

## REPORT ON 2 DAY PROGRAM ON SECRETARIAL AUDIT 6<sup>TH</sup> & 7<sup>TH</sup> FEBRUARY 2015 AT BANGALORE CHAPTER.



Bangalore chapter organized a 2 day program on secretarial audit on 6<sup>th</sup> & 7<sup>th</sup> February 2015 at Bangalore chapter premises.

The Program was presided by Chief Guest Mr. T.R.Srinivas, Managing Director, o3 Capital Global Advisory Pvt Ltd who inaugurated the program in the presence of CS Gopalakrishna Hegde, Central Council Member, The ICSI and CS Nagendra D Rao, Chairman, SIRC of ICSI, CS Ganapathi Bhat, regional Council member, SIRC of ICSI , CS Dattatri H.M, Chairman, Bangalore Chapter and CS Vasanth Kumar, Secretary, Bangalore Chapter.

CS Dattatri H.M, Chairman, Bangalore Chapter welcomed the gathering and informed them that this is the first program being organized by the new managing committee of Bangalore chapter after assuming the office on 24<sup>th</sup> January 2015.

CS Gopalakrishna Hegde, central Council Member, The ICSI, during his address thanked all the members for electing him to the council and said that the new managing committee of Bangalore Chapter has the youngest members who are enthusiastic and willing to dedicate their time for the betterment of Chapter, Members and Students. He requested the Members to focus on the areas which the members need clarity in the Secretarial Audit Report.

CS Nagendra D Rao, Chairman, SIRC of ICSI welcomed the gathering and said that Bangalore Chapter will be given the first preference in all the new initiatives being taken by SIRC.

Mr. T.R.Srinivas, Chief Guest, congratulated Bangalore Chapter for organizing the program on Secretarial Audit, and thanked the chairman and MC of Bangalore Chapter for inviting him as chief guest.

### **1<sup>st</sup> technical Session:-**

The first technical session during the program was taken by CS V Sreedharan, Past Council Member, The ICSI on Policy Framework, Nuances & Intricacies of Secretarial Audit. The speaker explained that in April, 2011, the Council of Corporate Secretaries (CSIA) passed a resolution recommending to the WTO the creation of a specific heading in the Services Sectoral Classification List titled “corporate governance, compliance and secretarial advisory services.” The sub-category includes “Secretarial Audit and compliance audit services.” While explaining the evolution of secretarial audit he said Until 2000 it is only Securities related Audit (Clause 47C), and in February 2000 it was – Corporate Governance (Clause 49), and it was Companies (Compliance Certificate) Rules, 2001 (Section 383A) which said it is for Unlisted companies with paid-up capital of Rs 10 lakh or more and also required even if company had a Company Secretary in employment (applicable from December 31, 2002) and Secretarial Audit Report for reconciliation of total admitted capital with depositories and total issued and listed capital (CA or CS), and then to Annual Return Certification and Due Diligence certificates / reports for IPO, open offer, bonus issue, GDR issue, etc. and MCA Voluntary Guidelines, 2009, and to Secretarial Audit and Annual Return certification (Companies Act 2013).

The Speaker said that the beneficiaries of Secretarial Audit would be Assurance of Compliances to: Companies, Directors, Management, Shareholders, Creditors / Trustees, Credit Rating Agencies, Regulatory Authorities, Other Stakeholders

The Speaker also explained the appointment and eligibility of secretarial auditor, removal and resignation of secretarial auditor, documents and methodology required for audit, apart from explaining form no MR 3 etc, and duties of secretarial auditor before concluding his session.

## **2<sup>nd</sup> technical Session:**

The Second technical session was taken by Dr. K.S.Ravichandran, **Managing Partner, KSR & Co, Company Secretaries, LLP, Coimbatore**, on How to prepare for a Secretarial Audit: Systems, documentations, self training and training for staff, Communications with the clients, setting up the scope.

Dr Ravichandran started his presentation by explaining the gathering on the objectives and scope of secretarial audit and stated that the Scope varies from company to company; industry to industry; depends upon types of company; depends upon applicable laws, rules and regulations; depends upon client stipulated outer limits; depends upon scope defined by law. The Speaker said that the secretarial audit methodology has three phases which are as below:-

Introductory Phase –input collection and initial basic analysis; understanding of applicable law; study of level of compliance; preparing check lists;

Operational Phase – Applying check lists and test tools; raising issues and seeking clarifications; studying relevant articles, opinions, case law and formation of opinions;

Delivery Phase – Discussion with KMPs and Preparing, signing and delivering the Secretarial Audit Report.

The Speaker also explained the three aspects of secretarial audit would be to:

- 1) Study the nature of Business of the Company and Understand the Segments and Understand applicability of Special Regulations,
- 2) Understand its size and level and geographical boundaries ,
- 3) Study its associates, joint ventures, subsidiaries – different types of subsidiaries.

The Speaker also explained the three important inputs:

- 1) Information in the Public, Audit Observations, Rejections by Regulators such as ROC / RBI / SEBI / STOCK EXCHANGES / CCI
- 2) Show cause Notices, Inspections, Investigations, Notices of Enquiry, Raids,
- 3) Litigations, Legal Proceedings, Disputes, Prosecutions and Penalties, Oppression and Mismanagement cases, Class action suits, tortious liabilities.

While explaining the audit requirements he said

Sufficient and complete access to books and records of the Company or other related entities concerned so as to carry out our audit in an appropriate manner.

Association with a single point of contact who shall be an authorized person representing the company with respect to compliance aspects.

Seek information / require interaction with designated officers, agents or authorized representatives of the Company.

The Speaker also explained illustrative cases pertaining to the topic before concluding his session.

### **3<sup>rd</sup> Technical Session:-**

The third technical session during the program was taken by CS J.Sundharesan, Past chairman, Bangalore Chapter of ICSI on Concepts and conventions of Audit - as applicable to Secretarial Audit, Concept of Materiality, Risk Perspectives, verification of governance systems in the client organization, Objectively Obtaining and Evaluating Evidence, standards in communication between a PCS and client.

The Speaker explained the concept of audit and stated Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users.

He also explained the gathering on the conventions of audit, the risk perspectives, governance systems and their verification systems, standards in communication etc before concluding his session.

The 2 day program also had sessions by **CS Rajesh Narang**, Vice President – Legal & Company Secretary, Mindtree Limited on Regulations and Guidelines under SEBI Act: Preparations and Important compliances to be looked into in the context of Secretarial Audit, **CS S kailasam**, Financial Controller-cum-Company Secretary, Unisys India Private Limited, on Economic laws, particularly FEMA: Preparations and Important compliances to be looked into in the context of Secretarial Audit. Panel Discussion on **Industrial Perspectives and Expectations from Secretarial Audit** by **CS C.P. Sounderarajan**, Chief Secretarial Officer, GMR Group, **CS V.Ramachandran**, Company Secretary, Wipro Limited, **CS A.M. Sridharan**, Company Secretary in Practice, Chennai, **CS S.Kannan**, Past Chairman, Bangalore Chapter of ICSI.

CS G.V. Srinivasa Murthy, Past Chairman, Bangalore Chapter, took session on Secretarial Audit Report: Format, Contents, coverage and other presentation standards & Protection from the financial liability - Audit Risks, Insurance and Disclosures and Management Representations.

The Speaker Explained Important Sections to be kept in mind Under the Companies Act 2013 and informed Scope of the Secretarial Audit, formats, Disclosures and Management Representations(DMR). The Speaker explained the Preparation and conducting of Secretarial Audit by explaining the process from obtain engagement letter from the company, meeting the top management and give a brief about the scope and the methodology proposed for carrying out the secretarial audit, getting a note on the internal processes followed by the company, studying the business activity of the company, listing out the acts both central and state as may be applicable to the company, listing out the rules both central and state as may be applicable to the

company, preparing checklist with specific queries and hand it over to company for producing the registers, records, files, return, challans etc., for verification, taking assistance of experts in the respective legal domain where necessary, fixing the dates for carrying out the audit and request for all the records to be kept ready, giving a good briefing to the audit team, guiding the audit team to carry out the audit diligently, efficiently and effectively.

He Explained that the auditor must conduct the audit by leading the team and ask the team to keep all the audit notes in files, preserve working papers and documents collected from the company, prepare a draft of the Secretarial Audit Report based on verification of documents and audit papers maintained by the audit team with necessary observations and qualifications wherever considered necessary, make a presentation to the MD and top management (company's secretarial, legal and HR head) on key points of the draft Secretarial Audit Report, submit detailed draft secretarial audit report to the Director Finance, company's secretarial, legal and HR head for perusal and comments, carry out corrections wherever necessary based on the facts / clarifications / documents provided, prepare the final Secretarial Audit Report in at least 5 sets and hand over 4 sets to company after affixing the signatures

keep one copy of the signed Secretarial Audit Report for records.

The Session concluded with vote of thanks to the speakers by CS Vasanth Kumar, Secretary, Bangalore Chapter.

**REPORT ON 11<sup>th</sup> CS Students' State Level Conference held on the 21<sup>st</sup> & 22<sup>nd</sup> February 2015, at Bangalore Chapter.**

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The ICSI Bangalore Chapter had organized 11<sup>th</sup> CS Students' State Level conference on 21<sup>st</sup> & 22<sup>nd</sup> February 2015 at the Chapter Premises, Bangalore.

More than 350 students from different parts of the southern India attended the conference.

Inaugural Session:

CS Dattatri H M, Chairman, Bangalore Chapter of SIRC of the ICSI during the Inaugural Session welcomed all the students and informed that this conference is the first of its kind, as it is the first conference in the new Chapter premises, first conference which is being witnessed by The President of ICSI, first conference where The ICSI HQ has deputed a Joint Director for addressing the Students, first conference where Chairman, SIRC of ICSI, Central Council Member of the ICSI and President of ICSI are participating.

The Chairman, Bangalore Chapter then introduced the Chief Guest CS Milind D Kulabkar, Associate Director, Legal & Company Secretary, Cognizant Global Services Pvt. Ltd, and the dignitaries inaugurated the programme by lighting of lamp.

CS Milind Kulabkar in his Inaugural address to the participants emphasized that it's the beginning of new day, new thoughts, new actions and new learnings. Highlighting the developments taking place in the New Companies Act he appraised the challenges and opportunities created in the act. He advised participants to convert every challenge into an opportunity which gives way to enhanced recognition to CS. He urged the students to always do SWOT analysis, and told them that they should visualize that they are already CS. He urged that everyone should focus in the area of their interest and become expert in it. He then asked the participants to be happy in whatever they do by saying "Hakuna Matata" be happy always.

After inaugural session, the Students were divided in to three groups to attend the split sessions conducted in 3 different places in the same premises at the same time This was the new experiment by the Bangalore Chapter to have close focus on each the students attending the seminar and that was a success much appreciated by the students.

#### Parallel Sessions

Ms. Srividya Nagaraju, Learning facilitator, conducted Management games for the students including different activities related to networking, Ice breaking, confidence building, and communication.

There were sessions on FEMA and Interview Skills by CS Anup Kulkarni, Technical session on FEMA by CS Madhwesh, Technical Session on the Listing Agreement by CS Kannan, during the day.

The conference also provided the platform to the students to learn and share their knowledge and improve their soft skills by organizing debate, group discussion, presentation by teams on Corporate Laws and quiz contest.

Cultural program was organized at the end of 1<sup>st</sup> day of the conference.

On the second day Mr. A.K.Srivastava, Joint Director, training, The ICSI, who informed all the students about the Institute, the latest developments, new training structure, examinations, switch over from old syllabus to new syllabus, merit scholarships, exemption criteria from subjects etc. He clarified all the queries raised by the students during the session. The participants were very much impressed by the way the session was taken by Mr. A.K. Srivastava.

Ms. Geetha, CEO, Career Confidence, took session on topic "Represent yourself" where in the speaker informed the students to understand how to train one's mind to get adapted to the techniques of thorough concentration which is the essence of successful living. The Speaker then advised the participants to indulge oneself in effective communication and keep hesitation away, and advised to read and hear good things put efforts in achieving their desires and ultimately to believe in oneself.

## **Valedictory Session:**

The Valedictory session of CS Students Conference was presided by Chief Guest CS Atul H Mehta, President, The ICSI along with other dignitaries CS Gopalakrishna Hegde, Central Council Member, The ICSI, CS Nagendra D Rao, Chairman, SIRC of The ICSI, CS Dattatri H M, Chairman, Bangalore Chapter, CS Vasanth Kumar, Secretary, Bangalore Chapter.

CS Dattatri H M, Chairman, Bangalore Chapter during his address welcomed the dignitaries. He then congratulated all the participants and volunteers for making the program a grand success. He then thanked Dr. D. G. Shetty, for bringing his students from Dharwad to the conference and thanked him for his continuous support extended to Bangalore Chapter. He also wished all success to the student for the upcoming results to be declared on 25<sup>th</sup> February 2015.

CS Nagendra D Rao, Chairman, SIRC of ICSI, during his address welcomed CS Atul H Mehta, The President, ICSI , and congratulated Bangalore Chapter for organizing such a grand event. During his address he assured the students that 100% support from SIRC of ICSI, Bangalore Chapter and ICSI. Chairman, SIRC also urged the students to use the facilities provided by Bangalore Chapter to the maximum extent and wished them all the success in future. Chairman, SIRC also wished all the very best to the students for the results to be declared on 25<sup>th</sup> February 2015.

CS Gopalakrishna Hegde, Central Council Member of ICSI congratulated all the students for attending the conference, He informed that he has attended all the 11 student conferences conducted by Bangalore Chapter. He assured the president all the support from all the Members of Bangalore Chapter, Students, Staff throughout the year. He advised students that they have to prove themselves to be the leaders in all the activities they do and wished them all the very best for the results.

CS Atul H Mehta, President of ICSI, during his address welcomed all the participants and informed the gathering that as of now there are 39,000 members registered with The ICSI, and informed that by the next 4 years he is expecting the number to cross 60,000 mark. He shared the latest initiatives taken by the Institute in the areas of training, examinations, syllabus etc and informed that he initiated the process of deputing the Directors of ICSI to all the Chapters for addressing the students and their queries. The president also explained the participants on the developments in the areas of Secretarial Audit and also explained the students as what is Secretarial Audit. The President then wished all success to the students for the results to be declared on 25<sup>th</sup> February 2015 and congratulated Bangalore Chapter for organizing such a grand event.

CS Vasanth Kumar, Secretary, Bangalore Chapter thanked all the dignitaries being present at the valedictory session during his concluding remarks.