



SCOPE OF SECRETARIAL AUDIT

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, provides that every listed company and every prescribed company shall annex with its Board's Report, a Secretarial Audit Report, given by a Company Secretary in Practice, in Form MR- 3.

The Council at its 226th meeting held on November 21, 2014 after deliberating on the views that emerged from consultation meets and taking into consideration the views of members of Corporate Laws and Governance Committee, decided that the Scope of Secretarial Audit includes:

- Reporting on compliance of five laws as mentioned in form MR-3
 - Companies Act, 2013 and the rules made thereunder;
 - Securities Contracts (Regulation) Act, 1956 ('SCRA'), and the rules made thereunder;
 - Depositories Act, 1996, and the rules made thereunder;
 - Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and



8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- Reporting on compliance of secretarial standards issued by the Institute of Company Secretaries of India;
- Reporting on Compliances with the Listing Agreement;
- Reporting on compliance of 'Other laws as may be applicable specifically to the company' which shall include all the laws which are applicable to specific industry for example for Banks- all laws applicable to Banking Industry; for insurance company-all laws applicable to insurance industry; likewise for a company in petroleum sector- all laws applicable to petroleum industry; similarly for companies in pharmaceutical sector, cement industry etc.
- Examining and reporting whether the adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition law, environmental laws.
- Examining and reporting specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.
- In case of financial laws like tax laws and Customs Act etc., Secretarial Auditor may rely on the Reports given by statutory auditors or other designated professionals.