ["CARO 2015"]. The Order has immediate effect and is applicable for the financial year commencing on or after 1st April, 2014. It applies to every company including a foreign company as defined under Section 2[42][3] of the Companies Act, 2013 except

- (i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- (ii) an insurance company as defined under the Insurance Act, 1938 (4 of 1938):
- (iii) a company licensed to operate under section 8 of the Companies Act;
- (iv) a One Person Company as defined under clause (62) of section 2 of the Companies Act and a small company as defined under clause (85) of section 2 of the Companies Act; and
- (v) a private limited company with a paid up capital and reserves not more than rupees fifty lakh and which does

not have loan outstanding exceeding rupees twenty five lakh from any bank or financial institution and does not have a turnover exceeding rupees five crore at any point of time during the financial year.

The auditor's report on the account of a company to which this Order applies shall include a statement on the following matters, namely:-

- (i) (a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
- (ii) (a) whether physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. If not, the inadequacies in such procedures should be reported;
- (c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;
- (iii) whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,
 - (a) whether receipt of the principal amount and interest are also regular; and
 - (b) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;

- (iv) is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Whether there is a continuing failure to correct major weaknesses in internal control system.
- (v) in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?
- (vi) where maintenance of cost records Government under sub-section (I) of section been specified by the Central of the Companies Act, whether such accounts and records have been made and maintained:
- (vii) (a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and ii not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.
 - (b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).

- (c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;

1.8 Issue of Equity Shares with differential rights

Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 provides that the Board of Directors shall, *inter alia*, disclose in the Board's Report for the financial year in which the issue of equity shares with differential rights as to dividend, voting or otherwise was completed, the following details, namely:-

- (a) the total number of shares allotted with differential rights;
- (b) the details of the differential rights relating to voting rights and dividends;
- (c) the percentage of the shares with differential rights to the total post issue equity share capital with differential rights issued at any point of time and percentage of voting rights which the equity share capital with differential voting right shall carry to the total voting right of the aggregate equity share capital;
- (d) the price at which such shares have been issued;
- (e) the particulars of promoters, directors or key managerial personnel to whom such shares are issued;
- (f) the change in control, if any, in the company consequent to the issue of equity shares with differential voting rights;
- (g) the diluted Earning Per Share pursuant to the issue of each class of shares, calculated in accordance with the applicable accounting standards;

- (h) the pre and post issue shareholding pattern along with voting rights in the format specified under sub-rule (2) of rule 4.

1.9 Sweat Equity

In terms of Rule 8 of Companies (Share Capital and Debentures) Rules, 2014, the Board of Directors shall, inter alia, disclose in the Directors' Report for the year in which such shares are issued, the following details of issue of sweat equity shares namely:-

- (a) the class of director or employee to whom sweat equity shares were issued;
- (b) the class of shares issued as Sweat Equity Shares;
- (c) the number of sweat equity shares issued to the directors, key managerial personnel or other employees showing separately the number of such shares issued to them , if any, for consideration other than cash and the individual names of allottees holding one percent or more of the issued share capital;
- (d) the reasons or justification for the issue;
- (e) the principal terms and conditions for issue of sweat equity shares, including pricing formula;
- (f) the total number of shares arising as a result of issue of sweat equity shares;
- (g) the percentage of the sweat equity shares of the total post issued and paid up share capital;
- (h) the consideration (including consideration other than cash) received or benefit accrued to the company from the issue of sweat equity shares;
- (i) the diluted Earnings Per Share (EPS) pursuant to issuance of sweat equity shares.

1.10 Redemption of shares/debentures

It is necessary in view of Section 164(2), Section 167(1) and Schedule V Part II of Companies Act, 2013 that where the redemption of debentures or preference shares was due during the year but has not taken place, the Board's Report should explain the reasons therefor.

Further, as a good corporate practice, disclosure regarding the redemption of debentures or preference shares, if any, during the relevant period should be given in the director's report.

Further, if there is any variation in the rights of any one class of shareholders disclosure regarding the same should be given in the Board's Report alongwith the following details:

- (a) Type of shareholder
- (b) No. of shares held by each shareholder
- (c) Existing amount per share
- (d) Type of variation
- (e) Details of resolution passed etc.

1.11 Investor Education and Protection Fund

The Board should, as a good corporate practice, inform the shareholders about the amounts, if any, which have been transferred during the year to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956².

Further, the Board's Report should clearly state the amounts, if any, which were to be transferred to the Investor Education and Protection Fund but have not been so transferred, alongwith the reasons for such failure.

1.12 Disclosures pertaining to consolidated financial statements

Section 129(3) of the Act provides that where a company has one or more subsidiaries, it shall, in addition to financial statements, prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the annual general meeting of the company.

The term "subsidiaries" shall include both Associate companies and Joint Venture companies.

Separate Statement containing salient features of Subsidiaries

2. Section 125 of Companies Act, 2013 corresponding to Section 205C of Companies Act, 1956 is not yet notified

are to be attached to the Holding Company's Financial Statements in the Form AOC-2 and authenticated and signed in the same manner as the financial statements.

The Board's Report shall be prepared on the basis of standalone financial statements of the company.

Where consolidated accounts are presented, the Board's Report should, as a good corporate practice, make the following disclosures:

- (1) The state of affairs of the company including its subsidiaries, joint ventures and associate companies containing information and data which are pertinent and necessary for the purpose of a proper appreciation of their state of affairs as a whole, such as:
 - (a) constituents, including the names and brief details of subsidiaries, joint ventures and associate companies;
 - (b) highlights of the financial results with figures of profits attributable to the consolidated group as well as their revenues and assets;
 - (c) dividend declared by them each of the subsidiaries;
 - (d) review of their operations and major changes in the nature of the business carried on by each of them since the previous report or during the year;
 - (e) business prospects, including programmes of expansion, acquisition, modernization and diversification etc.
- (2) Amounts proposed to be carried to reserves, if any.
- (3) Material changes and commitments, if any, affecting the financial position of the company including its subsidiaries, joint ventures and associate companies, which have occurred between the end of the financial year to which the balance sheet relates and the date of the report.

Rule 5 of the Companies (Accounts) Rules, 2014 states that the company shall also attach along with its financial statement a separate the statement containing the salient feature of the

financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures under the first proviso to sub-section (3) of section 129 shall be in Form **AOC-1** (*Appendix VI*). These are Applicable in case of the Company having Subsidiaries/ Associate Companies/ Joint Ventures.

1.13 Additional disclosures

As a good corporate practice, the Board's Report should also contain disclosures with regard to:

- (i) name of the candidate nominated by small shareholders in terms of Section 151 of the Act which states that a listed company may upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholder's director elected by the them.
- (ii) name of retiring Auditors and/or the Secretarial Auditors and whether or not they are eligible and willing for reappointment;
- (iii) name of Auditors and/or Secretarial Auditors, if any, who resigned during the year;
- (iv) reasons for delay, if any, in holding Annual General Meeting together with references to the approval obtained from the Registrar of Companies for extension of time for holding Annual General Meeting pursuant to the 3rd Proviso to Section 96[1] of the Act;
- (v) change in auditor and/or Secretarial Auditors during the year along with the reasons if any;
- (vi) appointment of relatives of directors to an office or place of profit;
- (vii) special resolutions which were passed by the shareholders in the previous meeting(s) but which have not been acted upon and the reasons therefor.

1.14 Vigil Mechanism

Section 177(9) read with Rule 7 of the Companies (Meeting of

Board and its Powers) Rules, 2014 provides that every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances-

- (a) the Companies which accept deposits from the public;
- (b) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.

The vigil mechanism shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

The existence of the mechanism may be appropriately communicated within the organization. The details of establishment of Vigil mechanism shall be disclosed by the company on the website, if any, and in the Board's Report. (Section 177 (10) of the Act)

2. Disclosure pursuant to the Listing Agreement of Stock Exchanges*

- 2.1** The Board should give additional information as required by the listing agreement.

Clause 32 of NSE Listing Agreement

The following disclosures are also to be made by the Board in its report:

- (i) in case the shares are delisted, the fact of delisting, together with reasons therefor;
- (ii) in case the securities are suspended from trading, the reasons thereof;
- (iii) the name and address of each stock exchange at which the company's securities are listed and also confirmation that annual listing fee has been paid to each such exchange.

* SEBI Board is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon.

Clause 43 of the NSE/BSE Listing Agreement

A listed company should furnish particulars of material variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities and the actual utilisation of funds and/ or actual profitability. Reasons for material variations between the projections and the actual utilization/ profitability should also be stated in the Board's Report.

Clause 49

Revised Clause 49 of the standard Listing Agreement with the stock exchange requires listed companies to give the following additional information in their annual reports:

2.2 Management Discussion and Analysis Report (MDAR)

The MDAR should be a part of the report or annexed to it. It should be considered

The MDAR should include a brief analysis of the company's opportunities and threats.

The MDAR should either form a part of the Board's Report or be given as an addition thereto in the annual report to the shareholders. The MDAR should include a discussion on the following matters within the limits set by the company's competitive position:

- Industry structure and developments
- Opportunities and threats
- Segment –wise or product –wise performance
- Outlook
- Risks and areas of concern
- Internal control systems and their adequacy
- Discussion on financial performance with respect to operational performance
- Material developments in Human Resources/ Industrial Relations front, including number of people employed

MDAR should be considered in the meeting of the Board and not through resolution passed by circulation. It is desirable that MDAR is signed in the same manner as in the case of the Board's Report.

Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

2.3 Report on Corporate Governance

A compliance report on corporate governance should be included as a separate section in the annual report confirming compliance/non-compliance of the requirements of Clause 49 of the Listing Agreement* with reasons for non-compliance. The extent to which the non-mandatory requirements have been adopted should be specifically highlighted.

The report should include a detailed compliance report on corporate governance covering the following: -

- The composition of all committees constituted by the Board.
- The reasons of the board for not accepting the recommendations of the Audit Committee
- The reasons for the failure to act upon the resolutions which were passed by the shareholders in the previous meeting(s)

The reference of inclusion of report on corporate governance in the annual report should be made in the Board 's Report and, as a good corporate practice, information relating to any non-compliance of the requirements of Clause 49 of the Listing Agreement* should be incorporated in the Board's Report.

The suggested list of items to be included in this report is given in Appendix VIIA.

* SEBI Board is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon. This Referencer would be updated as and when it is notified.

The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the prescribed format given at Appendix VII B. The report shall be signed either by the Compliance Officer or the Chief Executive Officer of the company

The items to be included in the Corporate Governance Report are given below:

1. A brief statement on company's philosophy on code of governance.
2. Board of Directors:
 - a. Composition and category of directors, for example, promoter, executive, nonexecutive, independent non-executive, nominee director, which institution represented as lender or as equity investor.
 - b. Attendance of each director at the Board meetings and the last AGM.
 - c. Number of other Boards or Board Committees in which he/she is a member or Chairperson.
 - d. Number of Board meetings held, dates on which held.
3. Audit Committee:
 - i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Meetings and attendance during the year
4. Nomination and Remuneration Committee:
 - i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Attendance during the year
 - iv. Remuneration policy
 - v. Details of remuneration to all the directors, as per format in main report.
5. Stakeholder's Grievance Committee:
 - i. Name of non-executive director heading the committee

- ii. Name and designation of compliance officer
 - iii. Number of shareholders' complaints received so far
 - iv. Number not solved to the satisfaction of shareholders
 - v. Number of pending complaints
6. General Body meetings:
- i. Location and time, where last three AGMs held.
 - ii. Whether any special resolutions passed in the previous 3 AGMs
 - iii. Whether any special resolution passed last year through postal ballot – details of voting pattern
 - iv. Person who conducted the postal ballot exercise
 - v. Whether any special resolution is proposed to be conducted through postal ballot
 - vi. Procedure for postal ballot
7. Disclosures:
- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.
 - ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
 - iii. Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.
 - iv. Details of compliance with mandatory requirements and adoption of the non - mandatory requirements of this clause
8. Means of communication.
- i. Quarterly results
 - ii. Newspapers wherein results normally published

- iii. Any website, where displayed
 - iv. Whether it also displays official news releases; and
 - v. The presentations made to institutional investors or to the analysts.
9. General Shareholder information:
- i. AGM: Date, time and venue
 - ii. Financial year
 - iii. Date of Book closure
 - iv. Dividend Payment Date
 - v. Listing on Stock Exchanges
 - vi. Stock Code
 - vii. Market Price Data : High., Low during each month in last financial year
 - viii. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.
 - ix. Registrar and Transfer Agents x. Share Transfer System
 - xi. Distribution of shareholding
 - xii. Dematerialization of shares and liquidity
 - xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity
 - xiv. Plant Locations
 - xv. Address for correspondence

Except the requirement for appointment of a women director before 31st March, 2015, the Clause 49 of the Listing agreement is not mandatory w.e.f. 1st Oct., 2014 for a listed company having paid up capital less than Rs. 10 Crores or networth less than Rs. 25 Crores. Therefore in the Boards report, for exempted companies needs to give disclosure for compliances under clause 49 of the listing agreement for the year 214-15.

3. Disclosure pursuant to Employee Stock Option and Employee Stock Purchase Schemes

3.1. Under Companies Act, 2013

Rule 11(9) of Companies (Share Capital and Debentures) Rules, 2014 provides that the Board of directors, shall, inter alia, disclose in the Directors' Report for the year, the following details of the Employees Stock Option Scheme:

- (a) Options granted
- (b) Options vested;
- (c) Options exercised;
- (d) the total number of shares arising as a result of exercise of Options;
- (e) Options lapsed;
- (f) the exercise price
- (g) variation of terms of Options;
- (h) money realised by exercise of Options;
- (i) total number of Options in force;
- (j) Employee wise details of Options granted to –
 - (i) key managerial personnel;
 - (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.
 - (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

3.2 Under SEBI Regulations*

The newly introduced SEBI (Share Based Employee Benefits) Regulations, 2014 replacing the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 states that in addition to the information that

* SEBI Board is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon.

a listed company is required to disclose, in relation to employee benefits under the Companies Act, 2013, the board of directors of such a company shall also disclose the details of the scheme(s) being implemented, as specified by SEBI in this regard (Regulation 14). Regulation 16 provides that No ESOS shall be offered unless the disclosures, as specified by SEBI in this regard, are made by the company to the prospective option grantees.

No such disclosures under Regulation 14 to be made in the Board's Report have been specified by SEBI till date (though these were prescribed in the earlier ESOP Guidelines). The same is expected to be prescribed by SEBI in due course.

3.3 Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees

As per Rule 16 of Companies (Share Capital and Debentures) Rules, 2014, where the voting rights are not exercised directly by the employees in respect of shares to which the scheme relates, the Board of Directors shall, inter alia, disclose in the Board's report for the relevant financial year the following details, namely:-

- (a) the names of the employees who have not exercised the voting rights directly;
- (b) the reasons for not voting directly;
- (c) the name of the person who is exercising such voting rights;
- (d) the number of shares held by or in favour of, such employees and the percentage of such shares to the total paid up share capital of the company;
- (e) the date of the general meeting in which such voting power was exercised;
- (f) the resolutions on which votes have been cast by persons holding such voting power;
- (g) the percentage of such voting power to the total voting power on each resolution;
- (h) whether the votes were cast in favour of or against the resolution.

4. Additional Disclosures by Producer Company

In terms of Section 465(1) of Companies Act, 2013 read with section 581ZA of Companies Act, 1956, a Producer Company should additionally disclose the following in its Board Report:

- 4.1 the amounts to be paid as limited return on share capital.
- 4.2 the amounts, if any, proposed to be disbursed as patronage bonus.

5. Disclosures Pursuant to Directions of Reserve Bank of India

Non-Banking Financial Companies (NBFCs) are governed by the directions issued by the Reserve Bank of India (RBI) pursuant to the power vested in it by the RBI Act, 1934. NBFCs have to furnish certain additional information in the Board's Report. Separate provisions in this regard have been made for the three categories of NBFCs namely, non-banking financial companies, miscellaneous nonbanking companies and residuary non-banking companies. These are explained hereunder:

5.1 Non-Banking Financial Companies

The Board's Report, in the case of a non-banking financial company, should also contain the following information regarding overdue public deposits / unclaimed public deposits as on the last day of the financial year:

- (a) total number of accounts of public deposits of the company which have not been claimed by the depositors or not paid by the company after the date on which the deposit became due for repayment; and
- (b) the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (a) as aforesaid.

This information should be furnished with reference to the position as on the last day of the financial year to which the report relates and if the amounts remaining unclaimed or undisbursed as referred to in clause (b) above exceed in the aggregate a sum of Rs. 500,000, there shall be included in the report a statement on the steps taken or proposed to be taken by the Board for repayment of the amounts due to the

depositors and remaining unclaimed or undisbursed.[Direction 5 of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998].

5.2 Miscellaneous Non-Banking Companies

In the case of a miscellaneous non-banking company, the Board's Report should contain the following information:

- (a) the total number of depositors of the company whose deposits have not been claimed by the depositors or paid by the company after the date on which the deposit became due for repayment or renewal, as the case may be, according to the contract with the depositor or the provisions of the RBI directions, whichever may be applicable; and
- (b) the total amounts due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in clause (a) aforesaid.

This information should be furnished with reference to the position as on the last day of the financial year to which the report relates and if the amounts remaining unclaimed or undisbursed as referred to in clause (b) above exceed in the aggregate a sum of Rs. 500,000, there shall also be included in the report a statement on the steps taken or proposed to be taken by the Board for the repayment of the amounts due to the depositors and remaining unclaimed or undisbursed. [Direction 9 of Miscellaneous Non-Banking Financial Companies (Reserve Bank) Directions, 1977].

5.3 Residuary Companies

In the case of residuary companies, the Board's Report should contain the following information:

- (a) compliance with the provisions of the RBI directions;
- (b) the total number of depositors of the company whose deposits have not been claimed by the depositors or paid by the company after the date on which the deposit became due for repayment or renewal, as the case may be, according to the contract with the depositor or the provisions of the RBI directions, whichever may be applicable; and

- (c) the total amounts due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in clause (b) as aforesaid.

This information should be furnished with reference to the position as on the last day of the financial year to which the report relates and if the amounts remaining unclaimed or unpaid as referred to in clause (c) above exceed in the aggregate a sum of Rs. 500,000, there shall also be included in the report a statement on the steps taken or proposed to be taken by the Board for the repayment of the amounts due to the depositors and remaining unclaimed or unpaid. [Direction 11 of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987].

6. Disclosures pursuant to National Housing Bank Directions

In the case of housing finance companies the Board's Report should contain the following information:

- (a) the total number of accounts of public deposits of the housing finance company which have not been claimed by the depositors or not paid by the housing finance company after the date on which the deposit became due for repayment; and
- (b) the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (a) as aforesaid.

This information should be furnished with reference to the position as on the last day of the financial year to which the report relates and if the amounts remaining unclaimed or undisbursed as referred to in clause (b) above exceed in the aggregate the sum of Rs. 500,000, there shall also be included in the report a statement on the steps taken or proposed to be taken by the Board for the repayment of the amounts due to the depositors or group of joint depositors and remaining unclaimed or undisbursed. [Direction 10 of Housing Finance Companies (NHB) Directions, 2001]

Every housing finance company shall, separately disclose, in the 'Notes on Accounts' to the Balance Sheet in its next Annual Report, (a) the details of the levy of penalty, if any, imposed on the housing finance company by the National Housing Bank;

and (b) adverse comments, if any, on the housing finance company made in writing by the National Housing bank on regulatory compliances, with a specific communication to the housing finance company to disclose the same to the public.

7. Other Disclosures

The Report should state that the consolidated financial statements are also presented in addition to the individual financial statement of the company.

SWOT Analysis

The Board's Report should include a brief analysis of the company's strengths, weaknesses, opportunities and threats as envisaged by the Board. Such a SWOT analysis should be made at micro level.

Projections and Estimates

If any estimate or future projection related to the company's performance is included in the Board's Report, it should be ensured that it is realistic and unambiguous. In case the company is unable to meet the projections made in the previous year's Board's Report, it is desirable that the Board's Report for the current year incorporates a statement mentioning the fact as well as the reasons for such failure.

Disclosures as per Secretarial Standards

As per the Secretarial Standards on Meeting of Board of Directors (SS-1) issued by ICSI, the Board Report shall disclose the number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director.

Likewise, as per the Secretarial Standards on General Meeting (SS-2), the Board Report shall disclose the date of Annual General Meeting held during the financial year.

Note : The Secretarial Standards I and II applicable from 1st July, 2015, therefore for the Board's Report of the year 2014-15, these are not applicable.

Disclosure of commission to managing or whole-time director

Any director who is in receipt of any commission from the company and who is a managing or whole-time director of the

company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the company in the Board's report.(Sec 197(14) of the Act).

Additional information which may be given in the Board's Report

As a good corporate practice, information in respect of the following may also be given in the Board's Report:

- (1) substantial acquisition of shares or voting rights and acquisition of control, if any, during the financial year, in or by the company along with persons acting in concert;
- (2) the names of persons who, at any time during the financial year, were directors of the company, whether as managing director, whole time director, nominee director, shareholder/ debenture holder director, director appointed by the Central Government, or manager. The number of securities held by each person who was a director at the end of the financial year may also be disclosed;
- (3) investments in securities of other companies, covering rights, if any, exercised in nominating directors on the other company's Board, the purpose of investment, whether as promoter or investor simpliciter, the benefits accruing to the company on account of such investments and reasons in case of disinvestment by the company;
- (4) expenditure / investments made on projects or businesses which are discontinued or likely to be discontinued. The report should also highlight various steps taken or contemplated in re-deploying or better utilisation of such investments / facilities with a view to ensuring that they do not become non-performing assets;
- (5) ³Every company having more than 10 women employee shall disclose in annual report following details:
 - (a) Number of complaints of sexual harassment received in the year

3. Section 21 - The Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

- (b) Number of complaints disposed off during the year
- (c) Number of cases pending for more than ninety days
- (d) Number of workshops or awareness programme against sexual harassment carried out
- (e) Nature of action taken by the employer or district officer.

Such disclosure shall also be made in the Board's Report as good secretarial practice

- (6) the liquidity of the company at the end of the financial year, including a comment on the level of borrowings at the end of the period under review as also the peak level of borrowings during that period;
- (7) where a company has entered into covenants with lenders which could have the effect of restricting the use of credit facilities and negotiations with the lenders on the operation of these covenants are taking place or are expected to take place, this fact should be indicated in the report. Where a breach of any covenant has occurred or is likely to occur, the report should give details of the measures taken or proposed to remedy the situation;
- (8) a brief description of various joint venture/ collaboration agreements entered into by the company during the financial year. The report should disclose the financial / business implications of such joint venture/ collaboration agreements;
- (9) in the case of an industrial company, whether it had become a potentially sick/sick industrial company and if so what actions have been initiated or taken, including proposals, if any, for making it viable in future;
- (10) a discussion on foreign exchange exposure and Treasury policies and objectives, if any, covering the management of interest rate risk and exchange and maturity profile of borrowings;
- (11) a discussion on foreign exchange exposure and Treasury policies and objectives, if any, covering the management

of interest rate risk and exchange and maturity profile of borrowings. The report should also discuss the implementation of these policies in the period under review, in terms of:

- (a) the manner in which treasury activities are controlled;
 - (b) the currencies in which borrowings are made and in which cash and cash equivalents are held;
 - (c) the extent to which borrowings are at fixed interest rates;
 - (d) the use of financial instruments for hedging purposes; and
 - (e) the extent to which foreign currency investments are hedged by currency borrowing and other hedging instruments;
- (12) details regarding corporate restructuring such as mergers or amalgamation;
 - (13) the number of equity shares that have been traded in demat form;
 - (14) information regarding appointment of international accountants;
 - (15) brief description of the fixed deposits accepted by the company and the amount of principal or interest outstanding as on the date of the balance sheet;
 - (16) social welfare activities undertaken for rural and community development;
 - (17) developments in the field of information technology; training and development activities undertaken by the company; information as to whether the company has adequately insured all its assets as also the various business risks connected with the business of the company and that it has duly paid insurance premia; comments on the report submitted by the Cost Auditor; steps taken for securing the health, safety and welfare of employees;
 - (18) awards and recognitions received;

- (19) MOUs (with government bodies or other institutions);
- (20) marketing and production performance;
- (21) opening of new branches;
- (22) major projects completed and under consideration;
- (23) strategic investments (made or proposed);
- (24) employee training/research and education;
- (25) investor service centre;
- (26) funds raised by the company through various securities (substantial amount);
- (27) insurance cover (adequacy/amount paid);
- (28) quality initiatives;
- (29) safety measures undertaken;
- (30) vigilance report (drive against corruption or unfair practice in office);
- (31) expenditure on entertainment, foreign tours and publicity;
- (32) tax litigations;
- (33) new initiatives (new brand launched);
- (34) glossary of technical terms (as an annexure);
- (35) strategic business units performance;
- (36) forfeiture of shares;
- (37) industrial relations and human resource development;
- (38) graphic of industry/subsidiary wise turn over;
- (39) graphic of distribution of income;
- (40) appreciation (to employees, bankers, investors, clients, vendors, regulatory bodies etc.).

8. Secretarial Audit Report

As per provisions of Section 204(1) of Companies Act, 2013, every listed company or every public company having a paid-up share capital of fifty crore rupees or more or every public company having a turnover of two hundred fifty crore rupees or more shall annex with its Board's report, a Secretarial audit report, given by a company secretary in practice.

The format of the Secretarial Audit Report should be in Form

No. MR-3 of the Rule 9 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

Explanations in the Board's report in response to Secretarial Auditors' qualification(s)

Section 204(3) of the Act provides that the Board of Directors should explain in full any qualifications or observations or any other remarks made by the Secretarial Auditors in secretarial audit report.

9. Cost Audit Report

As per Rule 4 of the Companies (Cost Records and Audit) Rules, 2014, every company engaged in a strategic industry and covered under sub-clause (b) of clause (A) of rule 3 of the Companies (Cost Records and Audit) Rules, 2014, shall be required to get its cost records audited.

The format of the Cost Audit Report should be in Form No. **CRA-3** of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

Section 148(5) of the Act and Rule 6 of the Companies (Cost Records And Audit) Rules, 2014 provides that the rights, duties and obligations applicable to the Auditor under Chapter X of the Act shall *mutatis mutandis* apply to a cost auditor appointed under Section 148 of the Act. It also provides that the cost auditor shall forward his report to the Board of Directors of the company and the Board of Directors shall consider and examine such report particularly any reservation or qualification contained therein.

Explanations in the Board's report in response to Cost Auditors' qualification

The Board of Directors should explain in full any qualifications or observations or any other remarks made by the cost auditor in his report.

10. Explanations in the Board's report in response to Auditors' qualification

[Section 134 of Companies Act, 2013-Financial statement, Boards' Report, etc.]

Section 134(1) provides that the financial statement, including

consolidated financial statement, if any, should be approved by the Board of Directors before they are signed on behalf of the Board and submitted to the auditor for his report thereon.

Section 134(3) of the Act provides that the Board should be bound to give full information, explanation or comments, if any, in its report on every qualifications, reservation, adverse remark or disclaimer contained in Auditor's report on the annual financial statement.

Section 134(4) of the Act provides that the report of the Board of Directors to be attached to the financial statement under this section shall, in case of a One Person Company, mean a report containing explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

The Board should state detailed explanation for all the observations and qualifications given by the auditor in his main report and in the notes attached to the financial statement sheet including the reasons for such material deviations for not complying with the statutory requirements under the law and the circumstances that led to such deviations.

In case the auditors' remarks are not available to the Board at the time of its consideration and authentication of the balance sheet and profit and loss account under Section 215(3) of the Companies Act, 1956 (now section 134 of the Act), the Board should meet again to consider the reservations or qualifications made in the auditors' report and give explanations to the said reservations or qualifications as an addendum to the report. *[Ministry of Company affairs (then Department of Company Affairs) letter no. 8/22(215)/76-CL-V, dated 16.8.78].*

If the auditors' report involves a debatable point on which differences of opinion has arisen, the Board should give full explanation about the same in its report.

The Board's Report should also contain a confirmation of the follow-up action taken by the directors on qualifications made in accounts for previous years.

11. Information on accounts

The Report may disclose any information which is required by

the Act to be given in the accounts. Such information may be given in the Report or in the accounts, or in a statement annexed to the accounts.

Sub-Rule (1) of Rule 8 of the Companies (Accounts) Rules, 2014 provides that the Board's Report should be prepared based on the stand alone financial statements of the company and the report should contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.

Sub-Rule (5) of Rule 8 of the Companies (Accounts) Rules, 2014 provides that the report of the Board should contain the details in respect of adequacy of internal financial controls with reference to the Financial Statements.

Section ⁴131 of Companies Act, 2013 provides that revised financial statement or a revised report may be prepared in respect of any of the three preceding financial years and the detailed reasons for revision of such financial statement or report should be disclosed in the Board's report in the relevant financial year in which such revision is being made.

Additional disclosures mandated for producer companies, nonbanking financial companies, miscellaneous nonbanking companies, residuary companies and housing finance companies regulators of the respective companies to which it pertains needs to be complied with.

Additional contents to be disclosed in terms of Companies Act, 2013 [Other than contents in Section 134(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014] and Listing Agreement* are placed at *Appendix VIII* and *Appendix IX* respectively.

12. APPROVAL OF THE BOARD'S REPORT

The Board's Report should be considered, approved and signed at a meeting of the Board, convened in accordance with the provisions of the Act and shall not be dealt with:

— by means of a resolution passed by circulation

4. Section 131 on voluntary revision of financial statement or board report is not yet notified.

- in any meeting held through video conferencing or other audio visual means (Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014). A specimen of the Board resolution for approval of the Board's Report is placed at AppendixIXA and a specimen of the Board resolution for approval of the Board's Report containing response to Auditors' comments and qualifications is placed at AppendixIXB.

Further, as per secretarial standard on the meeting of the Board of directors (SS-1), any director participating through electronic mode in respect of restricted items with the express permission of chairman shall however, neither be entitled to vote nor be counted for the purpose of quorum in respect of approval of Director's Report.

13. SIGNING AND DATING OF THE BOARD'S REPORT

Section 134(6) of the Act provides that the Board's report and any annexures thereto should be signed by its chairperson of the company if he is authorised by the Board and where he is not so authorised, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.

If the Auditor's Report is available for consideration at the time of approving the Board's Report, the Board's Report may bear the same date as that of the Auditor's Report. However, if the Auditor's Report is dated subsequent to the date of Board's Report, then the Addendum to the Board's Report may bear the same date or a date after the date of the Auditor's Report.

14. COLLECTIVE RESPONSIBILITY OF THE BOARD

The Board's Report should be the collective responsibility of all the directors though the report may have been approved only by a majority of the directors. The dissent, if any, of any director(s) on any item in the Board's Report may be reflected in the minutes of the meeting but not in the report.

* SEBI is now reported to have approved the new SEBI (Listing Obligations and Disclosure Requirements) Regulations which would replace the Listing Agreement soon. This Referencer would be updated as and when it is notified.

The Board should be collectively responsible for any statement in its Report, which is false in any material particular or for any omission of a material fact, knowing it to be material.

15. FILING OF THE BOARD'S REPORT

Section 137(1) of the Act provides that copies of financial statement along with all documents required to be annexed should be filed with the Registrar of Companies within 30 days along with the prescribed fees, after the financial statement, including consolidated financial statement have been adopted at the annual general meeting. The Board's Report has to be attached to the financial statements.

Further that pursuant to the provisions of section 117/179 of the Companies Act, and the Rules made thereunder the resolution for approving the Board's Report is also required to be filed to the Registrar within 30 days from the approval by the Board.

Third Proviso of Section 137(1) of the Act also provides that a One Person Company should file a copy of the financial statements duly adopted by its member, along with all the documents which are required to be attached to such financial statements, within one hundred eighty days from the closure of the financial year.

In addition, every non-banking financial company accepting/ holding public deposits should deliver to RBI an audited balance sheet as on the last day of each financial year and an audited profit and loss account in respect of that year as adopted by the company in general meeting together with a copy of the report of the Board laid before the company in such meeting in terms of Section 134 , within 15days of such meeting as also a copy of the report and the notes on accounts furnished by its auditor. [Direction 8(1) of the Non-Banking Financial Companies Acceptance of Deposits (Reserve Bank) Directions,1998]

Every residuary and miscellaneous non-banking company should deliver to RBI an audited balance sheet as on the last day of each financial year and an audited profit and loss account in respect of that year as adopted by the company in general meeting together with a copy of the report of the Board laid

before the company in such meeting in terms of Section 217(1), within 15 days of such meeting. [Direction 13 of the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 & Direction 10 of the Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977].

Every housing finance company should deliver to the National Housing Bank an audited balance sheet as on the last day of each financial year and audited profit and loss account in respect of that year as passed by the housing finance company in general meeting together with a copy of the report of the Board laid before the housing finance company in such meeting within 15 days of such meeting. [Direction 37 of Housing Finance Companies (NHB) Directions, 2001]

In the case of listed companies, the full version of the annual report, including the Board's Report, should be forwarded to stock exchange as soon as they are issued through CDFS (Corporate Filing and dissemination System) viz. www.corpfiling.co.in

16. RIGHT OF MEMBERS TO RECEIVE COPIES OF FINANCIAL STATEMENT, BOARD'S REPORT, ETC.

Section 136 of the Act provides that, without prejudice to the provisions of Section 101, a copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, to every trustee for the debentureholder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting.

Provided that in the case of a listed company, the provisions of this sub-section shall be deemed to be complied with, if the copies of the documents are made available for inspection at its registered office during working hours for a period of 21 days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form

or copies of the documents, as the company may deem fit, is sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than 21 days before the date of the unless the shareholders ask for full financial statements.

Provided also that a listed company shall also place its financial statements including consolidated financial statements, if any, and all other documents required to be attached thereto, on its website, which is maintained by or on behalf of the company.

In terms of Clause 32 of the listing agreement, a copy of the Board's Report alongwith a copy of the complete and full Balance Sheet and Profit and Loss Account should be sent by the company to each shareholder. Soft copies of full Balance Sheet, Profit and Loss Account and Board's Report should be sent to those shareholders who have registered for the purpose at their registered e-mail address (es); other shareholders should be sent hard copy of statement containing the salient features of Board's report. Hard copies of full annual report should also be sent to those shareholders who request for the same.

17. CONSISTENCY

The Board should ensure consistency of information given in the Board's Report, the Management Discussion & Analysis Report, Report on Corporate Governance and the explanatory statements to Resolutions.

Repetitions in the various sections of the annual report should be avoided so that the information about a particular item is clearly and completely available at one place only. The Board's Report should clearly explain any material deviations from the disclosures made in the previous report and the reasons thereof.

Further, the Board should make a balanced assessment in the report in order to provide an unambiguous and unbiased insight into the affairs of the company.

18. LIABILITY FOR MIS-STATEMENT

The Board shall be collectively responsible for any statement

in its Report which is false in any material particular, or for any omission of a material fact, knowing it to be material. Section 448 of the Act provides that if in any return, report, certificate, financial statement, prospectus, statement or other document required by the Act or the rules made thereunder, any person makes a statement,—

(a) which is false in any material particulars, knowing it to be false; or

(b) which omits any material fact, knowing it to be material, then he shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and should also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

An illustrative list of matters which are required to be included in the Board's Report and the provisions relating to signing and filing of Board's Report in various other countries is placed at Appendix X.

A specimen Draft Board's Report is placed at Appendix XI.

Relevant extracts of Companies Act, 2013 and Rules thereunder are placed at Appendix XII.

Appendix I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on.....

[Pursuant to section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration)
Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

- (i) CIN :-
- (ii) Registration date
- (iii) Name of the company
- (iv) Category/sub-category of the company
- (v) Address of the registered office and contact details
- (vi) Whether listed company Yes/No
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 per cent or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.			
2.			
3.			

(ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1								
2								
3								
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g., allotment/ transfer/ bonus/sweat equity, etc):				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g., allotment/ transfer / bonus/ sweat equity, etc.):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g., allotment/transfer/ bonus/ sweat equity, etc.):				
	At the End of the year				

V. INDEBTEDNESS

Indebtness of the company including interest outstanding/ accrued but not due for payment

	<i>Secured Loans excluding deposits</i>	<i>Unsecured Loans</i>	<i>Deposits</i>	<i>Total Indeb- tedness</i>
Indebtedness at the beginning of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		—	—	—	—	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					

2.	Stock option					
3.	Sweat equity					
4.	Commission – as % of profit – others, specify...					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors :

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		–	–	–	–	
1.	Independent Directors • Fee for attending Board/ committee meetings • Commission • Others, please specify Total (1)					
2.	Other Non-Executive Directors • Fee for attending Board / committee meetings • Commission • Others, please specify					
	Total (2)					
	Total (B) = (1 + 2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission – as % of profit – others, specify.				
5.	Others, please specify				
	Total				

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Appendix II

Declaration by Independent Directors

To,

The Board of Directors
[Name of the Company]
Pune

Sub. : Declaration under Section 149(6) of the Companies Act, 2013

With reference to my directorship in the Company/ appointment as an Independent Director of the Company with effect from....., I son/ daughter/ spouse of residing at do hereby declare that,

- (a) (i) I am or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) I am not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (b) I have or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (c) none of my relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) I, neither myself nor any of my relatives—

(i) hold or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) hold together with my relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;

and I meet the criteria of independence as per the provisions of the Companies Act, 2013.

Date:

Signature:

Place:

Name of the Director:

DIN.....

Appendix III

Register of loans, guarantees, security and acquisition made by the company

(As per the Format provided in Form MBP-2 - Register of loans, guarantee, security and acquisition made by the Company - (Pursuant to Section 186(9) of the Companies Act, 2013 and Rule 12(1) of the Companies (Meetings of Board and its Powers) Rules, 2014)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Nature of Transaction (whether loan / guarantee / security acquisition)	
2.	Date of making Loan/ acquisition/ giving guarantee/ providing security	
3.	Name and Address of the Person or Body Corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	
4.	Amount of loan/ security/ acquisition/ guarantee	
5.	Time Period for which it is made/ given	
6.	Purpose of loan/ acquisition/ guarantee/ security	
7.	% of loan/ acquisition/ exposure on guarantee/ security provided to the paid up capital, free reserves and securities premium account and % of free reserves and securities premium	

8. Date of Passing Board Resolution

9. Date of passing Special Resolution, if required

10. For Loans:

- a) Rate of Interest
 - b) Date of Maturity
-

11. For Acquisitions:

- a) Number and kind of Securities
 - b) Nominal Value and Paid up Value
 - c) Cost of Acquisition (In case of Securities how the Purchased Price was arrived at)
 - d) Date of selling of Investment
 - e) Selling Price (How the Price was arrived at)
 - f) Signatures and Remarks
-

Place :

Signature :

Date :

MD/Director/Secretary/Whole time Director

Appendix IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

- 1. Details of contracts or arrangements or transactions not at arm's length basis**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts / arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) Date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
- 2. Details of material contracts or arrangement or transactions at arm's length basis**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions

- (c) Duration of the contracts / arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Date(s) of approval by the Board, if any:
- (f) Amount paid as advances, if any:

Form shall be signed by the persons who have signed the Board's report.

Appendix V

Format for the Annual Report on CSR Activities to be included in the Board's Report

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
 - a. Total amount to be spent for the financial year;
 - b. Amount unspent , if any;
 - c. Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Project or programs (a) Local area or other (b) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or programs Subheads: 1. Direct expenditure on projects or programs 2. overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1							
2							
3							
Total							

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

sd/- (Chief Executive Officer or Managing Director or Director)	sd/- (Chairman CSR Committee)	sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (wherever applicable)
--	-------------------------------------	--

Appendix VI

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.....)

1. Sl. No.
2. Name of the Subsidiary
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.
5. Share capital
6. Reserves & surplus
7. Total assets
8. Total Liabilities
9. Investments
10. Turnover
11. Profit before taxation
12. Provision for taxation
13. Profit after taxation
14. Proposed Dividend
15. % of shareholding

(Note: The following information shall be furnished at the end of the statement :)

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

<i>Name of Associates/ Joint Ventures</i>	<i>Name 1</i>	<i>Name 2</i>	<i>Name 3</i>
1. Latest audited Balance Sheet Date			
2. Shares of Associate/Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding %			
3. Description of how there is significant influence			
4. Reason why the associate/joint venture is not consolidated			
5. Networth attributable to Shareholding as per latest audited Balance Sheet			
6. Profit / Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

(Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.)

Appendix VIIA

Suggested List of Items to Be Included In the Report on Corporate Governance in the Annual Report of Companies

1. A brief statement on company's philosophy on code of governance.
2. Board of Directors:
 - a. Composition and category of directors, for example, promoter, executive, nonexecutive, independent non-executive, nominee director, which institution represented as lender or as equity investor
 - b. Attendance of each director at the Board meetings and the last AGM
 - c. Number of other Boards or Board Committees in which he/she is a member or Chairperson
 - d. Number of Board meetings held, dates on which held.
3. Audit Committee:
 - i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Meetings and attendance during the year.
4. Nomination and Remuneration Committee:
 - i. Brief description of terms of reference
 - ii. Composition, name of members and Chairperson
 - iii. Attendance during the year
 - iv. Remuneration policy
 - v. Details of remuneration to all the directors, as per format in main report.

5. Stakeholder's Grievance Committee:
 - i. Name of non-executive director heading the committee
 - ii. Name and designation of compliance officer
 - iii. Number of shareholders' complaints received so far
 - iv. Number not solved to the satisfaction of shareholders
 - v. Number of pending complaints.
6. General Body meetings:
 - i. Location and time, where last three AGMs held
 - ii. Whether any special resolutions passed in the previous 3 AGMs
 - iii. Whether any special resolution passed last year through postal ballot – details of voting pattern
 - iv. Person who conducted the postal ballot exercise
 - v. Whether any special resolution is proposed to be conducted through postal ballot
 - vi. Procedure for postal ballot.
7. Disclosures:
 - i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large
 - ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years
 - iii. Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee
 - iv. Details of compliance with mandatory requirements and adoption of the non - mandatory requirements of this clause.
8. Means of communication
 - i. Quarterly results

- ii. Newspapers wherein results normally published
 - iii. Any website, where displayed
 - iv. Whether it also displays official news releases; and
 - v. The presentations made to institutional investors or to the analysts.
9. General Shareholder information:
- i. AGM: Date, time and venue
 - ii. Financial year
 - iii. Date of Book closure
 - iv. Dividend Payment Date
 - v. Listing on Stock Exchanges
 - vi. Stock Code
 - vii. Market Price Data : High, Low during each month in last financial year
 - viii. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.
 - ix. Registrar and Transfer Agents
 - x. Share Transfer System
 - xi. Distribution of shareholding
 - xii. Dematerialization of shares and liquidity
 - xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity
 - xiv. Plant Locations
 - xv. Address for correspondence

Appendix VIIB

Format of Quarterly Compliance Report on Corporate Governance

Name of the Company:

Quarter ending on:

<i>Particulars</i>	<i>Clause of Listing Agreement</i>	<i>Compliance Status Yes/No</i>	<i>Remarks</i>
I Board of Directors	49II		
(A) Composition of Board	49 (IIA)		
(B) Independent Director	49 (IIB)		
(C) Non-executive Directors' compensation & disclosures	49(IIC)		
(D) Other provisions as to Board and Committees	49(IID)		
(E) Code of Conduct	49(IIE)		
(F) Whistle Blower Policy	49(IIF)		
II. Audit Committee	49 (III)		
(A) Qualified & Independent Audit Committee	49 (IIIA)		
(B) Meeting of Audit Committee	49 (IIIB)		

(C) Powers of Audit Committee	49 (IIIC)
(D) Role of Audit Committee	49 (IIID)
(E) Review of Information by Audit Committee	49 (IIIE)
III. NOMINATION AND REMUNERATION COMMITTEE	49(IV)
IV. Subsidiary Companies.	49 V
V Risk Management	49(VI)
VI. Related Party Transactions	49 (VII)
VII Disclosures	49 (VIII)
(A) Related party transactions	49 (VIII A)
(B) Disclosure of Accounting Treatment	49 (VIII B)
(C) Remuneration of Directors	49 (VIII C)
(D) Management	49 (VIII D)
(E) Shareholders	49 (VIII E)
(F) Disclosure of Resignation of Directors	49 (VIII F)
(G) Proceeds from public issues, rights issue, preferential issues, etc.	49(VIII I)
IX. CEO/CFO Certification	49 (IX)

X. Report on Corporate Governance	49 (X)
XI. Compliance	49 (XI)

Note:

1. The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 49 of the Listing Agreement.
2. In the column No. 3, compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the Clause 49 I of the Listing Agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A." may be indicated against 49(VII).
3. In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as – "will be complied with at the AGM". Similarly, in respect of matters which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.

Appendix VIII

Table of Additional Contents to be Disclosed in Terms of Companies Act, 2013

<i>S.No.</i>	<i>Section</i>	<i>Disclosure</i>
1.	Section 43 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 [Chaper IV]	Disclose the details of equity shares with differential rights, as per the Rule, in the Board's Report for the financial year in which the issue of equity shares with differential rights was completed.
2.	Section 54 read with Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014	Disclose the details of sweat equity shares, as per the Rule, in the Board's Report for the year in which the shares are issued.
3.	Section 62(1)(b) read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014	Disclose details of Employees Stock Option Scheme, as per the Rule.
4.	Proviso to Section 67(3) read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014	Disclose details of voting rights not exercised directly by the employees in respect of shares to which the scheme for provision of money for purchase of or subscription for shares by employees or by trustees for

<i>S.No.</i>	<i>Section</i>	<i>Disclosure</i>
		the benefit of employees, as per the Rule.
5.	Third proviso to Section 131 (not yet enforced)	Disclose detailed reasons for revision of financial statement or report of the Board, in the Board's Report in the relevant financial year in which such revision is being made.
6.	Section 135(2)	Composition of the Corporate Social Responsibility (CSR) Committee.
7.	Section 135(4)(a) read with Rule 9 of the Companies (Accounts) Rules, 2014 [Chapter IX]	Disclose contents of the CSR Policy in the Board's Report and on the company's website, if any, as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014.
8.	Second proviso to Section 135(5)	If the company fails to spend the requisite amount on CSR activities, the Board shall in its report specify the reasons for not spending the amount.
9.	Section 149(10)	An Independent Director shall hold office for a term upto 5 consecutive years but shall be eligible for re-appointment on passing of special resolution and disclosure of such

<i>S.No.</i>	<i>Section</i>	<i>Disclosure</i>
		appointment in the Board's Report.
10.	Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014 [Chapter XII]	Disclose the composition of an Audit Committee, where applicable, and where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the report alongwith the reasons therefor.
11.	Proviso to Section 177(10)	Disclose details of establishment of Vigil Mechanism.
12.	Section 178(3)& Proviso of Section 178(4)	Nomination and Remuneration Committee shall formulate a policy relating to the remuneration for the directors, KMPs and other employees and such policy shall be disclosed in the Board's Report.
13.	Section 197(14)	Subject to the provisions of section 197, any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such

<i>S.No.</i>	<i>Section</i>	<i>Disclosure</i>
		company subject to its disclosure by the company in the Board's report.
14.	Section 204(1)	Every listed company and every public company having a paid-up share capital of fifty crore rupees or more OR turnover of two hundred fifty crore rupees or more, shall annex with its Board's report, a secretarial audit report, given by a company secretary in practice, in Form MR-3.
15.	Section 204(3)	Explain in full any qualification or observation or other remarks made by the company secretary in practice in his Secretarial Audit Report pursuant to section 204(1).

Appendix IX

Additional Contents to be Disclosed by Listed Companies in Terms of Listing Agreement

<i>S.No.</i>	<i>Section</i>	<i>Clause No. of Listing Agreement</i>	<i>Where</i>
1.	Details of shares issued pursuant to public issues or any other issue, which remain unclaimed or lying in the suspense account	5.A.(I).g/ (II).h	In Annual Report
2.	i) In case the shares are delisted, it shall disclose the fact of delisting, together with reasons thereof ii) In case the securities are suspended from trading, explain the reason thereof iii) The name and address of each stock exchange at which the issuer's securities are listed and also confirm that Annual Listing Fee has been paid to each of the exchange.	32 (iii)b.i to iii	In Director's Report
3.	If there are material variations between the projections and the actual utilisation/ profitability made by the Company in its prospectus or letter of offer or object/s stated in	43(3)	In Director's Report

<i>S.No.</i>	<i>Section</i>	<i>Clause No. of Listing Agreement</i>	<i>Where</i>
	the explanatory statement to the notice for the general meeting for considering preferential issue of securities, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report		
4.	Criteria for performance evaluation of Independent Directors, as laid down by the Nomination and Remuneration Committee.	49.II.B.5.b	In Annual Report
5.	The remuneration policy relating to the remuneration of the directors, key managerial personnel & other employees and the evaluation criteria laid down by Nomination & Remuneration Committee	49.IV.B.4	In Annual Report
6.	Details of familiarization programme for Independent Directors	49.II.B.7.b	Web link shall be disclosed in Annual Report
7.	The details of establishment of vigil mechanism (Whistle Blower Policy)	49.II.F.3	In the Board's Report
8.	Policy for determining 'material' subsidiaries	49.V.D	Web link shall be disclosed in Annual Report
9.	Policy on dealing with related party transactions	49.VIII.A.2	In Annual Report

<i>S.No.</i>	<i>Section</i>	<i>Clause No. of Listing Agreement</i>	<i>Where</i>
10.	Declaration of CEO regarding compliance by Board members and Senior management personnel	49.II.E.2	In Annual Report
11.	Remuneration of Directors	49.VIII.C.1/2/3/4	In Annual Report
12.	Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.	49.VIII.B	In the Corporate Governance Report forming part of the Board's Report.
13.	<ul style="list-style-type: none"> — All pecuniary relationship or transactions of the non-executive directors vis-a-vis the company shall be disclosed. — In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the Corporate Governance of the Annual Report: <ul style="list-style-type: none"> a. All elements of 	49.VIII.C.1/2/3/4	In the section on the Corporate Governance Report forming part of the Board's Report.

<i>S.No.</i>	<i>Section</i>	<i>Clause No. of Listing Agreement</i>	<i>Where</i>
			remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
			b. Details of fixed component and performance linked incentives, along with the performance criteria.
			c. Service contracts, notice period, severance fees.
			d. Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
			– The company shall publish its criteria of making payments to non-executive directors in its annual r e p o r t . Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.
			– The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.

<i>S.No.</i>	<i>Section</i>	<i>Clause No. of Listing Agreement</i>	<i>Where</i>
14.	Contents of Management Discussion and Analysis report	49.VIII.D	As part of the Director's Report or as an addition thereto forming part of the Annual Report
15.	Disclosure of relationships between directors inter-se	49. VIII E.2	In Annual Report
16.	Report on Corporate Governance	49.X.A/49.XI.B read with Annex. XII & XIII	Separate section in the Annual Report as a part of the Board's Report
17.	Certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance	49.XI.A	Certificate to be annexed with the Director's Report
18.	Business Responsibility Reports in the suggested format	55	As part of Annual Report

Appendix IXA

Specimen Resolution to be Passed at a Meeting of the Board of Directors for Approval of the Board's Report

“RESOLVED that, pursuant to Section 134 and subject to the Auditors’ Report under Section 143 of the Companies Act, 2013, being without any reservation or qualification or adverse remark, the draft of the Board’s Report for the financial year ended....., 201_, as laid on the table, be and is hereby approved and that the said Report be signed by the Chairman Shri..... (DIN.....) on behalf of the Board and that the Secretary of the company be directed to issue the same to the members of the company together with the printed copies of the audited accounts, and the Auditors’ Report.”

Appendix IXB

Specimen Resolution to be Passed at a Meeting of the Board of Directors for Approval of the Board's Report containing Board's Response to Auditors' Comments and Qualifications

“RESOLVED that, pursuant to Section 134 of the Companies Act, 2013 the draft of the Board's Report for the year ended....., 2015 as circulated earlier and as modified by incorporating the information and explanation given by the Board on every reservation, qualification or adverse remark contained in the Auditor's Report under Section 143, and as laid on the table, be and is hereby approved and that the Board's Report be signed by the Chairman on behalf of the Board and that the Secretary of the company be directed to issue the same to the members of the company together with the printed copies of the audited accounts, and the Auditors' Report.

Appendix X

AN ILLUSTRATIVE LIST OF MATTERS WHICH ARE REQUIRED TO BE INCLUDED IN THE BOARD'S REPORT AND THE PROVISIONS RELATING TO SIGNING AND FILING OF BOARD'S REPORT IN VARIOUS OTHER COUNTRIES

Relevant Extracts

Australian Corporations Act, 2001

Section 295 Contents of annual financial report

Basic contents

- (1) The financial report for a financial year consists of:
- (a) the financial statements for the year; and
 - (b) the notes to the financial statements; and
 - (c) the directors' declaration about the statements and notes.

Notes to financial statements

- (3) The notes to the financial statements are:
- (a) disclosures required by the regulations; and
 - (b) notes required by the accounting standards; and
 - (c) any other information necessary to give a true and fair view (see section 297).

Directors' declaration

- (4) The directors' declaration is a declaration by the directors:
- (c) whether, in the directors' opinion, there are reasonable grounds to believe that the company, registered scheme or disclosing entity will be able to pay its debts as and when they become due and payable; and

- (ca) if the company, registered scheme or disclosing entity has included in the notes to the financial statements, in compliance with the accounting standards, an explicit and unreserved statement of compliance with international financial reporting standards—that this statement has been included in the notes to the financial statements; and
- (d) whether, in the directors' opinion, the financial statement and notes are in accordance with this Act, including:
 - (i) section 296 (compliance with accounting standards); and
 - (ii) section 297 (true and fair view); and
- (e) if the company, disclosing entity or registered scheme is listed—that the directors have been given the declarations required by section 295A.

298 Annual Directors' Report

- (1) The company, registered scheme or disclosing entity must prepare a directors' report for each financial year.
- (1AA) Except in the case of a company limited by guarantee, the report must include:
 - (a) the general information required by sections 299 (all entities) and 299A (additional requirements for listed entities); and
 - (b) the specific information required by sections 300 and 300A; and
 - (c) a copy of the auditor's declaration under section 307C in relation to the audit for the financial year.
- (1AB) In the case of a company limited by guarantee, the report must include:
 - (a) the general information required by section 300B; and
 - (b) a copy of the auditor's declaration under section 307C in relation to the audit or review for the financial year.
- (2) The report must:
 - (a) be made in accordance with a resolution of the directors; and

- (b) specify the date on which the report is made; and
- (c) be signed by a director.

Small proprietary companies

- (3) A small proprietary company does not have to comply with subsection (1) for a financial year if:
- (a) it is preparing financial statements for that year in response to a shareholder direction under section 293; and
 - (b) the direction specified that a directors' report need not be prepared.

Small companies limited by guarantee

- (4) A small company limited by guarantee does not have to comply with subsection (1) for a financial year if:
- (a) it is preparing the financial statements for that year in response to a member direction under section 294A; and
 - (b) the direction specified that a directors' report need not be prepared.

Section 299

- (1) The directors' report for a financial year must:
- (a) contain a review of operations during the year of the entity reported on and the results of those operations; and
 - (b) give details of any significant changes in the entity's state of affairs during the year; and
 - (c) state the entity's principal activities during the year and any significant changes in the nature of those activities during the year; and
 - (d) give details of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect:
 - (i) the entity's operations in future financial years; or
 - (ii) the results of those operations in future financial years; or
 - (iii) the entity's state of affairs in future financial years; and

- (e) refer to likely developments in the entity's operations in future financial years and the expected results of those operations; and
 - (f) if the entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory—give details of the entity's performance in relation to environmental regulation.
- (2) The entity reported on is:
- (a) the company, registered scheme or disclosing entity (if consolidated financial statements are not required); or
 - (b) the consolidated entity (if consolidated financial statements are required).

Prejudicial information need not be disclosed

- (3) The report may omit material that would otherwise be included under paragraph (1)(e) if it is likely to result in unreasonable prejudice to:
- (a) the company, registered scheme or disclosing entity; or
 - (b) if consolidated financial statements are required —the consolidated entity or any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity.

If material is omitted, the report must say so.

299A Annual directors' report—additional general requirements for listed entities

- (1) The directors' report for a financial year for a company, registered scheme or disclosing entity that is listed must also contain information that members of the listed entity would reasonably require to make an informed assessment of:
- (a) the operations of the entity reported on; and
 - (b) the financial position of the entity reported on; and
 - (c) the business strategies, and prospects for future financial years, of the entity reported on.

300 Annual directors' report—specific information

- (1) The directors' report for a financial year must include details of:
- (a) dividends or distributions paid to members during the year; and
 - (b) dividends or distributions recommended or declared for payment to members, but not paid, during the year; and
 - (c) the name of each person who has been a director of the company, registered scheme or disclosing entity at any time during or since the end of the year and the period for which they were a director; and
- (ca) the name of each person who:
- (i) is an officer of the company, registered scheme or disclosing entity at any time during the year; and
 - (ii) was a partner in an audit firm, or a director of an audit company, that is an auditor of the company, disclosing entity or registered scheme for the year; and
 - (iii) was such a partner or director at a time when the audit firm or the audit company undertook an audit of the company, disclosing entity or registered scheme; and
- (d) options that are:
- (i) granted over unissued shares or unissued interests during or since the end of the year; and
 - (ii) granted to any of the directors or any of the 5 most highly remunerated officers of the company (other than the directors); and
 - (iii) granted to them as part of their remuneration;
(see subsections (3), (4) and (5)); and
- (e) unissued shares or interests under option as at the day the report is made (see subsections (3) and (6)); and
- (f) shares or interests issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests (see subsections (3) and (7)); and

(g) indemnities given and insurance premiums paid during or since the end of the year for a person who is or has been an officer or auditor (see subsections (8) and (9)).

Public companies, listed companies and registered schemes must include additional information under subsections (10), (11), (11AA), (11A), (11B), (12) and (13) of this section and section 300A.

- (2) Details do not have to be included in the directors' report under this section if they are included in the company's financial report for the financial year.
- (2A) If subsection (2) is relied on to not include in the directors' report for a financial year details that would otherwise be required to be included in that report under paragraph (11B)(a) or (11C)(b), that report must specify, in the section headed "Non-audit services", where those details may be found in the company's financial report for that financial year.
- (3) Paragraphs (1)(d), (e) and (f) cover:
- (a) options over unissued shares and interests of the company, registered scheme or disclosing entity; and
 - (b) if consolidated financial statements are required—options over unissued shares and interests of any controlled entity that is a company, registered scheme or disclosing entity.

Options details

- (5) The details of an option granted are:
- (a) the company, registered scheme or disclosing entity granting the option; and
 - (b) the name of the person to whom the option is granted; and
 - (c) the number and class of shares or interests over which the option is granted.
- (6) The details of unissued shares or interests under option are:
- (a) the company, registered scheme or disclosing entity that will issue shares or interests when the options are exercised; and
 - (b) the number and classes of those shares or interests; and

- (c) the issue price, or the method of determining the issue price, of those shares or interests; and
- (d) the expiry date of the options; and
- (e) any rights that option holders have under the options to participate in any share issue or interest issue of the company, registered scheme or disclosing entity or of any other body corporate or registered scheme.

Shares or interests issued as a result of exercise of option

- (7) The details of shares or interests issued as a result of the exercise of an option are:
 - (a) the company, registered scheme or disclosing entity issuing the shares or interests; and
 - (b) the number of shares or interests issued; and
 - (c) if the company, registered scheme or disclosing entity has different classes of shares or interests—the class to which each of those shares or interests belongs; and
 - (d) the amount unpaid on each of those shares or interests; and
 - (e) the amount paid, or agreed to be considered as paid, on each of those shares or interests.

Indemnities and insurance premiums for officers or auditors

- (8) The report for a company must include details of:
 - (a) any indemnity that is given to a current or former officer or auditor against a liability and that is covered by subsection 199A(2) or (3), or any relevant agreement under which an officer or auditor may be given an indemnity of that kind; and
 - (b) any premium that is paid, or agreed to be paid, for insurance against a current or former officer's or auditor's liability for legal costs.

Note: Sections 199A and 199B contain general prohibitions against giving certain indemnities and paying certain insurance premiums. This subsection

requires transactions that are exceptions to these prohibitions to be reported.

- (9) The details required under subsection (8) are:
- (a) for an officer—their name or the class of officer to which they belong or belonged; and
 - (b) for an auditor—their name; and
 - (c) the nature of the liability; and
 - (d) or an indemnity given—the amount the company paid and any other action the company took to indemnify the officer or auditor; and
 - (e) for an agreement to indemnify—the amount that the relevant agreement requires the company to pay and any other action the relevant agreement requires the company to take to indemnify the officer or auditor; and
 - (f) for an insurance premium—the amount of the premium.

The report need not give details of the nature of the liability covered by, or the amount of the premium payable under, a contract of insurance to the extent that disclosure of those details is prohibited by the insurance contract.

Special rules for public companies

- (10) The report for a public company that is not a wholly-owned subsidiary of another company must also include details of:
- (a) each director's qualifications, experience and special responsibilities; and
 - (b) the number of meetings of the board of directors held during the year and each director's attendance at those meetings; and
 - (c) the number of meetings of each board committee held during the year and each director's attendance at those meetings; and
 - (d) the qualifications and experience of each person who is a company secretary of the company as at the end of the year.

Special rules for listed companies and schemes

- (11) The report for a listed company must also include the following details for each director:
- (a) their relevant interests in shares of the company or a related body corporate;
 - (b) their relevant interests in debentures of, or interests in a registered scheme made available by, the company or a related body corporate;
 - (c) their rights or options over shares in, debentures of or interests in a registered scheme made available by, the company or a related body corporate;
 - (d) contracts:
 - (i) to which the director is a party or under which the director is entitled to a benefit; and
 - (ii) that confer a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the company or a related body corporate;
 - (e) all directorships of other listed companies held by the director at any time in the 3 years immediately before the end of the financial year and the period for which each directorship has been held.

Note: Directors must also disclose interests of these kinds to a relevant market operator under section 205G as they are acquired.

- (11AA) If an individual plays a significant role in the audit of a listed company or listed registered scheme for the financial year in reliance on an approval granted under section 324DAA, the report for the company or scheme must also include details of, and reasons for, the approval.
- (11A) If a registered company auditor plays a significant role in the audit of a listed company for the financial year in reliance on a declaration made under section 342A, the report for the company must also include details of the declaration.

Listed companies—non-audit services and auditor independence

(11B) The report for a listed company must also include the following in relation to each auditor:

- (a) details of the amounts paid or payable to the auditor for non-audit services provided, during the year, by the auditor (or by another person or firm on the auditor's behalf);
- (b) a statement whether the directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by this Act;
- (c) a statement of the directors' reasons for being satisfied that the provision of those non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) did not compromise the auditor independence requirements of this Act.

These details and statements must be included in the directors' report under the heading "Non-audit services". If consolidated financial statements are required, the details and statements must relate to amounts paid or payable to the auditor by, and non-audit services provided to, any entity (including the company, registered scheme or disclosing entity) that is part of the consolidated entity.

(11C) For the purposes of paragraph (11B)(a), the details of amounts paid or payable to an auditor for non-audit services provided, during the year, by the auditor (or by another person or firm on the auditor's behalf) are:

- (a) the name of the auditor; and
- (b) the dollar amount that:
 - (i) the listed company; or
 - (ii) if consolidated financial statements are required—any entity that is part of the consolidated entity;paid, or is liable to pay, for each of those non-audit services.

- (11D) The statements under paragraphs (11B)(b) and (c) must be made in accordance with:
- (a) advice provided by the listed company's audit committee if the company has an audit committee; or
 - (b) a resolution of the directors of the listed company if paragraph (a) does not apply.
- (11E) For the purposes of subsection (11D), a statement is taken to be made in accordance with advice provided by the company's audit committee only if:
- (a) the statement is consistent with that advice and does not contain any material omission of material included in that advice; and
 - (b) the advice is endorsed by a resolution passed by the members of the audit committee; and
 - (c) the advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors.

Special rules for listed registered schemes

- (12) The report for a registered scheme whose interests are quoted on a prescribed financial market must also include the following details for each director of the company that is the responsible entity for the scheme:
- (a) their relevant interests in interests in the scheme;
 - (b) their rights or options over interests in the scheme;
 - (c) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

Special rules for registered schemes

- (13) The report for a registered scheme must also include details of:
- (a) the fees paid to the responsible entity and its associates out of scheme property during the financial year; and
 - (b) the number of interests in the scheme held by the

- responsible entity or its associates as at the end of the financial year; and
- (c) interests in the scheme issued during the financial year; and
- (d) withdrawals from the scheme during the financial year; and
- (e) the value of the scheme's assets as at the end of the financial year, and the basis for the valuation; and
- (f) the number of interests in the scheme as at the end of the financial year.

Proceedings on behalf of a company

- (14) The report for a company must also include the following details of any application for leave under section 237 made in respect of the company:
 - (a) the applicant's name; and
 - (b) a statement whether leave was granted.
- (15) The report for a company must also include the following details of any proceedings that a person has brought or intervened in on behalf of the company with leave under section 237:
 - (a) the person's name;
 - (b) the names of the parties to the proceedings;
 - (c) sufficient information to enable members to understand the nature and status of the proceedings (including the cause of action and any orders made by the court).

300A Annual directors' report—specific information to be provided by listed companies

- (1) The directors' report for a financial year for a company must also include (in a separate and clearly identified section of the report):
 - (a) discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of the key management personnel for:
 - (i) the company, if consolidated financial statements are not required; or

- (ii) the consolidated entity, if consolidated financial statements are required; and
- (b) discussion of the relationship between such policy and the company's performance; and
- (ba) if an element of the remuneration of a member of the key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity is dependent on the satisfaction of a performance condition:
 - (i) a detailed summary of the performance condition; and
 - (ii) an explanation of why the performance condition was chosen; and
 - (iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and
 - (iv) if the performance condition involves a comparison with factors external to the company:
 - (A) a summary of the factors to be used in making the comparison; and
 - (B) if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included—the identity of that company, of each of those companies or of the index; and
- (c) the prescribed details in relation to the remuneration of:
 - (i) if consolidated financial statements are required—each member of the key management personnel for the consolidated entity; or
 - (ii) if consolidated financial statements are not required—each member of the key management personnel for the company; and
- (d) if an element of the remuneration of a person referred to in paragraph (c) consists of securities of a body and that element is not dependent on the satisfaction of a

performance condition—an explanation of why that element of the remuneration is not dependent on the satisfaction of a performance condition; and

- (e) for each person referred to in paragraph (c):
 - (i) an explanation of the relative proportions of those elements of the person's remuneration that are related to performance and those elements of the person's remuneration that are not; and
 - (ii) the value (worked out as at the time they are granted and in accordance with any applicable accounting standards) of options that are granted to the person during the year as part of their remuneration; and
 - (iii) the value (worked out as at the time they are exercised) of options that were granted to the person as part of their remuneration and that are exercised by the person during the year; and
 - (iv) if options granted to the person as part of their remuneration lapse during the financial year—the number of those options, and the financial year in which those options were granted; and
 - (vii) if the person is employed by the company under a contract—the duration of the contract, the periods of notice required to terminate the contract and the termination payments provided for under the contract; and
- (f) such other matters related to the policy or policies referred to in paragraph (a) as are prescribed by the regulations; and
- (g) if:
 - (i) at the company's most recent AGM, comments were made on the remuneration report that was considered at that AGM; and
 - (ii) when a resolution that the remuneration report for the last financial year be adopted was put to the vote at the company's most recent AGM, at least 25% of the votes cast were against adoption of that report;

an explanation of the board's proposed action in response or, if the board does not propose any action, the board's reasons for inaction; and

- (h) if a remuneration consultant made a remuneration recommendation in relation to any of the key management personnel for the company or, if consolidated financial statements are required, for the consolidated entity, for the financial year:
 - (i) the name of the consultant; and
 - (ii) a statement that the consultant made such a recommendation; and
 - (iii) if the consultant provided any other kind of advice to the company or entity for the financial year—a statement that the consultant provided that other kind or those other kinds of advice; and
 - (iv) the amount and nature of the consideration payable for the remuneration recommendation; and
 - (v) the amount and nature of the consideration payable for any other kind of advice referred to in subparagraph (iii); and
 - (vi) information about the arrangements the company made to ensure that the making of the remuneration recommendation would be free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and
 - (vii) a statement about whether the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and
 - (viii) if the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates—the board's reasons for being satisfied of this.

(1AA) Without limiting paragraph (1)(b), the

discussion under that paragraph of the company's performance must specifically deal with:

- (a) the company's earnings; and
- (b) the consequences of the company's performance on shareholder wealth;

in the financial year to which the report relates and in the previous 4 financial years.

(1AB) In determining, for the purposes of subsection (1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to:

- (a) dividends paid by the company to its shareholders during that year; and
- (b) changes in the price at which shares in the company are traded between the beginning and the end of that year; and
- (c) any return of capital by the company to its shareholders during that year that involves:
 - (i) the cancellation of shares in the company; and
 - (ii) a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and

(d) any other relevant matter.

(1A) The material referred to in subsection (1) must be included in the directors' report under the heading "Remuneration report".

(1C) Without limiting paragraph (1)(c), the regulations may:

- (a) provide that the value of an element of remuneration is to be determined, for the purposes of this section, in a particular

way or by reference to a particular standard; and

(b) provide that details to be given of an element of remuneration must relate to the remuneration provided in:

(i) the financial year to which the directors' report relates; and

(ii) the earlier financial years specified in the regulations.

(2) This section applies to any listed disclosing entity that is a company.

(3) This section applies despite anything in the company's constitution.

(4) For the purposes of this section, if:

(a) consolidated financial statements are required; and

(b) a person is a group executive who is a group executive of 2 or more entities within the consolidated entity;

the person's remuneration is taken to include all of the person's remuneration from those entities (regardless of the capacity in which the person received the remuneration).

300B Annual directors' report—companies limited by guarantee

(1) The directors' report for a financial year for a company limited by guarantee must:

(a) contain a description of the short and long term objectives of the entity reported on; and

(b) set out the entity's strategy for achieving those objectives; and

(c) state the entity's principal activities during the year; and

(d) state how those activities assisted in achieving the entity's objectives; and

- (e) state how the entity measures its performance, including any key performance indicators used by the entity.
- (2) The entity reported on is:
 - (a) the company (if consolidated financial statements are not required); or
 - (b) the consolidated entity (if consolidated financial statements are required).
- (3) The directors' report for a financial year for a company limited by guarantee must also include details of:
 - (a) the name of each person who has been a director of the company at any time during or since the end of the year and the period for which the person was a director; and
 - (b) each director's qualifications, experience and special responsibilities; and
 - (c) the number of meetings of the board of directors held during the year and each director's attendance at those meetings; and
 - (d) for each class of membership in the company—the amount which a member of that class is liable to contribute if the company is wound up; and
 - (e) the total amount that members of the company are liable to contribute if the company is wound up.

303 Contents of half-year financial report

Basic contents

- (1) The financial report for a half-year consists of:
 - (a) the financial statements for the half-year; and
 - (b) the notes to the financial statements; and
 - (c) the directors' declaration about the statements and notes.

Directors' declaration

- (4) The directors' declaration is a declaration by the directors:
 - (c) whether, in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able

to pay its debts as and when they become due and payable; and

(d) whether, in the directors' opinion, the financial statement and notes are in accordance with this Act, including:

(i) section 304 (compliance with accounting standards); and

(ii) section 305 (true and fair view).

(5) The declaration must:

(a) be made in accordance with a resolution of the directors; and

(b) specify the day on which the declaration is made; and

(c) be signed by a director.

306 Half-year directors' report

(1) The directors of the disclosing entity must prepare a directors' report for each half-year that consists of:

(a) a review of the entity's operations during the half-year and the results of those operations; and

(b) the name of each person who has been a director of the disclosing entity at any time during or since the end of the half-year and the period for which they were a director.

If consolidated financial statements are required, the review under paragraph (a) must cover the consolidated entity.

(1A) The directors' report must include a copy of the auditor's declaration under section 307C in relation to the audit or review for the half-year.

(2) If the financial report for a half-year includes additional information under paragraph 303(3)(c) (information included to give true and fair view of financial position and performance), the directors' report for the half-year must also:

(a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give the true and fair view required by section 305; and

- (b) specify where that information can be found in the financial report.
- (3) The report must:
 - (a) be made in accordance with a resolution of the directors; and
 - (b) specify the date on which the report is made; and
 - (c) be signed by a director.

UNITED KINGDOM

Companies Act 2006

CHAPTER 5

DIRECTORS' REPORT

Directors' report

415 Duty to prepare directors' report

- (1) The directors of a company must prepare a directors' report for each financial year of the company.
- (2) For a financial year in which—
 - (a) the company is a parent company, and
 - (b) the directors of the company prepare group accounts, the directors' report must be a consolidated report (a "group directors' report") relating to the undertakings included in the consolidation.
- (3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.
- (4) In the case of failure to comply with the requirement to prepare a directors' report, an offence is committed by every person who—
 - (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
 - (b) failed to take all reasonable steps for securing compliance with that requirement.

- (5) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

416 Contents of directors' report: general

- (1) The directors' report for a financial year must state—
- (a) the names of the persons who, at any time during the financial year, were directors of the company, and
 - (b) the principal activities of the company in the course of the year.
- (2) In relation to a group directors' report subsection (1)(b) has effect as if the reference to the company was to the undertakings included in the consolidation.
- (3) Except in the case of a company subject to the small companies regime, the report must state the amount (if any) that the directors recommend should be paid by way of dividend.
- (4) The Secretary of State may make provision by regulations as to other matters that must be disclosed in a directors' report. Without prejudice to the generality of this power, the regulations may make any such provision as was formerly made by Schedule 7 to the Companies Act 1985.

417 Contents of directors' report: business review

- (1) Unless the company is subject to the small companies' regime, the directors' report must contain a business review.
- (2) The purpose of the business review is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company).
- (3) The business review must contain—
- (a) a fair review of the company's business, and
 - (b) a description of the principal risks and uncertainties facing the company.

- (4) The review required is a balanced and comprehensive analysis of—
 - (a) the development and performance of the company's business during the financial year, and
 - (b) the position of the company's business at the end of that year, consistent with the size and complexity of the business.
- (5) In the case of a quoted company the business review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include—
 - (a) the main trends and factors likely to affect the future development, performance and position of the company's business; and
 - (b) information about—
 - (i) environmental matters (including the impact of the company's business on the environment),
 - (ii) the company's employees, and
 - (iii) social and community issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies; and
 - (c) subject to subsection (11), information about persons with whom the company has contractual or other arrangements which are essential to the business of the company.

If the review does not contain information of each kind mentioned in paragraphs (b)(i), (ii) and (iii) and (c), it must state which of those kinds of information it does not contain.
- (6) The review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include—
 - (a) analysis using financial key performance indicators, and
 - (b) where appropriate, analysis using other key performance

indicators, including information relating to environmental matters and employee matters.

“Key performance indicators” means factors by reference to which the development, performance or position of the company’s business can be measured effectively.

- (7) Where a company qualifies as medium-sized in relation to a financial year (see sections 465 to 467), the directors’ report for the year need not comply with the requirements of subsection (6) so far as they relate to non-financial information.
- (8) The review must, where appropriate, include references to, and additional explanations of, amounts included in the company’s annual accounts.
- (9) In relation to a group directors’ report this section has effect as if the references to the company were references to the undertakings included in the consolidation.
- (10) Nothing in this section requires the disclosure of information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the company.
- (11) Nothing in subsection (5)(c) requires the disclosure of information about a person if the disclosure would, in the opinion of the directors, be seriously prejudicial to that person and contrary to the public interest.

418 Contents of directors’ report: statement as to disclosure to auditors

- (1) This section applies to a company unless—
 - (a) it is exempt for the financial year in question from the requirements of Part 16 as to audit of accounts, and
 - (b) the directors take advantage of that exemption.
- (2) The directors’ report must contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved—
 - (a) so far as the director is aware, there is no relevant audit information of which the company’s auditor is unaware, and

- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.
- (3) "Relevant audit information" means information needed by the company's auditor in connection with preparing his report.
- (4) A director is regarded as having taken all the steps that he ought to have taken as a director in order to do the things mentioned in subsection (2)(b) if he has—
 - (a) made such enquiries of his fellow directors and of the company's auditors for that purpose, and
 - (b) taken such other steps (if any) for that purpose, as are required by his duty as a director of the company to exercise reasonable care, skill and diligence.
- (5) Where a directors' report containing the statement required by this section is approved but the statement is false, every director of the company who—
 - (a) knew that the statement was false, or was reckless as to whether it was false, and (b) failed to take reasonable steps to prevent the report from being approved, commits an offence.
- (6) A person guilty of an offence under subsection (5) is liable—
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
 - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

419 Approval and signing of directors' report

- (1) The directors' report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.

- (2) If the report is prepared in accordance with the small companies regime, it must contain a statement to that effect in a prominent position above the signature.
- (3) If a directors' report is approved that does not comply with the requirements of this Act, every director of the company who—
 - (a) knew that it did not comply, or was reckless as to whether it complied, and
 - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved, commits an offence.
- (4) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

Appendix XI

Specimen Board's Report

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2014-2015

To,

The Members,

Your directors have pleasure in presenting their ____ Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, ____.

Financial Highlights (Standalone and Consolidated)

During the year under review, performance of your company as under:

(Rupees in Lakhs)

<i>Particulars</i>	<i>Year ended 31st March 2015</i>	<i>Year ended 31st March 2014</i>
Turnover		
Profit/(Loss) before taxation		
<i>Less : Tax Expense</i>		
Profit/(Loss) after tax		
<i>Add : Balance B/F from the previous year</i>		
Balance Profit / (Loss) C/F to the next year		

The consolidated performance of the group as per consolidated financial statements is as under:

(Rupees in Lakhs)

<i>Particulars</i>	<i>Year ended 31st March 2015</i>	<i>Year ended 31st March 2014</i>
Turnover		
Profit/(Loss) before taxation		
Less : Tax Expense		
Profit/(Loss) after tax		
<i>Add</i> : Balance B/F from the previous year		
Balance Profit / (Loss) C/F to the next year		

State of Company's Affairs and Future Outlook

Under this heading, a brief description of the nature of business of the company specifying growth in terms of volume of the key products/services of the company which covers the bulk of the operating profit.

It may also specify details of the operational highlights indicating the overall growth of the company and state any diversification if any made during the year. Company's plan to venture in other segments may also be added.

Change in nature of business, if any

The Board may provide details relating to change in the business carried on by the company or its subsidiaries. This shall also contain details pertaining to classes of business in which the company has an interest.

Dividend

During the F.Y. 2014-15, the Company had declared an interim dividend of Rs ____ per equity shares of face value Rs ____ absorbing a sum of Rs _____. Your Directors are pleased to recommend a final dividend of Rs ____ per equity shares of face value Rs ____ which is

provided for in the accounts absorbing a sum of Rs ____ if approved by the members in the ensuing Annual General Meeting.

or

However with the view to conserve the resources of company the directors are not recommending any dividend.

Amounts Transferred to Reserves

The Board of the company has decided/proposed to carry Rs ____ to its reserves.

Changes in Share Capital, if any

During the Financial Year 2014-15, the share capital of the Company has been increased from ____ to ____, pursuant to allotment of ____ equity shares of Rs ____ each under Private Placement/Preferential allotment/Rights issue /Employee Stock Option Scheme of the Company.

Disclosure regarding Issue of Equity Shares with Differential Rights

Details to be given as stated in Rule 4(4) of Companies (Share Capital and Debenture Rules, 2014) for the Financial Year in which such issue was completed.

Disclosure regarding issue of Employee Stock Options

Details to be given as stated in Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014).

Disclosure regarding issue of Sweat Equity Shares

In case sweat equity shares have been issued during the Financial Year, details as specified in Rule 8(13) of Companies (Share Capital and Debenture Rules, 2014) are to be given.

Extract of Annual Return

The extract of Annual Return, in format MGT -9, for the Financial Year 2014-15 has been enclosed with this report.

Number of Board Meetings

During the Financial Year 2014-15, [**] meetings of the Board of Directors of the company were held. *[Preferable to state the dates of meetings]*

Particulars of Loan, Guarantees and Investments under Section 186

Complete details of LGSI covered under Sec 186 of CA, 2013. A suggestive format is provided below to provide the required details:

Details of Loans

<i>Sl. No.</i>	<i>Date of making loan</i>	<i>Details of Borrower</i>	<i>Amount</i>	<i>Purpose for which the loan is to be utilized by the recipient</i>	<i>Time period for which it is given</i>	<i>Date of BR</i>	<i>Date of SR (if reqd)</i>	<i>Rate of Interest</i>	<i>Security</i>

Details of Investments

<i>Sl. No.</i>	<i>Date of investment</i>	<i>Details of Investee</i>	<i>Amount</i>	<i>Purpose for which the proceeds from investment is proposed to be utilized by the recipient</i>	<i>Date of BR</i>	<i>Date of SR (if reqd)</i>	<i>Expected rate of return</i>

Details of Guarantee / Security Provided

<i>Sl. No.</i>	<i>Date of providing security/ guarantee</i>	<i>Details of recipient</i>	<i>Amount</i>	<i>Purpose for which the proceeds from investment is proposed to be utilized by the recipient</i>	<i>Date of BR</i>	<i>Date of SR (if reqd)</i>	<i>Expected rate of return</i>

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2014-15 in the prescribed format, AOC 2 has been enclosed with the report.

Explanation to Auditor's Remarks

Explanation or comment by the Board on every qualification, reservation, adverse remark or disclaimer made by the statutory

auditor in his report and/or by the secretarial auditor in the secretarial Audit Report.

Material Changes Affecting the Financial Position of the Company

Details regarding any material changes / events, if any, occurring after balance sheet date till the date of the report to be stated.

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

a) Conservation of Energy:

Steps taken for conservation

Steps taken for utilizing alternate sources of energy

Capital investment on energy conservation equipments

b) Technology Absorption:

Efforts made for technology absorption

Benefits derived

Expenditure on Research & Development, if any

Details of technology imported, if any

Year of import

Whether imported technology fully absorbed

Areas where absorption of imported technology has not taken place, if any

c) Foreign Exchange Earnings/ Outgo:

Earnings

Outgo

Details of Subsidiary, Joint Venture or Associates

The names of each of the companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year along with the details of their performance and financial position, to be mentioned separately.

For Listed Companies, weblink of Policy determining 'material' subsidiaries to be given *[Clause 49 V D of LA]*

Risk Management Policy

A statement indicating the development and implementation of the risk management policy of the company, identifying the elements of risks, if any, which in the opinion of the board, may threaten the existence of the company.

Moreover, in case the Company has constituted a risk management committee, then the constitution and the terms of reference of the same to be disclosed.

Details of Directors and Key Managerial Personnel

Details of Directors and KMP appointed or resigned during the year.

Details of directors retiring by rotation in the ensuing Annual General Meeting.

Details of significant & material orders passed by the regulators or courts or tribunal

Details of the order passed by the authorities which impacts the going concern status and company's operations in future.

Voluntary Revision of Financial Statements or Board's Report

Detailed reasons for voluntary revision of Financial Statements or Board's Report in respect of any of the 3 preceding financial years' to be disclosed. (However, this section is not yet enforced)

Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements

ICAI guidance note on adequacy on internal financial controls with reference to financial statements can be referred for this purpose.

Deposits

The following details of deposits, covered under Chapter V of the act:

- I. Deposits Accepted during the year;
- II. Remained unpaid or unclaimed as at the end of the year;
- III. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-
 - a. At the beginning of the year;
 - b. Maximum during the year;
 - c. At the end of the year;
- IV. The details of deposits which are not in compliance with the requirements of Chapter

Receipt of any commission by MD / WTD from a Company or for receipt of commission / remuneration from it Holding or subsidiary

Disclosure about receipt of any commission by MD / WTD from a Company and/or receipt of commission / remuneration from it Holding or Subsidiary to be provided.

Declaration by Independent Director

Declaration to affirm the points given u/s 149(6) of CA, 2013 *[applicable to Listed and Select Public Cos]*

Re-appointment of Independent Auditor

Details about re-appointment of ID after expiry of one term of 5 years

Secretarial Audit Report

Secretarial Audit Report in prescribed format MR 3 given by a PCS to be annexed to the Board Report. *[Applicable to every listed company and select public companies]*

Corporate Social Responsibility (CSR) Policy

Composition of CSR committee, the details about the policy developed and implemented by the company to be provided as per

the prescribed format under Companies (Corporate Social Responsibility Policy) Rules, 2014, annexed below.

Audit Committee

Details about composition of the Audit Committee along with its terms of reference to be provided in brief. Details about non acceptance of recommendations, if any, of the Audit Committee by the BoD along with reasons therefor *[Applicable to every listed company and select public companies]*

Statement Indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own Performance, its Directors, and that of its Committees

To be complied by every listed company and every other public company having paid up capital of Rs 25 crores or more calculated at the end of the preceding Financial Year.

Nomination & Remuneration Committee Policy

Details pertaining to constitution of the Committee and its terms of reference in brief to be provided

The key points of the Policy formulated by NRC on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters as specified u/s 178(3) of the CA, 2013 to be disclosed. *[Applicable only to Listed Companies and select public companies]*

Listing Agreement Compliance

- The Company shall disclose the criteria for performance evaluation as laid down by NRC, in the Board Report
- Further, Weblink of familiarization programme undertaken for IDs

Disclosure on Establishment of a Vigil Mechanism

Details about establishment of vigil mechanism for directors and employees to report their genuine concerns or grievance to be provided *[Applicable to every listed company and select public companies]*

Corporate Governance

The company shall obtain a certificate from Practising Company Secretary / Auditor regarding compliance with clause 49 of the Listing

Agreement and annex the certificate with the Board's Report. This certificate shall also be sent to the Stock Exchanges, where the shares of the Company are listed, along with the annual report filed by the company. (Applicable to equity listed companies)

Declaration by CEO/CFO that the Board Members and Senior Management Personnel have complied with the Code of Conduct [Clause 49 II E (2) of LA]

Managerial Remuneration

Statistical Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are to be made in the Board's Report. (Applicable to listed companies)

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The number of cases filed, if any, during the Financial Year and their disposal under the Act

Fraud Reporting (Required by Companies Amendment Bill, 2014)

Details regarding fraud which have been reported to the Audit Committee / Board but not to CG have to be disclosed.

Statutory Auditors

Details about Statutory Auditors of the company, any change made during the year, whether existing auditor(s) is/are eligible for re-appointment, etc

Cost Auditors

Prudent to disclose details about appointment of Cost Auditor

Management Discussion and Analysis Report

Management Discussion and Analysis Report [Applicable to listed companies]:

- I. The Management Discussion and Analysis should include discussion on the following matters within the limits set by the company's competitive position:
 - a. Industry structure and developments.
 - b. Opportunities and threats.

- c. Segment-wise or product-wise performance.
 - d. Outlook.
 - e. Risks and concerns.
 - f. Internal control systems and their adequacy.
 - g. Discussion on financial performance with respect to operational performance.
 - h. Material developments in Human Resources / Industrial Relations front, including number of people employed.
- II. Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)
- Explanation: For this purpose, the term "senior management" shall mean personnel of the company who are members of its core management team excluding the Board of Directors). This would also include all members of management one level below the executive directors including all functional heads.*
- III. The Code of Conduct for the Board of Directors and the senior management shall be disclosed on the website of the company.

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 as

at 31st March, 2015 and of the profit /loss of the Company for that period;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) 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. *[List of laws applicable to the company may be mentioned here]*
- f) *[additional point in case of Listed Entities]* - the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Acknowledgment

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support

Place **For and on behalf of the Board of Directors**

Date

Appendix XII

Checklist on Board's Report under The Companies Act, 2013

S. No.	Particulars/Disclosure	Format, if any	Provisions	Applicability					Observations & Remarks
				Small	Private	Public	SelectPublic	Listed	
1.	Extract of Annual Return	MGT 9	Sec 134 (3) (a) r/w rule 12 of Cos (Mgmt.& Admn.) Rules, 2014	√	√	√	√	√	Extract of annual return relating to FY to which the Board's Report relates shall be attached.
2.	Number of meetings of the Board, including dates of Board and Committees meetings held indicating the number of Meetings attended by each Director - SS1.	-	Sec 134 (3) (b); Secretarial Standards	√	√	√	√	√	Clarification by ICSI – SS 1 to apply to BM in respect of which Notices are issued on or after 1st July, 2015.
3.	Directors' Responsibility Statement - Accounting Standards - Accounting Policies	6 points	Sec 134 (3)(C) & (5)	√	√	√	√	√	2 new points added – (i) adequate systems to comply with all applicable Laws; & (ii) adequate internal Financial

- Proper and efficient care for 3 things
- Going concern basis
- Adequate Internal Financial Controls
- Compliance with all applicable laws

Controls laid down by Directors– applicable to “Listed Entity” only

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4.	Declaration by Independent Directors	-	Sec 134 (3)(d) r/w Sec 149 (6)	x	x	x	√	√	-
							PUSC ≥ 10Cr TO ≥ 100 Cr OL/deposits/ debentures > 50Cr		
5.	Disclosure on Re-appointment of Independent Director	-	Section 149(10)	x	x	x	√	√	ID is eligible for re-appointment beyond a term of 5 yrs by passing an SR and if re-appointed, the company must disclose such re-appointment of ID in Board Report.
							PUSC ≥ 10Cr TO ≥ 100 Cr OL/deposits/ debentures > 50Cr		
5.	Company's policy on Director's, KMPs & other employees appointment & remuneration including criteria for determining Qualification, Attributes, Independence, etc.	-	Sec 134 (3) (e); Sec 178 (1) & (3)	x	x	x	√	√	For this purpose, limits to be reckoned as existing on the date of Last Audited Financial Statements.
							PUSC ≥ 10Cr TO ≥ 100 Cr OL/deposits/ debentures > 50Cr		
6.	Explanation or comments by the BoD on every	-	Sec 134 (3)(f) (i)	√	√	√	√	√	-

Referencer on Board's Report

qualification, reservation or adverse remark or disclaimer made by the Auditors in Audit report

7.	Secretarial Audit Report	MR 3	Sec 204 (1)	x	x	x	√ PUSC ≥ 50Cr TO ≥ 250 Cr	√	To be annexed with Board's Report
8.	Explanation or comments by the BoD on every qualification, reservation or adverse remark or disclaimer made by the PCS in Secretarial Audit report	-	Sec 134 (3)(f) (ii)	x	x	x	√ PUSC ≥ 50Cr TO ≥ 250 Cr	√	-
9.	Particulars of Loans, guarantees or investments u/s 186	-	Sec 134 (3) (g)	√	√	√	√	√	-
10.	Related Party Contracts or arrangements	AOC 2	Sec 134 (3) (h) r/w Rule 8(2) of Cos (Accounts) Rules, 2014	√	√	√	√	√	Particulars of contract along with justification for entering into such contract
11.	State of the company's affairs	-	Sec 134 (3) (i)	√	√	√	√	√	-
12.	Amounts proposed to be carried to reserves, if any	-	Sec 134 (3) (j)	√	√	√	√	√	-

Referencer on Board's Report

13.	Amount recommended as dividend, if any,	-	Sec 134 (3) (k)	√	√	√	√	√	-
14.	Material Changes & Commitments affecting financial position of the Company, occurring after Balance Sheet Date	-	Sec 134 (4) (l)	√	√	√	√	√	Details of material changes occurring between date of Financial Statements & Board Report
15.	Energy Conservation, Technology absorption, FOREX earnings & outgo, in prescribed manner	-	Sec 134 (3) (m) r/w Rule 8(3) of Cos (Accounts) Rules, 2014	√	√	√	√	√	Unlike erstwhile section 217, very detailed disclosures are prescribed.
16.	Statement indicating development & implementation of Risk Management Policy	-	Sec 134 (3) (n)	√	√	√	√	√	
17.	Details about CSR Committee, Policy, its implementation and initiatives taken during the year	Format prescribed in CSR Rules	Sec 134 (o); 135 (2) r/w Rule 8 of Cos (CSR) Rules, 2014	√	√	√	√	√	To be included if following limits are triggered – NW ≥ 500Cr TO ≥ 1000 Cr NP ≥ 5 Cr
18.	Manner in which Formal Annual Evaluation of performance of Board, its Committees and individual directors has been carried out	-	Sec 134 (p) r/w Rule 8 (4) of Cos (Accounts) Rules, 2014	x	x	x	√ PUSC ≥ 25 Cr	√	PUSC limits to be reckoned as at the end of the preceding FY

19. Financial Highlights & Change in the nature of business	-	Sec 134 (3)(q) r/w Rule 8(5)(i) & (ii) of Cos (Accounts) Rules, 2014	√	√	√	√	√	—
20. Details of Directors/ KMP appointed/ resigned during the year	-	Sec 134 (3)(q) r/w Rule (8)(5)(iii) of Cos (Accounts) Rules, 2014 & Sec 168 (1)	√	√	√	√	√	—
21. Name of the companies which have become/ceased to be subsidiaries, JVs or Associate companies during the year	-	Sec 134 (3)(q) r/w Rule (8)(5)(iv) of Cos (Accounts) Rules, 2014	√	√	√	√	√	—
22. Prescribed details of deposits covered under Chapter V of the Act	-	Sec 134 (3)(q) r/w Rule (8)(5)(v) & (vi) of Cos (Accounts) Rules, 2014	√	√	√	√	√	—
23. Details of significant and material orders passed by the regulators, courts, tribunals impacting the going concern status and company's operations in future	-	Sec 134 (3)(q) r/w Rule 8 (5) (vii) of Cos (Accounts) Rules, 2014	√	√	√	√	√	—

24.	Details in respect of adequacy of internal financial controls with reference to Financial Statements	-	Sec 134 (3)(q) r/w Rule 8 (5) (viii) of Cos (Accounts) Rules, 2014	√	√	√	√	√	-
25.	Separate section containing a report on performance and financial position of each of subsidiaries, associates & JVs included in the Consolidated FS of the Co	-	Rule 8(1) of Cos (Accounts) Rules, 2014 -	√	√	√	√	√	-
26.	Disclosure on establishment of Vigil Mechanism	-	Sec 177(9) r/w Rule 7 of Cos (Meetings of the BoD) Rules, 2014	√	√	√	√	√	Applicable to Cos which have accepted deposits from the public or borrowed money from banks & FIs in excess of Rs 50 Cr
27.	Disclosure about receipt of any commission by MD / WTD from a Company and also receiving commission / remuneration from it Holding or subsidiary	-	Section 197(14)	x	x	√	x	x	This is an Event based disclosure and a new concept which was not there in the erstwhile Act and disclosure in the BR has to be given for any such commission.
28.	Ratio of remuneration of each director to the median employee's	-	Section 197(12) r/w Rule 5 of Companies	x	x	x	x	√	The Act seeks disclosure on statistical calculations.

remuneration and other prescribed details		(Appointment & Remuneration of Managerial Personnel) Rules, 2014							
29. The composition of the Audit Committee Further, if the Board has not accepted any recommendation of the Audit Committee, the same shall also be disclosed along with reasons therefor.	-	Sec 177 (8) r/w Rule 6 of Cos (Meetings of the BoD) Rules, 2014	x	x	x	√	√	PUSC ≥ 10Cr TO ≥ 100 Cr OL/deposits/ debentures > 50Cr	For this purpose, limits to be reckoned as existing on the date of last audited Financial Statements shall be taken into account
30. Issue of Equity Shares with Differential Rights, Sweat Equity, ESOS, etc.	-	Sec 43, 54 r/w Rule 4 (4); 8 (13) & 12 (9) of Cos (Share Cap & Debenture) Rules, 2014 Sec 62 (1)(b)	√	√	√	√	√		This disclosure would be event based
31. Disclosure in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates	-	Sec 67(3) r/w Rule 16 of Cos (Share Cap & Debenture) Rules, 2014	√	√	√	√	√		—
32. Corporate Governance disclosure requirements	-	Clause 49 of the Listing Agreement	x	x	x	x	√		—

33. Disclosures under Sexual Harassment of Women at Workplace (Prevention, prohibition & redressal) Act, 2013	-	Sexual Harassment of Women at Workplace (Prevention, prohibition & redressal) Act, 2013	√	√	√	√	√	√	-
34. Voluntary revision of financial statements or Board's report	-	Sec 131 (1)	√	√	√	√	√	√	This section is yet to be notified. However once notified - Detailed reasons for revision of such financial statements or Board's report to be disclosed in the Board's Report in the relevant F.Y in which such revision is being made.

Appendix XIII

Relevant Extracts of Companies Act, 2013

<i>Sections</i>	<i>Title</i>
134(3)	Financial statement, Board's report, etc <p>There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—</p> <ul style="list-style-type: none">(a) the extract of the annual return as provided under sub-section (3) of section 92;(b) number of meetings of the Board;(c) Directors' Responsibility Statement;(d) a statement on declaration given by independent directors under sub-section (6) of section 149;(e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;(f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—<ul style="list-style-type: none">(i) by the auditor in his report; and(ii) by the company secretary in practice in his secretarial audit report;(g) particulars of loans, guarantees or investments under section 186;

<i>Sections</i>	<i>Title</i>
	<ul style="list-style-type: none"> (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form; (i) the state of the company's affairs; (j) the amounts, if any, which it proposes to carry to any reserves; (k) the amount, if any, which it recommends should be paid by way of dividend; (l) 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; (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed; (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company; (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year; (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, 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; (q) such other matters as may be prescribed
149(10)	Subject to the provisions of section 152, an independent director shall hold office for a term up

<i>Sections</i>	<i>Title</i>
	to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.
135(2)	<p>Corporate Social Responsibility</p> <p>The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.</p>
177(8)	<p>Audit Committee</p> <p>The Board's report under sub-section (3) of section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons therefore.</p>
129(3)	<p>Disclosures pertaining to consolidated accounts</p> <p>Where a company has one or more subsidiaries, it shall, in addition to financial statements provided under sub-section (2), prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (2):</p> <p>Provided that the company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries in such form as may be prescribed:</p> <p>Provided further that the Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed.</p> <p><i>Explanation.</i>—For the purposes of this sub-section,</p>

<i>Sections</i>	<i>Title</i>
	the word “subsidiary” shall include associate company and joint venture.
149(6)	<p>Definition of Independent Director for the purpose of giving declaration under Section 149(7)</p> <p>An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—</p> <p>(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;</p> <p>(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;</p> <p style="padding-left: 40px;">(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;</p> <p>(c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;</p> <p>(d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;</p> <p>(e) who, neither himself nor any of his relatives—</p> <p style="padding-left: 40px;">(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding,</p>

<i>Sections</i>	<i>Title</i>
	<p>subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;</p> <p>(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—</p> <p style="padding-left: 40px;">(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or</p> <p style="padding-left: 40px;">(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;</p> <p>(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or</p> <p>(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or</p> <p>(f) who possesses such other qualifications as may be prescribed.</p>

178(1) Nomination and Remuneration Committee and Stakeholders Relationship Committee

The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more

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	<p>non-executive directors out of which not less than one-half shall be independent directors:</p> <p>Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.</p>
178(3)	<p>Nomination and Remuneration Committee and Stakeholders Relationship Committee</p> <p>The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.</p>
186	<p>Loan and investment by company</p> <p>(1) Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment through not more than two layers of investment companies:</p> <p>Provided that the provisions of this sub-section shall not affect,—</p> <p>(i) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;</p> <p>(ii) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.</p> <p>(2) No company shall directly or indirectly —</p> <p>(a) give any loan to any person or other body corporate;</p>

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	<p>(b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and</p> <p>(c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.</p>
	<p>(3) Where the giving of any loan or guarantee or providing any security or the acquisition under sub-section (2) exceeds the limits specified in that sub-section, prior approval by means of a special resolution passed at a general meeting shall be necessary.</p>
	<p>(4) The company shall disclose to the members in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.</p>
	<p>(5) No investment shall be made or loan or guarantee or security given by the company unless the resolution sanctioning it is passed at a meeting of the Board with the consent of all the directors present at the meeting and the prior approval of the public financial institution concerned where any term loan is subsisting, is obtained:</p> <p>Provided that prior approval of a public financial institution shall not be required where the aggregate of the loans and investments so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate, along with the investments, loans, guarantee or security proposed to be made or given does not</p>

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	exceed the limit as specified in sub-section (2), and there is no default in repayment of loan instalments or payment of interest thereon as per the terms and conditions of such loan to the public financial institution.
(6)	No company, which is registered under section 12 of the Securities and Exchange Board of India Act, 1992 and covered under such class or classes of companies as may be prescribed, shall take inter-corporate loan or deposits exceeding the prescribed limit and such company shall furnish in its financial statement the details of the loan or deposits.
(7)	No loan shall be given under this section at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan.
(8)	No company which is in default in the repayment of any deposits accepted before or after the commencement of this Act or in payment of interest thereon, shall give any loan or give any guarantee or provide any security or make an acquisition till such default is subsisting.
(9)	Every company giving loan or giving a guarantee or providing security or making an acquisition under this section shall keep a register which shall contain such particulars and shall be maintained in such manner as may be prescribed.
(10)	The register referred to in sub-section (9) shall be kept at the registered office of the company and — <ul style="list-style-type: none"> (a) shall be open to inspection at such office; and (b) extracts may be taken therefrom by any member, and copies thereof may be furnished to any member of the company on payment of such fees as may be prescribed.

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(11)	<p>Nothing contained in this section, except sub-section (1), shall apply—</p> <p>(a) to a loan made, guarantee given or security provided by a banking company or an insurance company or a housing finance company in the ordinary course of its business or a company engaged in the business of financing of companies or of providing infrastructural facilities;</p> <p>(b) to any acquisition—</p> <p>(i) made by a non-banking financial company registered under Chapter IIIB of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities: Provided that exemption to non-banking financial company shall be in respect of its investment and lending activities;</p> <p>(ii) made by a company whose principal business is the acquisition of securities;</p> <p>(iii) of shares allotted in pursuance of clause (a) of sub-section (1) of section 62.</p>
(12)	The Central Government may make rules for the purposes of this section.
(13)	If a company contravenes the provisions of this section, 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 imprisonment for a term which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.
	<p><i>Explanation.</i>—For the purposes of this section,—</p> <p>(a) the expression “investment company” means</p>

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	<p>a company whose principal business is the acquisition of shares, debentures or other securities;</p> <p>(b) the expression “infrastructure facilities” means the facilities specified in Schedule VI.</p>

188(1) Related Party Transactions

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, 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;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a special resolution:

Provided further that no member of the company shall vote on such special resolution, to approve any

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	<p>contract or arrangement which may be entered into by the company, if such member is a related party: 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.</p> <p><i>Explanation.</i>— In this sub-section,—</p> <p>(a) the expression “office or place of profit” means any office or place—</p> <p style="padding-left: 40px;">(i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;</p> <p style="padding-left: 40px;">(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;</p> <p>(b) the expression “arm's length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.</p>

134(4) Board's Report in case of One Person Company

The report of the Board of Directors to be attached to the financial statement under this section shall, in case of a One Person Company, mean a report containing explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

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134(6)	Chairperson to sign board's report and annexures attached thereto The Board's report and any annexures thereto under sub-section (3) shall be signed by its chairperson of the company if he is authorised by the Board and where he is not so authorised, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.
134(1)	Approval of Financial Statements, including consolidated financial statements by Board of Directors The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of a One Person Company, only by one director, for submission to the auditor for his report thereon.
136	Right of member to copies of audited financial statement. (1) Without prejudice to the provisions of section 101, a copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than

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	<p>such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting:</p> <p>Provided that in the case of a listed company, the provisions of this sub-section shall be deemed to be complied with, if the copies of the documents are made available for inspection at its registered office during working hours for a period of twenty-one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents, as the company may deem fit, is sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than twenty-one days before the date of the meeting unless the shareholders ask for full financial statements:</p> <p>Provided further that the Central Government may prescribe the manner of circulation of financial statements of companies having such net worth and turnover as may be prescribed:</p> <p>Provided also that a listed company shall also place its financial statements including consolidated financial statements, if any, and all other documents required to be attached thereto, on its website, which is maintained by or on behalf of the company:</p> <p>Provided also that every company having a subsidiary or subsidiaries shall,—</p> <p>(a) place separate audited accounts in respect of each of its subsidiary on its website, if any;</p> <p>(b) provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.</p> <p>(2) A company shall allow every member or trustee</p>

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	<p>of the holder of any debentures issued by the company to inspect the documents stated under sub-section (1) at its registered office during business hours.</p> <p>(3) If any default is made in complying with the provisions of this section, 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.</p>

137 Copy of financial statement to be filed with Registrar

- (1) A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under this Act, duly adopted at the annual general meeting of the company, shall be filed with the Registrar within thirty days of the date of annual general meeting in such manner, with such fees or additional fees as may be prescribed within the time specified under section 403:

Provided that where the financial statements under sub-section (1) are not adopted at annual general meeting or adjourned annual general meeting, such unadopted financial statements along with the required documents under sub-section (1) shall be filed with the Registrar within thirty days of the date of annual general meeting and the Registrar shall take them in his records as provisional till the financial statements are filed with him after their adoption in the adjourned annual general meeting for that purpose:

Provided further that financial statements adopted in the adjourned annual general meeting shall be filed with the Registrar within thirty days of the date of such adjourned annual general meeting with such fees or such additional fees

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	<p>as may be prescribed within the time specified under section 403:</p> <p>Provided also that a One Person Company shall file a copy of the financial statements duly adopted by its member, along with all the documents which are required to be attached to such financial statements, within one hundred eighty days from the closure of the financial year: Provided also that a company shall, along with its financial statements to be filed with the Registrar, attach the accounts of its subsidiary or subsidiaries which have been incorporated outside India and which have not established their place of business in India.</p> <p>(2) Where the annual general meeting of a company for any year has not been held, the financial statements along with the documents required to be attached under sub-section (1), duly signed along with the statement of facts and reasons for not holding the annual general meeting shall be filed with the Registrar within thirty days of the last date before which the annual general meeting should have been held and in such manner, with such fees or additional fees as may be prescribed within the time specified, under section 403.</p> <p>(3) If a company fails to file the copy of the financial statements under sub-section (1) or sub-section (2), as the case may be, before the expiry of the period specified in section 403, the company shall be punishable with fine of one thousand rupees for every day during which the failure continues but which shall not be more than ten lakh rupees, and the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with</p>

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	<p>the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.</p>
92(3)	<p>Annual Return</p> <p>An extract of the annual return in such form as may be prescribed shall form part of the Board's report.</p>
177(9) & (10)	<p>Vigil Mechanism</p> <p>Every listed company or such class or classes of companies, as may be prescribed, shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.</p> <p>The vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases: Provided that the details of establishment of such mechanism shall be disclosed by the company on its website, if any, and in the Board's report.</p>
204(3)	<p>Secretarial audit for bigger companies</p> <p>The Board of Directors, in their report made in terms of sub-section (3) of section 134, shall explain in full any qualification or observation or other remarks made by the company secretary in practice in his report under sub-section (1).</p>
448	<p>Punishment for false statement</p> <p>Save as otherwise provided in this Act, if in any return, report, certificate, financial statement, prospectus,</p>

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	statement or other document required by, or for, the purposes of any of the provisions of this Act or the rules made thereunder, any person makes a statement,—
	(a) which is false in any material particulars, knowing it to be false; or
	(b) which omits any material fact, knowing it to be material, he shall be liable under section 447.

Glossary

“Act” means the Company’s Act, 2013 (Act 18 of 2013) or any previous enactment thereon or statutory modification thereto or engagement thereof and includes any rules and regulations framed therein.

“Board” means Board of Directors means the collective body of the Directors of the Company.

“Committee” means Committee of Directors constituted by the Board.

“Company” means a company incorporated under this Act or under any previous company law.

“Financial Year” means the period ending as on the 31st day of March, every year, and whether it has been incorporated on or after the 1st day of the January, the period ending on the 31st day of March of the following year. In respect thereof the financial statements of the company or body corporate is made up.

“Financial Statement” means and includes Balance Sheet, Statement of Profit and Loss Account, Cash Flow Statements and notes and other statements, which are explanatory material the term integral part of the financial statement.

“Going Concern” means is on account assumption according to which an enterprise is viewed as continuing in operation for the foreseeable future; it is also assumed that the enterprise has neither the intention nor the necessity of liquidation or of materially curtailing the scale of its operation.

“Listed Company” means a company which has any of its securities listed on any recognised stock exchange.

“Median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of

numbers may be found by arranging all the observations from lower value to highest value and picking the middle one; if there is an even number of observations, the median shall be average of the middle values.

“Member” means any person who agrees, either by subscribing of the Memorandum of Association of the Company or by applying in writing, to become member of the Company and whose name is entrusted either in the Register of Members of the Company or in the records of the depository as a beneficial owner in respect of the shares of the Company held by him.

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