



Dear Professional Colleagues

Sub: Secretarial Audit under Section 204 of the Companies Act, 2013

Secretarial Audit has become applicable to listed companies & all other specified companies, from the financial year 2014-2015.

Based on extensive consultations with the stakeholders, the then Council at its 226<sup>th</sup> meeting held on November 21, 2014 had laid the scope of Secretarial Audit.

In consonance with the scope in MR-3 it is being re-stated as under:

Examination & Specific Reporting on Compliance under:	Examination & Specific reporting on Compliance of other laws as may be applicable specifically to the company	Further Reporting	Further reporting on
i. Companies Act, 2013 and the Rules made thereunder ii. Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder iii. Depositories Act, 1996 and the Regulations & Bye-laws framed thereunder iv. Foreign Exchange Management Act, 1999 and the rules made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings v. Regulations and Guidelines under the Securities and Exchange Board of India Act, 1992 as enlisted in MR-3 vi. Secretarial Standards (not applicable to Secretarial Audit Report for Financial Year 2014-15)	➤ Eg. Banks- all laws applicable to Banking Industry; ➤ Companies in petroleum sector- all laws applicable to petroleum industry;	Whether there are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law, environmental laws.	a. Board of Directors constitution b. Notices, Agenda and Minutes of Board Meetings etc. c. Board-processes

vii. Listing Agreement entered into by the company with Stock Exchange(s), if any			
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### Reporting of Fraud

Secretarial Auditor to report fraud where during the course of his audit he has reason to believe that an offence involving fraud is being committed or has been committed against the Company by its officers/employees. [Pursuant to the provision of section 143 (12 & 14) read with section 447]

The Council of the Institute has issued guidelines specifying number of Companies to be audited by a company secretary in practice which will be effective for taking up secretarial audit assignments for the financial year 2015-2016 & onwards.

The Institute has received few suggestions on the number of companies to be audited and based on the suggestions & other inputs, the Council would deliberate in the forthcoming Meeting.

Regards



CS Atul Mehta  
President