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NIRC-ICSI

NEWSLETTER

Insight



SECRETARIAL

AUDIT

NORTHERN INDIA REGIONAL COUNCIL OFFICE BEARERS



CS SURESH PANDEY
Chairman, NIRC



CS VIMAL GUPTA
Vice-Chairman, NIRC



CS SUSSHIL DAGA
Secretary, NIRC



CS Devender Suhag
Treasurer, NIRC

MEMBERS



CS Amit Gupta
Regional Council Member



CS Bhupesh Gupta
Regional Council Member



CS SARIN GURVINDER SINGH
Regional Council Member



CS Himanshu Harbola
Regional Council Member



CS Monika Kohli,
Regional Council Member



CS Saurabh Kalia
Regional Council Member



CS Surya Gupta
Regional Council Member



CS Vinay Shukla
Regional Council Member

EX-OFFICIO MEMBERS



CS Hitender Mehta
Ex-Officio Member



CS Manish Gupta
Ex-Officio Member



CS NPS Chawla
Ex-Officio Member



CS Ranjeet Pandey
Ex-Officio Member



CS Vineet K Chaudhary
Ex-officio Member

REGIONAL DIRECTOR-NIRO



CS Sonia Bajjal
Regional Director-NIRO



“The secret of getting ahead is getting started.”

– Mark Twain

Dear Professional Colleagues,

Greetings from NIRC

I feel extremely honoured and humbled to write my first communication through this esteemed Newsletter as the Chairman of the NIRC of the ICSI for the year 2020.

I would like to convey my sincere gratitude to all my Council Colleagues for reposing their confidence and trust in me and unanimously electing me as the Chairman for the year 2020.

On behalf of Team NIRC, my heartiest congratulations to Mr. Ashish Garg and Mr. Nagendra D. Rao, newly elected President and Vice President ICSI respectively, on assuming their office. I am sure that their dynamic approach, excellent leadership and guidance will help our profession reach the apex of success.

With appreciation in my heart for the hard work done by our predecessors, whose tireless efforts have helped our profession reach the position it has achieved in the corporate world today, I feel thankful and proud to have been bestowed with this opportunity to carry this legacy forward and act as a medium through which our Institute and our Profession attains higher levels of success.

It is my ardent desire to see our Institute achieve tremendous success and during my tenure all my efforts will be directed towards taking our Institute's name to greater heights.

In order to achieve the same we will be working towards the development of the members, students and all the stakeholders

and it shall be my continuous endeavor to uphold the Institute's integrity and work towards serving the interest of one and all.

The prime focus will be on providing the best facilities and quality education to the students by further strengthening the Oral Tuition Classes since the students are the future of our profession. The next step would be organizing Knowledge Enhancement Sessions for the informative development of all the members and efforts shall also be made towards infrastructural development of the Institute and various Chapters.

It gives me immense pleasure to inform you that various efforts in line with the same are being undertaken and the details of the recent events are shared in the coming pages of this Newsletter. I would also like to take this opportunity to announce that we have redesigned the Newsletter and that the Newsletters will be theme based and focused on a specific topic. The theme of this Edition of the Newsletter is **“Secretarial Audit”** which is very close to our profession.

To achieve our common goal of the overall development of our Institute and Profession I request all of you to provide us with your support. Your invaluable suggestions and feedback will act as a guiding light to move one step closer to our goal. I am confident that together all of us can take our Institute and our Profession towards spectacular triumph.

I look forward to your valuable suggestions and feedback. Feel free to interact with me at chairman.nirc@icsi.edu

With best Regards,

CS Suresh Pandey
Chairman
Northern India Regional Council -ICSI

RECENT INITIATIVES

REPUBLIC DAY CELEBRATION

The members of the Institute came together and celebrated Republic Day with great joy and patriotic zeal on 26th January 2020.

The Celebrations began with the Flag Hoisting at the NIRC-ICSI Building followed by the **Republic Day Evening** at Pearey Lal Bhawan, ITO. Dr. Raj Singh- Regional Director-Northern Region, Ministry of Corporate Affairs was the Chief Guest in the event. The evening was graced with the mesmerizing poetry of internationally renowned poet **Dr. Rahat Indori** and CS S. Sudhakar – Vice President (Corporate and Secretarial) Reliance Industries Limited took a session on the topic **“Life Journey of a Company Secretary”**. The program was joined by a large number of members.

SARASWATI PUJA

Saraswati Puja was performed in the NIRC on 29th January 2020. Large number of students and members came together to pray to Goddess Saraswati- The Goddess of Knowledge and took her blessings for future endeavors.

BUDGET SESSION

A Program for discussion on the Union Budget 2020-21 was organized by the NIRC at Scope Complex, Lodhi Road on 2nd February 2020. Shri Shaik Khader Rahman- Joint Secretary, GST Council was the Chief Guest for the programme. Dr. Girish Ahuja delivered a lecture on the provisions of Direct Tax in the Budget and CS Bimal Kumar Jain threw light on the various aspects of Indirect Tax provisions.

LEADERSHIP SUMMIT

The 2nd Leadership Summit - Sankalp was organized on 7th and 8th February 2020 at Best Western, Gurugram. Team NIRC congratulates CS Ashish Garg - President ICSI for providing a platform where all the Regional Councils and Chapters came together and interacted.

The Leadership Summit was attended by the Regional Council Members, Chapter Chairmen and the Chapter In-charges. The presenters showcased before the President the performance of the Chapters and the Regional Council and their action plans for the year 2020. We are proud to inform you that the presentation given by Shri. Suresh Pandey – Chairman NIRC-ICSI on behalf of the Northern India Regional Council received special mention and was appreciated by all the people attending the summit.

NIRC also won the following awards for the year 2019:

1. Faridabad – Best Chapter Award for the Year 2019; Category: Activities in Student Month
2. NIRC – Second ICSI Leadership Summit 2020; Category: Implementation
3. Jaipur - ICSI RVO Valuation Award 2019; Category: Non-Metro City

MASTER CLASSES

It has always been the endeavor of NIRC to facilitate constant upgradation of the skill sets of its members. In view of the same, 2

Editions of Master Classes with 4 Sessions each were organized by the NIRC.

Topics like Role of CS in Arbitration, Related Party Transactions, Merger & Acquisitions were taken up in the **1st Edition** (10-13 February 2020).

The **2nd Edition** (17-20 February 2020) was focused on Company Secretaries and their Role in NCLT and NCLAT, Opportunities in IBC and Court Craft and Art of Advocacy.

The **3rd Edition** of the Master classes is also being organized from (24 February 2020) which is dedicated towards the Corporate Laws.

ICSI PLACEMENT DRIVE

In the interest of the young and budding members of our esteemed Institute, a Placement drive was organized by the NIRC for recruitment of CS Professionals.

The NIRC team made tireless efforts and left no stone unturned to enhance the number of recruiters. In order to do the same interaction with the recruiters via mail and SMS was carried out extensively and we are proud to announce that about 40 Recruiters registered themselves for the placement drive, this being the largest number of Recruiters to register for the Placement Drive.

The day began with a session for all the participants on the topic **“How to face an interview”** to guide and provide them a platform to enhance their confidence. It was followed by the Interviews where the Recruiters were divided into groups to offer the participants with a focused choice. The Placement drive was a grand success.

CHAPTER INAUGURATION

With a view to expand the reach of the Institute and to provide facilities to the members and students all over the Northern Region, the NIRC is working towards establishment of new Chapters.

The Karnal Chapter of ICSI was inaugurated on **29th January 2020** by CS Ashish Garg – President ICSI in the presence of the Central Council Members, Chairman- Northern India Regional Council and the Regional Council Members.

STUDENT ACTIVITIES

Various training programs were organized for the overall development of the students *inter-alia* including the following:

1. One day Orientation Programs for CS Foundation and CS Executive students
2. 301st and 302nd MSOP
3. 2 Days Induction Program
4. 3 Days E-Governance
5. 5 Days Entrepreneurship Development Program
6. 5 Days Skill Development Program
7. Professional Development Programme (PDP)

NIRC-ICSI GREETES PRESIDENT & VICE-PRESIDENT, ICSI



CS ASHISH GARG

President, The ICSI

A Fellow Member of the ICSI, a Post Graduate in Economics (M.A.) and Commerce (M.Com.) and a Graduate in Law (L.L.B.) from Vikram University, Ujjain, CS Ashish Garg was elected to the Central Council of the ICSI for the term 2015-2018 and re-elected for the term 2019-2022.

During his tenure as the Vice President of ICSI for the year 2019, CS Ashish Garg was the Chairman of Training & Educational Facilities Committee, Peer Review Board, Brand Promotion Committee. In 2018, as a Central Council Member, he was the Chairman of the Core Group of GST of ICSI and Centre of Corporate Governance, Research and Training (CCGRT). He was also nominated by the ICSI as a member at the Cost Accounting Standards Board of the Institute of Cost Accountants of India.

A nominated Director on the Board of ICSI Institute of Insolvency Professionals, he has also chaired several in-house Committees of the ICSI including Placement Committee, PMQ Committee and Direct Tax Code Committee.

Extremely passionate and driven towards the betterment and growth of the profession, CS Ashish Garg has proven his dedication as the Secretary and Vice Chairman of Indore Chapter of the ICSI and later as Secretary, WIRC of ICSI for two years in 2013 & 2014.

With almost over 19 years of experience having specialization in Corporate Laws, organizational restructuring and corporate legal counseling to companies, he is much sought after faculty at conferences and seminars of CA, CS and MBAs in India and abroad. He loves connecting with and motivating members and students. He has authored number of Articles for magazines and newspapers. He has extensively travelled across the length and breadth of the India. he also has honor of visiting five Continents of the Globe and getting acquainted with varied cultures thereat.



CS NAGENDRA D. RAO

Vice-President, The ICSI

Mr. Nagendra D. Rao, a Fellow Member of the Institute of Company Secretaries of India (ICSI), is the Designated Partner and Founder of Nagendra D. Rao and Associates, LLP, a firm of Practising Company Secretaries based at Bengaluru. He holds a bachelor's degree in Commerce and also a Law graduate from University of Mumbai (erstwhile University of Bombay).

He possesses over 15 years of experience in Corporate Sector and specializes in Corporate and Securities Laws, Capital Markets Transactions, Business Planning, Mergers & Acquisitions, Financial Restructuring, Strategic Investment, Funds Planning & Arrangement etc. Prior to setting up his whole-time practice, he has also worked in multinational companies like Godrej Foods Limited, Indo Nissin Foods Limited, & Sobha Limited and was responsible for legal and secretarial functions.

Mr. Nagendra D. Rao is a member of the Council of the ICSI for the term 2019-2022, and has been elected as the Vice President for the year 2020.

He has been associated with the ICSI for several years now. He was elected to the Southern India Regional Council for two terms viz., 2011-2014 & 2015-2018 and has served as Chairman for the year 2015. Prior to that he was elected to the Managing Committee of the Bengaluru Chapter of the ICSI for the period 2007-2010 and was elevated as Chairman during the year 2009.

As a recognition for his outstanding services rendered in the field of education Mr. Nagendra D.Rao was recently conferred the title "VIDYA VIKAS" by Dr. D.G. Shetty Educational Society (R), Dharwad, Karnataka.

Mr. Nagendra D. Rao was a member of the Central Taxes, Corporate Laws & GST Committee of the Federation of Karnataka Chambers of Commerce & Industry for the year 2018-19. He was a member of the Corporate Affairs and Taxation Committee of the Bangalore Chamber of Industry & Commerce during the period 2000 – 2004. He is a widely acclaimed resource person for various seminars organised by prominent educational institutions and has also addressed various conclaves and summits organised by ICSI for its members and students.

GLIMPSES OF REPUBLIC DAY 2020



OFFICE BEARERS OF NIRC-ICSI FOR YEAR 2020



CS Suresh Pandey, Chairman, NIRC-ICSI

CS Suresh Pandey is the Chairman of NIRC of the Institute of Company Secretaries of India and Regional Council Member of NIRC of ICSI for the term 2019-22. In his first term in the Regional Council, he was unanimously elected as Vice-Chairman for the Year 2019 and was also nominated as the Chairman of the Practicing Company Secretary Committee for the Year.

A Fellow Member of the Institute of Company Secretaries of India, a Law Graduate and a Graduate in Commerce, CS Suresh Pandey at present is a Practicing Company Secretary. He has an experience of more than a decade in regulatory compliances, advisory and consultancy services. He has specialization in handling complex assignments under Corporate Laws, FEMA Regulations, Securities Law, Intellectual Property Rights, Environmental Laws and Due Diligence and is regularly appearing before various Quasi-Judicial Authorities and other regulators. He is associated with mega corporate houses and has served a wide range of clients including multinational companies, Foreign JVs, Financial Institutions and Public Sector Undertakings.

CS Suresh Pandey is a passionate and enthusiastic person with a focused vision towards the recognition and development of the profession. He has contributed to the profession regularly through his active engagement in various committees of the NIRC of ICSI i.e. PCS Committee, Chapter Development Committee, Study Session Committee, Cultural and Sports Committee etc. He is a firm believer that if we stay true to values we can unlock our true potential. He believes that he has achieved these heights just because of this profession and he wishes to give the same back to the profession with utmost loyalty. He is also associated with many social and cultural organizations and is a regular speaker on forums of various professional bodies and institutions and actively participates in discussions, meetings and forums on emerging issues related to the profession. He is committed to providing quality education to the students, exploring new avenues for members and strengthening the brand ICSI.



CS Vimal Gupta, Vice-Chairman, NIRC-ICSI

CS Vimal Gupta has been elected as Regional Council Member of NIRC of ICSI for the term 2019-2022 & he is Vice-Chairman of NIRC of ICSI for the year 2019. He was the former chairman of Jaipur Chapter of NIRC of ICSI during the year 2008 and 2012. He was also a Member of Management Committee of Jaipur Chapter of NIRC of ICSI from 2007-2018. He is a member of Tax Consultant Association and also member of various other Professional Organisations. He had worked as a Whole time Company Secretary for 10 years in JSEL Securities (subsidiary of Jaipur Stock Exchange). Currently he is Practicing Company Secretary under his firm, Vimal Gupta & Associates as a corporate consultant.



CS Susshil Daga, Secretary, NIRC-ICSI

CS Susshil Daga has been elected as Regional Council Member of NIRC of ICSI for the term 2019-2022 & he is Secretary of NIRC of ICSI and Chairman of Finance Committee of NIRC-ICSI for the year 2019. CS Susshil Daga is a Company Secretary turned lawyer & former Chairman of the Jaipur Chapter of NIRC of the Institute of Company Secretaries of India. He specializes in arbitration law, Insolvency & Bankruptcy laws, Company Litigation and also regularly appears before NCLAT and all NCLT(s) across India. He has to his credit various judgements of High Court(s) and Supreme Court apart from award passed arbitration matters.

Previously, he has extensively worked with Jaipur based renowned Law Firm Chir Amrit Law Chambers for 3 years, where he had handled commercial litigation specially litigation relating to Arbitration and was involved in non-litigation work like drafting of agreement (real estate development agreements/ franchisee corporate restructuring). He is also a visiting faculty at institute of Company Secretaries of India, Jaipur National University, Institute of Chartered Accountants of India, Manipal University and various other prestigious institution and takes lectures on various areas of law such as Insolvency and Bankruptcy Code, 2016, Arbitration, Company Law, etc.



CS Devender Suhag, Treasurer, NIRC-ICSI

CS Devender Suhag is presently working as AGM Legal & Secretarial with San Jose India, a Spanish conglomerate. He is a Spanish speaker. He qualified in 2008 from ICSI and Law graduated from Rajasthan University, Jaipur in 2009, he has also worked with Hero Motors, Honda Group and GMR Group.

Apart from CS employment his contribution for ICSI:-

1. Treasurer and Secretary of Gurgaon Chapter of NIRC of ICSI for 2015
2. Vice Chairman of Gurgaon Chapter of NIRC of ICSI for 2016.
3. Chairman of Gurgaon Chapter of NIRC of ICSI for 2017.
4. MSOP Committee Chairman at Gurgaon Chapter for the year 2015, 2016 and 2018.
5. MSOP Committee Chairman at NIRC for the year 2019.
6. Treasurer of NIRC of ICSI for the year 2020.

Secretarial Audit: A mechanism for enhancing Corporate Governance

CS (DR.) S K GUPTA | MD&CEO IPA OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

CS BHAGYASHREE BOTHRA | COMPANY SECRETARY IPA OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

THE PERSPECTIVE

It is an undisputable fact that the business world is changing rapidly due to VUCA -Vulnerability, Uncertainty, Complexity and Ambiguity which has brought about significant changes in the way the business world has begun to think, work and act. The companies, especially the big transnational corporations have started taking the corporate governance issues seriously with the management boards; and the executives have begun bearing in mind the governance issues in all their activities and actions. The collapse of international giants like Enron, World Com of the US and Xerox of Japan are said to be due to the absence of good corporate governance and corrupt practices adopted by the management of these companies and their financial consulting firms. There is growing realization in the emerging economies including India that a country's business environment must be maintained and operated in a manner that is conducive to investors' confidence so that both domestic and foreign investors are induced to make adequate investment in companies.

SECRETARIAL AUDIT: WHAT IT IS AND WHY IT IS IMPORTANT

Secretarial Audit is an independent, objective assurance intended to add value and improve an organization's operations. It helps to accomplish the organization's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the framework of statutory compliances, risk management, control, and governance processes which can be effectively leveraged to build a compliance credible organization. A comprehensive Secretarial Audit would examine a wide range of issues which may be as mundane as whether or not the company is qualified to do business in various jurisdictions or as complex as an analysis of the company's Board Compliances in order to ensure consistency with current requirement under the Companies Act, 2013 and the all the events/ Corporate action occurred during the year are in compliance with the Companies Act, 2013. The scope and coverage of secretarial audit would include choice and structure of the entity; the decisions of the board of directors and documentation (or lack thereof) relating to those decisions; observance of the Secretarial Standards and Board processes, protection of intellectual property; forms and methods of maintaining records, pending and threatened

litigation, insurance coverage; listing under securities laws and compliance and related trade regulations; labour laws, environmental laws; and a review of compliance of all industry specific laws.

Secretarial Audit is a compliance audit and it is a part of total compliance management in an organisation. It helps to detect non-compliance and to take corrective measures. The multiplicity of laws, rules, regulations, etc. has necessitated the introduction of a compliance management system to ensure compliances of laws applicable to a company.

This has a two-fold objective:

- (a) Firstly, to protect the interests of all the stakeholders;
- (b) Secondly, to avoid any legal action against the company and its management.

The secretarial audit involves a health check up of the company and is not merely an attestation service. Since, the scope of work is vast; it is therefore prudent to spread the audit throughout the period so as to get acquainted with the system of the company and continuously monitor and assess the compliance management system of the company.

Secretarial Audit can be an effective multi-pronged protection to secure the regulator, create trust amongst the shareholders, the creditors and other stakeholders in companies, assure Banks and introduce self-regulation and professional discipline in companies. Secretarial Audit helps to detect the instances of non-compliance and facilitates taking corrective measures. It audits the adherence of good corporate practices by the company.

APPLICABILITY OF SECRETARIAL AUDIT

As per section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following companies are required to obtain 'Secretarial Audit Report' from independent practicing company secretary;

- (1) Every listed company
- (2) Every public company having a paid-up share capital of Fifty Crore

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

rupees or more;or

- (3) Every public company having a turnover of Two Hundred Fifty Crore rupees or more.

"Turnover" means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. [Section 2(91)]. Secretarial Audit is also mandatory to a private company which is a subsidiary of a public company, and which falls under the prescribed class of companies

The LODR (Amendment) Regulations, 2018 based on the recommendations of the Kotak Committee brought many changes in corporate governance. These changes included the requirement of annexing a secretarial audit report for both the listed entity and its material subsidiary in a specified format. Regulation 24A was inserted to be effective from the year ended on March 31, 2019.

SEBI vide its circular dated 8th February, 2019 specified the format for annual secretarial compliance report which is required to be annexed to the annual report for the financial year 2018-19. While the amendment does not refer to two separate reports i.e. annual secretarial report and annual secretarial compliance report, however, the circular provides for the same. It states that listed entities and their material unlisted subsidiaries can continue to follow the format given under section 204 of the Companies Act, 2013 read with its rules (MR-3), the listed entity in addition, will still be required to annex a separate report, i.e., 'annual secretarial compliance report' for due compliance under Reg. 24A.

Corporate Affairs Secretary Shri Injeti Srinivas has said that mandatory secretarial audit may have to get extended to private companies which have outstanding (debt) beyond a threshold, this might be necessary in cases where companies have borrowed heavily from banks. The move to extend secretarial audit to private limited companies too will improve compliance. Also, it will help to bring to light compliance related issues that the statutory auditor who does financial audit of companies does not flag. The state of corporate governance failures in systemically important entities in the recent past including in Infrastructure Leasing & Financial Services Ltd. has prompted the government to tighten rules and step up oversight of the auditing and rating agencies while addressing the liquidity concerns of businesses.

CORPORATE GOVERNANCE

At a fundamental level, the word governance comes from the Latin root 'gubernare' meaning to steer or to pilot. Corporate governance, as first defined by the UK Cadbury Committee in 1992, is "the system by which companies are directed and controlled." However, corporate governance is more than the system of specific

checks and balances that contribute to the responsible oversight of a company. "Corporate Governance is concerned with achieving a balance between social and economic objectives, and between the objectives of individuals and the company. The Corporate Governance matrix exists to encourage the efficient use of resources and also to ensure that someone is held to account for the way in which these resources are used. The goal is to align as closely as possible the interests of individuals, corporations and society". (Sir Adrian Cadbury, 'Global Corporate Governance Forum', World Bank, 2000). Good corporate governance means that the processes of disclosure and transparency are followed so as to provide regulators and shareholders as well as the general public with precise and accurate information about the financial, operational and other aspects of the company. Whenever one speaks about corporate governance, it has to be borne in mind that the organizations have duties and responsibilities towards their shareholders and stakeholders and hence they need to be governed in accordance with the law and keeping in mind the interests of the stakeholders and shareholders.

In today's economy, companies are facing intense pressure and scrutiny on their corporate behaviour not only from their own jurisdictions, but also from communities, investors and customers. Now more than ever, companies are being held accountable for their actions, as their size, power and influence expands across borders and has profound impacts on societies and stakeholders. Corporate Governance is a structure that boards and senior managers rely on to help them manage the company responsibly and according to sound ethics and accountability. The principles of corporate governance are based on transparency, accountability, responsibility and fairness.

THE BENEFITS THAT ACCRUE FROM THE SECRETARIAL AUDIT ARE AS UNDER:

- Secretarial Audit assures the stakeholders of a company that those in-charge of its management are conducting its affairs in accordance with the requirements of applicable laws and regulations
- Secretarial Audit provides comfort to the Non-executive/ Independent Directors that appropriate mechanisms and processes are in place to ensure compliance with laws applicable to the company, thus mitigating any risk from a regulatory or governance perspective.
- Secretarial Audit being proactive measure for compliance with a plethora of laws, has a salutary effect of substantially lessening the burden of the law-enforcement authorities.
- Secretarial Audit helps the investors in taking informed investment decision, as it evaluates the company in terms of compliance and governance norms being followed by the

company.

- It is an effective due diligence exercise for the prospective investors or joint venture partners. Further Financial Institutions, Banks, Creditors and Consumers can measure the law abiding nature of company management.
- It ensures organization is managed in a manner that fits the best interests of all.
- Secretarial Audit helps in detecting and reporting any non-compliance before it takes seriously alarming shape.
- Secretarial Audit is to be on the principle of "Prevention is better than cure" rather than postmortem exercise and to find faults. It strengthens the image and goodwill of a company in the minds of regulators and stakeholders

SECRETARIAL AUDIT FACILITATES GOOD CORPORATE GOVERNANCE

Secretarial audit provides an effective mechanism for early detection of the root cause of violations by companies that may be indicative of practices that may eventually result in frauds. If such trends are arrested at an early stage, it can prevent corporate wrongdoings. It audits the adoption and adherence of good corporate practices by the company. Secretarial Audit is a tool of risk mitigation which allows companies to effectively address compliance risk issues. Companies that go the extra mile with their compliance programs lay the foundation for good governance. Companies with an effective compliance management framework within their work culture imbuing business and personal, enjoy employee and customer loyalty and public respect for their brand, which can translate into better market capitalization and shareholder returns.

HOW SECRETARIAL AUDIT FACILITATES IN EACH OF THE DIMENSIONS OF CORPORATE GOVERNANCE?

Transparency : Secretarial audit helps in improving transparency in the structure, process and level of compliances including corporate governance practices followed by companies.

Accountability : Secretarial Audit assures that all the compliances are done within the timelines specified by the regulators. If there are any non compliances then the same are duly reported thus bringing in a robust accountability structure within the company.

Trust and Disclosure : Secretarial Audit provides an in-built mechanism for enhancing corporate trust generally and help enhance the confidence of investors in the capital market through greater transparency in corporate functioning.

Interest of Promoters / Stakeholders : Secretarial Audit assures

the Stakeholders of a company that their interests and stake is not being exposed to unintended risk. It helps the investors in taking informed investment decisions.

Assurance for prospective investors : It is an effective due diligence exercise for the prospective investors or joint venture partners. Moreover, Financial Institutions, Banks, Creditors and Consumers can measure the law abiding nature of company's management.

Fraud and malpractices : The root cause behind the failure of some of the bluest of the companies is perpetuation of malpractices and fraud. Secretarial audit is a mechanism which helps in bringing frauds to the surface by detecting them through the comprehensive structure and process of review and audit of compliances pertaining to various laws and regulations applicable to the company

Values and Ethics : Secretarial Audit offers a framework for functioning of the companies with focus on business and personal work practices based on the tenets of values and ethics, which helps in enhancing the public image of the company including helping in getting recognition as a good corporate citizen.

Conclusion

Secretarial Audit is an audit to check compliance of various legislations including the Companies Act and other corporate and economic laws applicable to the company. Secretarial Audit helps to detect the instances of non-compliance and facilitates taking corrective measures. It audits the adherence of good corporate practices by the company. It is therefore an independent and objective assurance intended to add value and improve operations of the Company. It helps to accomplish the organization's objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes. The extent and complexity of the Secretarial Audit would vary depending on the size of the company in terms of the horizontal and vertical scales i.e. size of business, area of operations, turnover, product line, age of the company and type of businesses, such as trading, services, Manufacturing, the number of shareholders and employees, the extent to which the company does business as a "regulated industry," and a host of other factors.

Secretarial Audit thus provides necessary comfort to the management, regulators and the stakeholders, as to the statutory compliance, good governance and the existence of proper and adequate systems and processes. An organization reflecting tenets of trust, fairness, transparency, accountability and zero tolerance responsiveness to statutory compliances provides a true reflection of Good corporate governance. It is a matter of great pride that India is the first country to have mandated Secretarial Audit.

Secretarial Audit- an Instrument for greater compliances & good corporate governance

CS ARJUN TYAGI

MEANING OF SECRETARIAL AUDIT:

Secretarial Audit introduces an effective corporate compliance mechanism on the applicable laws to the company. Secretarial Audit is a kind of system, which provides necessary comfort to the management, regulators and the stakeholders, as to the compliance by the company of applicable laws and the existence of proper and adequate systems and processes in the company. Secretarial Audit helps to ensure flawless compliance and timely corrective action when non-compliance is discovered. Secretarial Audit provides an assurance to the board of directors that the company is compliant with various laws.

“Secretarial Audit is an audit to check compliance of various legislations including the Companies Act and other corporate and economic laws applicable to the company. The Secretarial Auditor expresses an opinion as to whether adequate systems and processes exist in the company which commensurate with the size and operations of the company and to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.”

Secretarial Audit assists in taking the corrective measures for the non-compliances, if any. It also reports the good governance practices followed by the company which gives a motivation to the management and the employees of the company. It is a systematic approach for evaluation of the practices followed and it enables effective risk management and governance process. It demands thorough verification of records, books, papers and documents to check compliance with the provisions of various statutes, laws and rules & regulations by a Company Secretary in Practice to ensure compliance of legal, regulatory and procedural requirements and processes. Thus, in nutshell the secretarial audit makes it easier for the stakeholders and the regulators to rely on the procedures followed by the company.

APPLICABILITY OF SECRETARIAL AUDIT UNDER LAW:

Now it is important to understand the applicability of the Secretarial Audit on the Companies. As per the Section 204(1) of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following companies are required to obtain secretarial audit report from a Company Secretary in practice in form MR-3 and annex with its Board's Report made in terms of sub-section (3) of section 134:

1. Every listed company; OR
2. Every public company having a paid-up share capital of fifty crore rupees or more; OR
3. Every public company having a turnover of two hundred fifty crore rupees or more OR
4. Every company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more. (Inserted under rule 9 as on 03/01/2020 and will be applicable from 01/04/2020)**

**Ministry of Corporate Affairs (MCA) had vide notification dated January 03, 2020 notified Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020 amended the Companies

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(Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Following are the glimpses of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020:

1. The rules will be applicable for Financial Years commencing on or after April 01, 2020
2. Rule 9- Secretarial Audit for Companies applicability: following Clause (c) has been inserted

“(c) every company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more.”

Thus, for the financial years commencing on or after April 01, 2020, even Private Companies fulfilling the Criteria mentioned above i.e., having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more will be required to annex Secretarial Audit Report with the Board Report. Thus, the amendments have widened the scope of Section 204. Also, an explanation has been inserted herewith, removing the ambiguity existing therein

“Explanation :- For the purposes of this sub-rule, it is hereby clarified that the paid up share capital, turnover, or outstanding loans or borrowings as the case may be, existing on the last date of latest audited financial statement shall be taken into account.”

KEY NOTE:

“Turnover” means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year. [Section 2(91)]

In terms of section 204(1), only a member of the Institute of Company Secretaries of India holding certificate of practice (company secretary in practice) can conduct Secretarial Audit and furnish the Secretarial Audit Report to the company.

SEBI Circular dated 08.02.2019 regarding Format for Annual Secretarial Audit Report and Annual Secretarial Compliance Report for Listed entities and their Material Subsidiaries:-

It is important here to discuss about the circular issued by the SEBI on dated 08/02/2019, SEBI released a notification to increase the level of Corporate Governance and transparency by notifying the format for Annual Secretarial Audit Report and Annual Secretarial Compliance Report for Listed Entities and their material Subsidiaries. The Securities and Exchange Board of India had formed a Committee on Corporate Governance in June 2017 under the Chairmanship of Mr. Uday Kotak with a view of enhancing the standards of Corporate Governance of Listed Entities in India. The Board has implemented certain recommendations of Kotak Committee and notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which shall come into force with effect from 1st April, 2019. SEBI vide its circular dated February 8, 2019 has brought in the concept of “annual secretarial compliance report. According to amendment, the Board has inserted new Regulation 24A regarding Secretarial Audit.

"24A: SECRETARIAL AUDIT Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed with effect from the year ended March 31, 2019." Now, the Board has specified the Format with respect to Annual Secretarial Audit Report and Annual Secretarial Compliance Report for listed entities and their material subsidiaries. As per the provisions of the Regulation 24A, the following shall be complied with by a listed entity and its material unlisted subsidiaries.

1. Annual Secretarial Audit Report.
2. Annual Secretarial Compliance Report.

In order to avoid duplication, the Listed Entity and its Un-listed Material Subsidiaries shall continue to use the same Form No. MR-3 as required under section 204 of the Companies Act, 2013 read with its rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules made there under for the purpose of compliance with Regulation 24A of the SEBI (LODR) Regulations, 2015 as well. Further, listed entities shall additionally require a check by the Secretarial Auditor on compliance of all applicable SEBI Rules and Regulations and circulars/ guidelines issued thereunder, consequent to which, the PCS shall submit a report to the listed entity in the manner specified in the circular. The Annual Secretarial Compliance Report in the specified format shall be submitted by the listed entities to the Stock Exchanges within 60 days from the end of the financial year.

SCOPE OF SECRETARIAL AUDIT

Secretarial Audit is very wide and exhaustive in nature and includes the examination of multiple activities of the company as per the legislation framed. It lays more emphasis to evaluate the legal compliance system that exists in the company. Through Secretarial Audit it becomes easier for the stakeholders to know whether the company is adhering the laws applicable to it. Following Acts, Rules and Regulations have to be analysed while conducting the secretarial audit:

1. Companies Act, 2013 and all the rules made thereunder;
2. Securities Contracts (Regulation) Act, 1956 ('SCRA'), and the rules made thereunder;
3. Depositories Act, 1996, and the rules made thereunder;
4. 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;
5. Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
6. Reporting on the compliance of secretarial standards issued by the Institute of Company Secretaries of India;
7. Reporting on Compliances with the Listing Agreement;
8. 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.
9. 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 law

10. Examining and reporting specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/ system and processes relating to the Audit period.
11. In case of financial laws or other laws like Income Tax, Goods and Service Tax, Secretarial Auditor may rely on reports given by statutory auditors or other designated professionals

The Secretarial Auditor has to look at all the laws, rules and regulations from the above list that are applicable on a particular company. Audit has to be done in a comprehensive manner to ensure that there is no scope for non-compliance. The section of 'other laws' that has been added in the list ensures that the industry specific laws are not violated and company is abiding by the rules and regulations framed by the regulators of that industry. The list provided above clearly demonstrates the fact that secretarial audit is an exhaustive process which requires a lot of time and expertise to examine the records of the company relating to all the laws and ensures audit is done holistically in order to draw inferences from them. These conclusions are then reported in the secretarial audit report which acts as an authentic source of information for the stakeholders.

PROFESSIONAL RESPONSIBILITY AND PENALTY FOR INCORRECT AUDIT:

The Secretarial Auditor should detect the instances of non compliances and in result facilitate taking corrective-measures. Secretarial Auditor, in his/ her report, has to provide the details of specific events and actions which occurred during the reporting period, that have major bearing on the affairs of the Company pursuant to the applicable laws/ rules & regulations.

LIMITS OF SECRETARIAL AUDIT:

The ICSI has issued guidelines regarding maximum number of Secretarial Audit based on certain criteria. A minimum reasonable number of Secretarial Audit would be desirable for equity, quality and efficiency for confidence of shareholder. There is a limit on the number of audits that can be undertaken by the PCS i.e. 10 audits per partner/PCS and an additional of 5 audits in case the auditor is peer-reviewed.

Section 448 of Companies Act, 2013 deals with punishment for false statements. The section provides that if in any return, report, certificate, financial statement, prospectus, statement or other document required by, or for the purposes of any of the provisions of this Act or the rules made there under, 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 / she shall be liable under section 447.

Section 447 deals with punishment for fraud which provides that any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall 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. In case, the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

PUNISHMENT FOR DEFAULT

Section 204(4) of the Companies Act, 2013, provides that if a company or any officer of the company or the company secretary in practice, contravenes the provisions of this Section, the company, every officer of the company or the company secretary in practice, who is in default, shall be punishable with fine which shall not be less than Rs. One Lakh but which may extend to Rs. Five Lakhs.

PUNISHMENT IN CASE OF NON-REPORTING OF FRAUD

As per section 143(12) of the Companies Act, 2013, if an auditor, has reason to believe that an offence of fraud, involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, the auditor shall immediately report the matter to the Central Government within such time and in such manner as may be prescribed.

As per Section 143(15), failure to do so shall attract a fine which shall not be less than Rs. One Lakh rupees but which may extend to Rs. Twenty Five Lakhs.

NEED & BENEFITS OF SECRETARIAL AUDIT

Secretarial Audit is a mechanism to check the legal compliances of the company and to detect the non-compliances if any. The procedure for audit involves the checking of compliance with the provisions of various laws, rules, industry specific regulations and procedures, maintenance of books, records etc. In order to serve the purpose secretarial audit has to be done by an independent party which does not have any vested interest in the company. This provision is applied to make the secretarial audit report reliable and to avoid any discrepancies in the same. Secretarial Audit is necessary to provide correct and appropriate information to the stakeholders i.e. the shareholders, creditors, management, independent and non-independent directors, government authorities and regulators etc. The main focus of the stakeholders is good governance of the company which can be evaluated by secretarial audit. It also helps to detect any non-compliance made by the company and taking corrective measures for the same. It is one of the important tools of risk mitigation and allows companies to effectively address compliance risk issue. Under a corporate structure, there are numerous stakeholders/ beneficiaries and therefore, the benefits of Secretarial Audit are manifold for them some are as follows:

- (1) The business entities always require funds for its long lasting existence and to grab new avenues and to tackle new opportunities available in the market, Secretarial Audit helps the investors in taking informed investment decisions in law abiding company. Moreover, other stakeholders like Financial Institutions, Banks, Creditors and Consumers can measure the law abiding nature of company's management and thus take a right decision with respect to their involvement with the company business. Secretarial Audit helps the investors in analyzing the compliance level of corporate, thereby increases its reputation
- (2) The government authorities and regulators make sure for the due compliances of applicable laws of the industry. It has always has a positive effect of substantially reducing the burden of the law-enforcement authorities by enhancing the corporate governance and level of compliance. It depicts the clear image of the corporate in the minds of regulators and stakeholders and help in building the goodwill of a company.
- (3) Secretarial Audit assures that the owners stake is not being exposed to unintended risk as the laws pertaining with the company are duly checked under the Secretarial Audit. Secretarial Audit even provides comfort to every employee, worker, and management as appropriate mechanisms and processes are in place to secure the risks and ensure the compliance of various laws applicable on to the company. Thus secretarial audit helps companies in getting recognition as a good corporate citizen.

SECRETARIAL AUDIT – WHAT PURPOSE TO ACHIEVE?

Secretarial Audit acts as a periodical check-up of the applicable compliances on companies. The statutory audit or financial audit has been made mandatory for companies; however the financial audit does not check the compliance with all the laws applicable to the company. In order to achieve a wholesome perspective on the functioning of the company it is necessary

to have a secretarial audit which provides a clear picture of the affairs of the company. Thus, it acts as an important instrument for good corporate governance because it provides a way to ensure proper compliance and puts a pressure on the management to perform ethically so as to maintain the goodwill of the company.

It also seeks to ensure that the non-compliances are brought to light and valid explanations are provided for that purpose, which can be viewed by the stakeholders. Secretarial Audit has been made mandatory for listed companies and certain public companies which cross the thresholds, and with recent notification issued on 3rd January 2020, even some private companies are mandatory to undergo with the secretarial audit from 01st April, 2020, with this, it is clear that the legislation does not want any kind of non-compliance in the entities which involve the public money at large. The investors are the real backbone of the companies and more specifically if we quote; the listed companies. Thus, it is necessary to ensure that in order to keep the investment; the investors should be used with great care, and the funds have to be utilized for the objectives of the company only and not for any unethical activity.

Secretarial Audit also helps to prevent scams and frauds which cause huge losses to the stakeholders. Therefore, a number of resources that would be wasted after a scam can be saved by periodical audits. Also, the cost incurred for winding up a company or to resolve the insolvency of the company is saved by making the company strong and sound through regular audits. The process of secretarial audit would act as a tool for good governance only when proper and true information is provided by the management to the auditor. The management should not conceal the facts from the auditor for personal gains. Also, the auditor being an independent party must strive to attain all the relevant information from all the sources to provide the correct analysis. The auditor must not be swayed by personal gains and must give an independent opinion. Good Corporate Governance is possible only through adhering compliances at a greater extent and that too can be measured by audit only. Hence, when the independent secretarial auditor and the management work collectively for the better governance of the company, only then the essence of Good Corporate Governance can be achieved in true spirit.

CONCLUSION

Corporates are the core of modern economy in form of business entities. Today, in India, the corporate sector is governed by a complex series of laws, rules and regulations. It is essential for a company to abide by plethora of applicable laws, rules, procedures, regulations and the internal regulatory framework. The new laws promote sustainable development and endeavour to balance the public interests with the private interests – promotes and rewards private initiative while safeguarding the interests of the public, society, economy, environment, etc. The Secretarial Audit provides an in-built mechanism for enhancing corporate compliance generally and helps by restoring the confidence of investors in the capital market through greater transparency in corporate credibility. It helps to accomplish the organization's core objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.

Section 204 of The Companies Act, 2013 read with rules, and recent amendments in rule, has opened up a significant area of practice for company secretaries. It creates challenges and greater responsibility as well for company secretaries and poses a great challenge to justify in complete, the trust and confidence reposed in them. Simply at the end, we can conclude by stating that the compliances of all applicable laws is an important element of efficient management and it ensures better scope for stakeholders as it enhances the credibility of the performance of any organization in the considerable course of time and process.

Secretarial Audit – Restructuring Audit & Legal Framework

Shri Dipanshu Gawdi

Secretarial Audit is a health check up process of an organization whereby the Practicing Professional verifies the correctness and reliability of compliance management system in order to ensure compliances of applicable laws by the company.

Secretarial Audit is a process to check compliance with the provisions of various laws and rules/ regulations/procedures, maintenance of books, records etc., by an independent professional to ensure that the company has complied with the legal and procedural requirements and also followed the due process.

It is pertinent to note that the Secretarial Audit is not just concerned with the Company Law compliances but its scope is much beyond Company Law. The words used are “**Compliance with Applicable Laws**”. This issue has been specifically captured in detail in the paragraphs to come.

Secretarial Audit is a proactive governance measure that will have a positive effect on corporate entity. Secretarial Audit is a form of Compliance Auditing that is used in carrying out auditing of compliances with all laws, rules and regulatory requirements applicable to the company. It looks into all the events, compliance and records created during the audit period to check whether the Company really complies with the applicable laws and secretarial standards as issued by ICSI.

JURISPRUDENCE ON SECRETARIAL AUDIT - POSITION UNDER THE COMPANIES ACT, 1956

The Companies Act, 1956 (“**1956 Act**”) did not contain any provision with respect to Secretarial Audit. However, MCA had released Corporate Governance Voluntary Guidelines 2009 (“**MCA Guidelines**”) on December 21, 2009, according to which voluntary secretarial audit was introduced to ensure the effective compliance system is in place.

The MCA Guidelines read as under:

“Since the Board has the overarching responsibility of ensuring transparent, ethical and responsible governance of the company, it is important that the Board processes and compliance mechanisms of the company are robust. To ensure this, the companies may get the Secretarial Audit conducted by a competent professional. The Board should give its comments on the Secretarial Audit in its report to the shareholders.”

The said MCA Guidelines did not mandatorily provide for conducting of Secretarial Audit, rather such Guidelines gave an option to the Companies to get the Audit done by a Practicing Professional.

THE COMPANIES BILL, 2009: PAVED THE WAY FOR SECRETARIAL AUDIT

The Standing Committee on Finance in its 21st Report said that, “*Secretarial Audit gives a necessary comfort to the investors that the affairs of the company are being conducted in accordance with the legal requirements and also protects the companies from the consequences of non compliance of the provisions of the Companies Act and other important corporate laws.*”

It is, accordingly, felt and suggested that the Bill may provide for requirement of conduct of secretarial audit by at least bigger companies by a company secretary in practice.”

APPOINTMENT OF SECRETARIAL AUDITOR

- As per **Rule 8 of the Companies (Meetings of the Board and its Powers) Rules, 2014**, Secretarial Auditor is required to be appointed by means of a **resolution passed at a duly convened meeting of the Board**.
- Moreover, the resolution for appointment of Secretarial Auditor shall be filed with the Registrar in **e-Form MGT-14**.
- The Secretarial Auditor and the Company shall formally prepare and execute **letter of engagement**.
- Lastly, it is advisable that **change in the Secretarial Auditor** during the year should be reported to the members through Board’s Report.

LEGAL FRAMEWORK GOVERNING SECRETARIAL AUDIT UNDER THE COMPANIES ACT, 2013

- Section 204 of the Companies Act, 2013; and
- Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Applicability of Secretarial Audit

Section 204(1) of the Companies Act, 2013 (“**2013 Act**”) read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 states that-

1. Every listed company;
2. Every public company having a paid-up share capital of fifty crore rupees or more; or
3. Every public company having a Turnover of two hundred fifty crore rupees or more; or
4. Every **company** having outstanding loans or borrowings from banks or public financial institutions of **one hundred crore rupees or more**. [*Inserted vide the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2020 dated 03.01.2020 w.e.f., 01.04.2020*]

shall annex with its Board’s Report made in terms of sub-section (3) of section 134, a Secretarial Audit Report, given by a Company Secretary in practice, in **Form MR- 3**.

COMPUTATION OF THRESHOLD LIMIT U/S 204 – POST MCA’S AMENDMENT

MCA while amending Rule 9, has further clarified by way of an Explanation that, ***the paid up share capital, turnover, or outstanding loans or borrowings as the case may be, existing on the last date of latest audited financial statement shall be taken into account.***

However, the said amendment will be applicable from 01.04.2020.

RECENT MCA AMENDMENT – KEY TAKEAWAY

Recently, on 03.01.2020, the MCA has widened the scope of Rule 9 and as a result of such amendment, private companies with debts amounting to Rs. 100 crore or more shall now have to compulsorily undergo secretarial audit. [*To be effective from 01.04.2020*]

POSSIBLE REASONS FOR SUCH AMENDMENT:

- a) At present, private companies have comparatively less disclosure requirements compared to public limited ones. Therefore, this move will **increase the levels of compliance and transparency**.
- b) Recent corporate governance failures in companies such as IL&FS have forced the government to **tighten the rules and detect frauds at early stage**.
- c) MCA has tried to assure as well as ensure **that borrowed funds will not be misappropriated and not diverted to other related entities**.

APPLICABILITY OF SECRETARIAL AUDIT ON A DEEMED PUBLIC COMPANY

According to the provisions of Section 2(71) of the 2013 Act, “public company” means a company which—

- (a) is not a private company and;
- (b) has a minimum paid-up share capital, as may be prescribed.

However, the proviso to the aforesaid definition provides that, “a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles”.

The language used in the above proviso makes it crystal clear that Section 204 is

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also applicable to a private company which is a subsidiary of a public company, provided that such a company falls under the aforesaid prescribed class of companies.

THE KOTAK COMMITTEE ON CORPORATE GOVERNANCE

The Kotak Committee on Corporate Governance was constituted on June 02, 2017 under the Chairmanship of Shri. Uday Kotak. The Committee then released its recommendation on October 05, 2017. Thereafter, on March 28, 2018, SEBI approved the recommendations and finally implemented the same by making out suitable amendments to the SEBI LODR Regulations.

SEBI AND SECRETARIAL AUDIT

SEBI vide its Notification dated May 09, 2018 amended 'SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015' ("**LODR Regulations**") which came into force w.e.f. April 1, 2019. SEBI had directed every listed entity and its material unlisted subsidiaries incorporated in India, to undertake secretarial audit starting from year ended March 31, 2019. However, SEBI had not notified the Format for annual secretarial audit report therein.

Thereafter, SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 notified the format for annual secretarial audit and compliance report for listed entities and its material unlisted subsidiaries, effective from March 31, 2019.

KEY TAKEAWAYS

- SEBI clarified that the listed entity and its unlisted material subsidiaries shall continue to use Form No. MR-3 as required u/s 204 of the 2013 Act, as their Annual secretarial audit report.
- Further stated that the annual secretarial audit shall cover a broad check on compliance with all laws applicable to the listed entity.
- Additionally, required Practicing Company Secretaries to run a check on compliance by the listed entity with all applicable SEBI Regulations and Circulars/Guidelines and submit an annual secretarial compliance report (in the stipulated format) to the entity thereafter.
- Directed listed entities and their material subsidiaries to submit annual secretarial compliance report to stock exchanges within 60 days of end of financial year end.

SCOPE OF SECRETARIAL AUDIT REPORT – KEY AREAS TO BE MONITORED

The Secretarial Audit takes into its ambit compliance with the provisions of the below mentioned statutes:

1. Companies Act, 2013, and rules made thereunder;
2. SEBI Act, 1992 along with SEBI Rules and Regulations;
3. Securities Contract (Regulation) Act, 1956 and the rules made thereunder;
4. Foreign Exchange Management Act, 1999 along with the rules and regulations made thereunder;
5. Depositories Act, 1996 and Regulations made thereunder; and
6. **'Other laws as may be applicable specifically to a company'**

The phrase other laws as may be applicable specifically to a company was neither defined under the 2013 Act nor any clarification was provided with respect to the same until the Council of ICSI clarified the same after its 226th meeting held on November 21, 2014.

Accordingly, the decision of the Council of ICSI on the Scope of Secretarial Audit as regards 'other laws as may be applicable specifically to the company' is produced here as under:

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 etc.

Therefore, the scope of Secretarial Audit is not limited to verification of compliance arising out of Company Law Obligations but also akin to all the laws that are applicable to the company.

Furthermore, the Auditor is required to conduct detailed examination and report on the compliances with the applicable clauses of the following:

- (i) Secretarial Standards as issued by ICSI; and
- (ii) Listing Agreements entered into by the company with the Stock Exchange(s), if applicable/ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Stressing upon the key areas which are required to be monitored by PCS while conducting the Audit, there are certain other important areas too which require great consideration in order to ensure that a company's internal reporting and internal controlling checks are in place or not. These include:

- ◆ Reporting on Composition of a valid board with proper balance of Executive, Non-Executive Directors, Independent Directors and Women Directors and any changes thereof.
- ◆ Reporting on Board processes such as issuance of notice to all directors to schedule the Board Meetings along with timely issue of agenda and detailed notes on agenda in advance.
- ◆ Reporting on process followed by the company with regard to capturing of views of dissenting members while drafting minutes of the respective meetings.
- ◆ Lastly, reporting and providing details of specific events and actions that have occurred during the reporting period, which may have major bearing on the affairs of the company in pursuance of above referred laws/ rules & regulations.

Thus, if we look into entirety, the inherent idea behind the Secretarial Audit is not just to from the perspective of Company Law but to have a thorough check done by an Expert from the angle of every applicable law on the company and especially reporting on non-compliances, if any, found during the process.

EXTENDED ROLE/ IMPORTANCE OF SECRETARIAL AUDIT

The Secretarial Audit conducted by the PCS generates a confidence in the management as it provides a piece of mind to the directors and KMPs that the legal and secretarial compliances are being taken care of by a Professional.

Secondly, Audit is performed by a member of the Recognised Body, which ensures that high levels of Professional Standards and Ethics are being followed, which further adds up to the responsibility of the Professional who issues such report under his hand.

Thirdly, the Secretarial Audit helps to identify risk areas that require serious attention of the management, which could have been overlooked or not looked at all, had the Audit been not undertaken.

Lastly, the Audit exercise helps the companies to stand out in the market as it gears up the reputation/ brand value of the company. Regulators do keep a watch on such compliant companies.

ICSI'S AUDITING STANDARD ON SECRETARIAL AUDIT: A STEP TOWARDS STANDARDIZING DIVERSE AUDIT PRACTICES

Recently, on May 07, 2019 the Council of ICSI issued 4 Auditing Standards, out of which CSAS-4 has been issued with respect to Secretarial Audits. ICSI has clarified the applicability of these standards as recommendatory on Audit Engagements accepted on or after July 01, 2019 and mandatory on engagements accepted on or after April 01, 2020.

Being a premier organization, ICSI has been on the front side whenever it comes to promoting Good Corporate Governance practices amongst its members who are responsible for ensuring the same at the corporate and global level.

The very objective of these Standards is to **prescribe for the Auditor, principles and procedures to be followed while accepting or continuing with an Audit Engagement** by agreeing to the terms of engagement with the Appointing Authority or any changes therein and matters relating thereto.

These Standards had been made applicable on recommendatory basis for Audit Engagements accepted by the Auditor **on or after July 01, 2019** and **mandatory** for Audit Engagements accepted by the Auditor **on or after April 01, 2020**

Upon these Auditing Standards becoming effective, it will harmonise, and standardise the diverse auditing practices followed by Auditors so as to promote uniformity and consistency.

CLARIFICATION ON CEILING ON NUMBER OF ANNUAL SECRETARIAL

COMPLIANCE REPORTS

Recently, the ICIS Council has issued a clarification with regard to ceiling on number of Annual Secretarial Compliance Reports to be issued by PCS.

Accordingly, ceiling on number of Annual Secretarial Compliance Reports to be issued by PCS is 5 reports individually/ per partner in each financial year w.e.f. April 1, 2020 and an additional limit of 5 Secretarial Compliance Reports individually/ per partner in case the Unit has been Peer Reviewed.

Further, in view of the foregoing, the said clarification has also provided for the following:

- Secretarial Audit/ Annual Secretarial Compliance Report under SEBI (LODR) of Top 100 companies as per market capitalisation shall be undertaken only by Peer Reviewed PCS w.e.f. April 1, 2020;
- Secretarial Audit/ Annual Secretarial Compliance Report under SEBI (LODR) of Top 500 companies as per market capitalisation shall be undertaken only by Peer Reviewed PCS w.e.f. April 1, 2021;
- Secretarial Audit/ Annual Secretarial Compliance Report under SEBI (LODR) of all listed companies shall be undertaken only by Peer Reviewed PCS w.e.f. April 1, 2022;
- Secretarial Audit of all companies to be undertaken only by Peer Reviewed PCS w.e.f. April 1, 2023;
- Issuance of Diligence Report for banks in case of Consortium Lending /

Multiple Banking Arrangements shall be undertaken only by Peer Reviewed PCS w.e.f. April 1, 2020.

Secretarial Audit and UDIN - ICSI's new initiative

Unique Document Identification Number (UDIN) is a brand new initiative of ICSI, which will provide ease of maintaining a register of attestation and certification services. It will *prevent counterfeiting of various attestations and certifications* besides ensuring compliance with regard to ceilings on the number of certifications and attestations. The initiative will also enable stakeholders and regulators to *verify genuine documents* signed or certified by PCS.

Quoting UDIN on the certifications, attestations has already been made *mandatory w.e.f. 1st October, 2019*.

UDIN shall be generated *at the time of signing the Certificate/ Report* including Secretarial Audit Report and mandatorily be mentioned in the Certificate, Report, and documents along with the Certificate of Practice number.

COMPANY SECRETARY AND AUDIT - ROAD AHEAD

Audit be it Statutory or Secretarial, has proved to be a tool for ensuring effective compliance management by the companies. The contemporary corporate culture is more concerned with audit and assurance as non-compliance with laws and their reporting can land the big corporates into serious trouble. Company Secretaries, as a corporate savior, are being looked at as an expert when it comes to compliance with the laws. Therefore, be it CS in employment or Practice, both are concerned with adherence to the words of statute in true letters and spirit.

Secretarial Audit

ACS CHARU AGARWAL

In the growing era of corporate governance, there was an urgent need felt for introducing a mechanism to ensure compliance of various applicable laws under companies act or any other act, rules, regulation and procedure by a corporate entity. Enactment of various laws is not enough as desired results cannot be achieved unless its implementation is geared up. The frauds and scams, which have been detrimental not only to growth of financial market but have been a set back to the economy as a whole, have occurred in the past despite and inspite of having plethora of legislations. Realising the need to ensure compliance of laws in letter and spirit on continuous basis by an independent professional, the Companies Act, 2013 mandated carrying out of secretarial audit for better compliance.

Section 204(1) of Companies Act, 2013 read with rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides need to annex with Board's Report, Secretarial Audit Report, given by Company Secretary in practice, in form MR.3 Applicable on every listed company and following-



- Only a member of the Institute of Company Secretaries of India holding certificate of practice can conduct Secretarial Audit and furnish the Secretarial Audit Report to the Company.

A secretarial auditor has to check compliances by company under following laws and rules made there-under;

- The Companies Act, 2013 (the Act) and the rules made there-under;

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- Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder;
- Depositories Act, 1996 and Regulations and Bye-laws framed there-under;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')>
 - SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - SEBI (Prohibition of Insider Trading) Regulations, 1992;
 - SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
 - SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- Secretarial Standards issued by The Institute of Company Secretaries of India.
- Listing Agreements entered into by Company with Stock Exchange(s), if applicable;

- ◆ Other laws as may be applicable specifically to the company

Thus the scope of Secretarial audit is not limited to the corporate laws applicable to company but it extent to all laws applicable to Company.

ESSENTIALS FOR SECRETARIAL AUDIT



To Check & Report on Compliances of applicable laws and Secretarial Standards

To point out Non-Compliances and Inadequate Compliances

To protect interest of various stakeholders i.e. Customers, employees, society etc.

To avoid any unwarranted legal actions/penalties by law enforcing agencies and other persons as well.

BENEFICIARIES OF SECRETARIAL AUDIT

Promoters- Promoters of a company will be ensured that those in-charge of management are conducting its affairs in accordance with law.

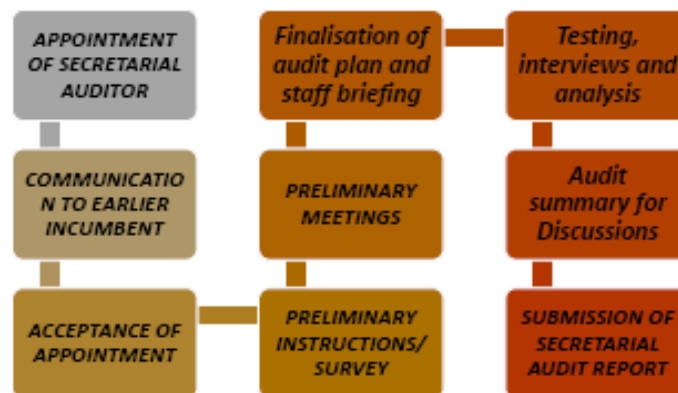
Management- the Management can ensure those who are entrusted with duty and responsibility of compliance are performing their role effectively and efficiently.

(c) Government authorities/regulators- Being a pro-active measure, Secretarial Audit facilitates reducing the burden of the law-enforcement authorities and promotes governance and the level of compliance.

Investors- Secretarial Audit will inform investors whether company is conducting its affairs within the applicable legal framework.

Other Stakeholders- Financial Institutions, Banks, Creditors, Consumers are enabled to measure law abiding nature of Company management.

SECRETARIAL AUDIT - THE PROCESS



RECOGNITION OF BEST SECRETARIAL AUDIT REPORT BY ICSI

In order to recognize the efforts of Company secretaries in Practice as their role of secretarial auditors, ICSI has awarded the best Best Secretarial Audit Report Award. This initiative would help in generating and promoting healthy competition among Company secretaries and to also focus on competition.

Secretarial Audit- A Governance Measure

CS ASHOK TYAGI

Secretarial Audit is an audit to check compliance of various legislations including the Companies Act and other corporate and economic laws applicable to the company. It helps to detect the instances of non-compliance and facilitates taking corrective measures. The main objective is to add value and improve operations of the Company vide adherence to good corporate practice. It helps to accomplish the organization's objectives by bringing a systematic, disciplined approach and improve effectiveness of risk management, control, and governance processes.

Since the Board has overarching responsibility of ensuring transparent, ethical and responsible governance of the Company, it is important that the Board processes and compliance mechanisms of the Company are

strong. To ensure this the Companies should get the Secretarial Audit by a competent professional.

Secretarial Audit provides necessary comfort to the management, regulators and the stakeholders as to the statutory compliance, good governance and existence of adequate system and processes.

APPLICABILITY OF SECRETARIAL AUDIT

As per section 204(1) of Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following companies are required to obtain Secretarial Audit Report: -

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

EVERY LISTED COMPANY

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; or Every Private Company which is a subsidiary of a Public Company; or**

Every **Company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more.**

AUDIT PROCESS

Audit process shall consist of the following:

- ◆ Home Work
- ◆ Preparing Audit Program
- ◆ **Interaction with Company**
- ◆ Checking of Records/ compliance
- ◆ Working papers/notes creation
- ◆ Third Party Reports/management representation

OBJECTIVE OF HOMEWORK

Identification of trigger points for applicability of laws viz. Geographical locations, number of employees, capital, turnover etc.

- ◆ Checking the applicability of specific laws/rules. Preparing list of Industry specific applicable laws and others.

Preparing list of events and filtering of events/actions having bearing on Company's affairs

Preparing Company profile and data sheet consisting of Board composition and changes Understanding Compliance management system and assessment of Board Process Understanding the gaps & preparing questionnaire

LIST OF DOCUMENTS TO BE CHECKED

Minutes/Agenda/ notices/dispatch proof/ attendance register and Statutory Register. Audited Financial Statements for last 3 years Returns/forms etc. filed with statutory authorities Non compliance, prosecution letter/ orders

- Report of Internal Auditors for last 3 years and for the audit period Secretarial Audit reports/ Due Diligence Reports for past 3 years Declarations regarding key parameters that triggers applicability Statutory records / returns under other acts Third party Audit reports Compliance Management System/ alert system Various Committee charters, policies Agreements, Technical collaborations etc I PR's, Domain registration, IT Servers safety etc. Laws Applicable on the Companies

Laws applicable on the Companies can be categorized as follows depending upon the Structure (Listed, Unlisted or PSU) and Sector (Manufacturing, Trading and Service)

- ◆ General Laws -Applicable on all namely Corporate Laws, Labour Laws, Taxation Laws etc.
- ◆ **Other Laws as specifically applicable to the Company**-Applicable to the Companies being in a particular sector, due to manufacturing/ dealing with a particular product or being in a specific zone, or due to

any other criteria. Such as, The Drugs and Cosmetics Act, 1940, The Food Safety and Standard Acts, 2006, The Specific Economic Zones Act, 2006, The Reserve Bank of India, The Banking Regulation Act, 1949 etc.

AUDIT REPORT

Secretarial Audit Report shall be prepared by the Practicing Professional in Form MR-3 and it shall be annexed with the Board's Report of the Company

AUDIT QUALIFICATIONS

Audit Qualifications should be in simple language, verbosity should be avoided, it should be concise and unambiguous. The Auditor should avoid vague comments in its report. The qualifications must be persuasive and should not conceal material facts.

FRAUD REPORTING

Secretarial Auditor shall report Fraud where during the Course of its Audit he has reasons to believe that an offence involving fraud has been committed against the Company by its officers or employees

FRAUD VS NON COMPLIANCE

Fraud in relation to affairs of a company or any body corporate, includes:

- ◆ any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner with intent to deceive, to gain undue advantage from, or to injure the interests of the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss
- ◆ Non-Compliance may also be a fraud if it is done with intent to deceive, to gain undue advantage from, or to injure the interests of the company or its shareholders or its creditors or any other person.
- ◆ Examples of Frauds: 1) An employee engaged in business parallel to the Company, diversion of business/sales proceeds to other company, usage of resources of Company for his personal business.

2) Transfer of funds by directors to other group companies by way of loan/ investments with intent to siphon funds.

MATERIALITY

All frauds with expected involvement of Rs. 1 cr or more to be reported to Central Government

All other frauds to be reported to the Audit Committee/Board with adequate disclosure in

BOARD REPORT

REPORTING IN AUDIT REPORT

Though in MR3 format fraud reporting is not specifically required, however in comments/qualification Para fraud detected should be highlighted. Law does not create any such demarcation for frauds reporting relating to Secretarial matters only, but also while doing audit, if PCS find fraud in other areas as well, reporting may be done.

NEWS FROM NIRC

S.No	Date	Program Summary
1	20/01/2020 to 24/01/2020	13 th Batch of 5 Days Entrepreneurship Development Program
2	22/01/2020	Valedictory Function of 301st Batch of MSOP
3	28/01/2020	9th Batch of One Day Orientation Program of CS Foundation Students
4	29/01/2020	8th Batch of One Day Orientation Program of CS Executive Students
5	04/02/2020 to 20/02/2020	302nd MSOP
6	04/2/2020	Inaugural Function of 302nd Batch of MSOP
7	05/02/2020 to 06/02/2020	34th Batch of 2 Days Induction Program
8	12/02/2020 to 14/02/2020	35th Batch of 3 Days E-Governance Program
9	15/02/2020	8 Hours Professional Development Program (PDP)
10	20/02/2020	Valedictory Function of 302nd Batch of MSOP
11	17/02/2020 to 21/02/2020	19 th Batch of 5 Days Skill Development Program

NEWS FROM CHAPTERS

CHAPTER	DATE	NAME OF ACTIVITES
Gurugram	12.02.2020	SCM (05 Days' Workshop)
	13.02.2020	SCM (05 Days' Workshop)
	15.02.2020	SCM (05 Days' Workshop)
Bikaner	04.01.2020	One Day Training Executive Programme
	18.01.2020	Mega Career Programme
	26.01.2020	Republic Day
	02.02.2020	Study Session
	03.02.2020	One Day Training Foundation Programme
Faridabad	05.01.2020	Haryana State Conference : Host Faridabad Chapter
	02.02.2020	Financial Planning & UNION BUDGET 2020
	16.02.2020	1.Overviews of Companies (Winding up) Rules, 2020 2.Opportunities for Company Secretaries under Labour Laws
Agra	26.01.2020	RepublicDay
Kota	18.01.2020	Discussion on Latest Amendments of Companies Act' 2013
	26.01.2020	Emerging Opportunities of Company secretaries
Chandigarh	18/01/2020	Seminar on "Resolution of Corporate Disputes Through Arbitration and Judicial Wisdom"



OBITUARY

NIRC-ICSI deeply regrets to record the sad demise of **CS Sanjay Grover** (25.03.1959 – 02.01.2020), a Fellow Member of the Institute from New Delhi and Past Central Council Member of ICSI from 2007-2014 and Past Chairman, NIRC for the year 1995.

May the departed soul rest in peace

COMPANY SECRETARIES BENEVOLENT FUND

MEMBERS ENROLLED REGIONWISE AS LIFE MEMBERS OF THE COMPANY SECRETARIES BENEVOLENT FUND DURING THE PERIOD 01/02/2020 TO 20/02/2020

REGION NIRC	LM NO.	NAME	MEMB NUMBER	CITY
1	14333	MS. NEHA TAHIR	ACS - 46571	AGRA
2	14335	MR. ARPIT KUMAR JAIN	ACS - 56366	BHILWARA DISTT
3	14338	MR. SANCHIT NIGAM	ACS - 37417	DELHI
4	14342	MR. KRISHAN KALRA	ACS - 61444	NEW DELHI
5	14343	MS. NAMRATA SOMANI	ACS - 48615	BHILWARA
6	14344	MR. MUKESH JINARA	ACS - 61401	NOIDA
7	14345	MS. PRIYA BARI	ACS - 37561	LUCKNOW
8	14346	MS. ABHILASHA POKHRA	ACS - 40519	BHILWARA
9	14348	MR. RUCHIN KUMAR NAHAR	ACS - 49231	BHILWARA
10	14350	MR. KAPIL GUPTA	ACS - 46026	NEW DELHI
11	14351	MR. SUNIL KUMAR KAUSHIK	ACS - 34114	FARIDABAD
12	14352	MS. SHRUTI JOSHI	FCS - 10261	CHANDIGARH
13	14358	MR. ATUL	ACS - 60819	HISAR
14	14359	MS. SHUBLEENJOT KAUR	ACS - 56262	CHANDIGARH
15	14360	MR. AVINASH NOLKHA	ACS - 36411	BHILWARA
16	14362	MR. BIJENDER SHARMA	ACS - 31698	HISAR
17	14366	SH. VIKAS SRIVASTAVA	FCS - 7252	NEW DELHI
18	14367	MR. AKHIL KUMAR JAIN	ACS - 61202	AJMER
19	14369	MR. SURAJ SHARMA	ACS - 58932	NEW DELHI
20	14373	MR. MANJUL MISHRA	FCS - 10373	KANPUR
21	14374	MS. ADITI RASTOGI	ACS - 57834	KANPUR

CHAPTERS OF NIRC-ICSI

Agra, Ajmer, Alwar, Amritsar, Bareilly, Bhilwara, Bikaner, Chandigarh, Dehradun, Faridabad, Ghaziabad, Gurugram, Jaipur, Jalandhar, Jammu, Jodhpur, Kanpur, Karnal, Kota, Lucknow, Ludhiana, Meerut, Modinagar, Noida, Panipat, Patiala, Prayag Raj, Shimla, Srinagar, Udaipur, Varanasi.



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भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

CSBF
COMPANY SECRETARIES
BENEVOLENT FUND



What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

The subscription amount is being increased from ₹ 10,000 to ₹ 12,500 soon

Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

Advantages of enrolling into CSBF

1

To ensure that your immediate family has some financial support in the event of your unfortunate demise

2

To finance your children's education and other needs

3

To ensure that you have extra resource during serious illness or accident

4

Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

Become a proud Member of CSBF by making a one-time online subscription of ₹ 10,000/- (to be changed soon) through Institute's web portal (www.icsi.edu) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

Decide Now! Decide Wise!

Connect with ICSI

www.icsi.edu | [f](#) [t](#) [in](#) [v](#) [ig](#) | Online Helpdesk : <http://support.icsi.edu>



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Sub. : Corporate Membership of NIRC-ICSI for the year 2020- 2021

The Corporate Membership Scheme of NIRC of ICSI is open for the Financial Year 2020-21 (April'2020 to March' 2021). Anyone becoming a member under the Scheme shall be entitled to the following benefits:

Corporate Membership Scheme of NIRC-ICSI

Option-I (Delhi)

- ❖ To attend free of charge all the programs organized for the Corporate Members by NIRC at Delhi during the financial year 2020-21. Minimum one full day Seminar shall be organized by NIRC at Delhi, every month, for the Corporate Members.
- ❖ To attend other programs (including state conferences, residential programs) organized by NIRC during the financial year 2020-21 at concessional fees or free of charge, as decided from time to time.
- ❖ To attend New Year Celebration along with Dinner.
- ❖ At least 24 hours, advance confirmation for attending the program is required as per announcement of the program.
- ❖ The Companies, organizations, who are the Corporate member may depute only its employee for attending the programs, with the authorization on its letter head, certifying that the nominated person is its employee.
- ❖ The individual members/PCS, who is a Corporate member may depute only his partner, employee from his/her Firm with the authorization on letter head, certifying that the nominated person is his/her partner or employee.
- ❖ Credit hours will be given to only those members who joins the program within one hour from the scheduled start time.
- ❖ PDP hours will be given to only those students who pay the participation fee.

Option-II (Delhi & Chapters)

- ❖ To attend free of charge all the programs organized for the Corporate Members by NIRC at Delhi during the financial year 2020-21. Minimum one full day Seminar shall be organized by NIRC at Delhi, every month, for the Corporate Members.
- ❖ To attend other programs (including state conferences, residential programs) organized by NIRC during the financial year 2020-21 at concessional fees or free of charge, as decided from time to time.
- ❖ To attend free of charge the Programs organized by participating Chapters at any location throughout Northern Region as approved by NIRC during the financial year 2020-21.
- ❖ To attend New Year Celebration along with Dinner.
- ❖ At least 24 hours, advance confirmation for attending the program is required as per announcement of the program.
- ❖ The member may depute any other officer only from his/her organization with the authorization on letter head of the Company, certifying that the nominated person is from his/her organization for all the programs to be held in Delhi (Not applicable for programs organised by the participating chapters).
- ❖ The individual member/PCS may depute only his partner, employee from his/her Firm with the authorization on letter head, certifying that the nominated person is from his/her Firm for all the programs to be held in Delhi (Not applicable for programs organised by the participating chapters).
- ❖ Credit hours will be given to only those members who joins the program within one hour from the scheduled start time.
- ❖ PDP hours will be given to only those students who pay the participation fee.

The fee structure for the Corporate Membership for Financial Year 2020-21:

Option-I (Delhi)		Option-II (Delhi & Chapters)	
Particulars	Amount	Particulars	Amount
For Members	Rs. 11,000	For Members	Rs. 14,000
For PCS	Rs. 10,400	For PCS	Rs. 13,400
For Non Members	Rs. 12,100	For Non Members	Rs. 15,100
For Senior Citizen Members	Rs. 9,300	For Senior Citizen Members	Rs. 12,300

Note: 5% discount for sponsoring company/firm/organisation for one-time full payment for 3 or more corporate members from the same company/firm/organisation only.

**(The above all amounts are inclusive of GST)
(GSTIN 07AAATT1103F1Z2) (PAN NO. AAATT1103F)**

I request you to kindly enrol for Corporate Membership for the year 2020-21 on any of given options. The payment for Corporate Membership can be made through following options:

Option	Mode	Remarks
1	By Cash	At NIRC Building, 4 Prasad Nagar Institutional Area, New Delhi on all working days from 10 AM to 4 PM
2	NEFT Transfer	To NIRC- ICSI Saving Bank Account No. SB- 90062010039267 Syndicate Bank, East Patel Nagar, New Delhi – 110008, RTGS/ NEFT IFSC – SYNB0009006
3	Paytm Payment	The fee may also be paid through Paytm through the following link m.p-y.tm/icsineww
4	By DD	In favour of "NIRC of the ICSI" and sent to Regional Director, NIRC of ICSI, 4, Prasad Nagar Institutional Area , New Delhi-110005.
5	By Cheque	In favour of "NIRC of the ICSI" and sent to Regional Director, NIRC of ICSI, 4, Prasad Nagar Institutional Area , New Delhi-110005.

Note: This is requested that after releasing the payment please complete the form as per Annexure -I. The relevant information is being requested to enable to update the records and also to issue new corporate membership number of NIRC-ICSI.

For any assistance and help please write to arun.rawat@icsi.edu or call on 011-49343003,3008. The enrolment form is given in the attached file for the necessary use at your end.

With best wishes,
Yours sincerely,

CSSURESH PANDEY
Chairman, NIRC- ICSI
Mobile: 9868300649
Email: chairman.nirc@icsi.edu



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YUVA Membership Scheme of NIRC-ICSI for Young Members for the year 2020-21

The NIRC of ICSI has come out with a unique Corporate Membership for Young Members of ICSI. The whole idea behind the scheme was to build the capacity of our young members and to give them a fair chance to attend the seminars of professional interest at a reasonable cost. The scheme is named as YUVA Corporate Membership Scheme of NIRC-ICSI.

The YUVA Corporate Membership Scheme for young members of NIRC of ICSI is open for members of the Institute from Northern Region who have been awarded the membership on or after 1st January, 2017 and is open for the Year 2020-21. Only First 300 members will be enrolled for the YUVA Corporate Membership Scheme. Anyone becoming a member under the Scheme shall be entitled to the following benefits:

- Separate Programs will be organised under this Scheme at N I R C - I C S I Auditorium only.
- To attend all the paid programs as may be organised by NIRC for Young Members by self only (Except

workshop and residential programs) at NIRC Auditorium, ICSI- NIRC Building free of charge throughout the year 2020-21.

- Minimum 12 Programs will be organised under this Scheme on the topic of Professional interest and soft skills.
- Credit hours will be given to only those members who joins the program upto 10.30 a.m.
- Following other benefits of regular Corporate Members Scheme, for the year 2020-21 will also be extended to the members as under:
- Invitation for New Year Celebration and Dinner free of cost.
- Concessional fee will be charged for the State Conferences and other residential programs as may be organized by the NIRC during the year.

The fee structure for the corporate year 2020-21 is as under:
membership for young members for financial

Particulars	Amount upto 31/03/2020	Amount After 31/03/2020
For Members including PCS	Rs.3,000/ -	Rs.3,500/ -
(The above all amounts are inclusive of GST) (GSTIN 07AAATT1103FZ2) (Pan No. AAATT1103F)		

Your Regional Council has decided that Rs.100/- per member who joins the NIRC Corporate Membership Scheme for the year 2020-21 will be contributed to Company Secretaries Benevolent Fund (CSBF). This is very novel initiative which will

considerably help in increasing the corpus of the CSBF.

The payment for YUVA Corporate Membership can be made through following options:

The payment for YUVA Corporate Membership can be made through following options:

Option	Mode	Remarks
1.	By Cash	At NIRC Building, 4 Prasad Nagar Institutional Area, New Delhi on all working days from 10AM to 4PM
2.	NEFT Transfer	To NIRC- ICSI Saving Bank Account No. SB-90062010039267 Syndicate Bank, East Patel Nagar, New Delhi - 110008, RTGSI NEFTIFSC - SYNB0009006
3.	Paytm Payment	The fee may also be paid through Paytm through the following link: http://m.p-y.tm/icsineww
4.	By DD	In favour of "NIRC of the ICSI" and sent to Regional Director, NIRC of ICSI, 4, Prasad Nagar Institutional Area, New Delhi-110005.
5.	By Cheque	In favour of "NIRC of the ICSI" and sent to Regional Director, NIRC of ICSI, 4, Prasad Nagar Institutional Area, New Delhi-110005.

Note: It requested that after making the payment, please complete the form by clicking on the below mentioned link. The relevant information is being requested to enable NIRO to update the records and also to issue YUVA membership number of NIRC-ICSI.

For enrolment form, please visit www.icsi.edu/niro

For any assistance and help please write to arun.rawat@icsi.edu or call on 011-49343003, 3008. The enrolment form is given in the attached file for the necessary use at your end.

With Best Regards

CS SURESH PANDEY
Chairman, NIRC-ICSI
Mobile: 9968300649

CS VIMAL GUPTA
Vice-Chairman, NIRC-ICSI
Mobile: 9314324282

CS SUSSHIL DAGA
Secretary, NIRC-ICSI
Mobile: 9829689999

CS DEVENDER SUHAG
Treasurer, NIRC-ICSI
Mobile: 8130586611

CS G S SARIN
PROGRAM DIRECTOR
ICSI-NIRC
Mobile: 9814685649

FUNCTIONAL COMMITTEES OF NIRC-ICSI FOR THE YEAR 2020

As the members are aware that NIRC performs its various activities through functional Committees constituted every year. We enlist the Committees for the year 2020 and request the members to volunteer their names, indicating their preference, for the Committee through which they wish to serve the profession. Members may forward their names and other details i.e. ACS/FCS No.; Mailing address, Phone Numbers; Email address, etc. to NIRC on email id niro@icsi.edu by 5th March, 2020.

1. Training & Education Facilities Committee (TEFC)	- CS Devender Suhag
2. Chapter Development Committee	- CS Vimal Gupta
3. Professional Development and Program Coordination Committee	- CS GS Sarin
4. Women Empowerment Committee	- CS Monika Kohli
5. Brand Building & Public Relation Committee	- CS Suresh Pandey
6. Oral Tuition & Library Committee	- CS Susshil Daga
7. Practicing Company Secretaries Committee	- CS Surya Gupta
8. Corporate Law Committee	- CS Amit Gupta
9. MSOP Committee	- CS Himanshu Harbola
10. Research & Publication Committee	- CS Saurabh Kalia
11. Social Welfare of Members & Benevolent Fund Committee	- CS Vinay Shukla
12. Young Members Empowerment & Placement Committee	- CS Bhupesh Gupta
13. Purchase, Infrastructure, Budget and Dispose-off Committee	- CS Suresh Pandey
14. Career Awareness Committee	- CS Suresh Pandey



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Members Gettogether & Holi Celebration

Music DJ

Special Attraction for Kids

Delicious Food

On

Saturday 7th March, 2020 From 03:00 pm onwards

at

MASONIC CLUB

Janpath, New Delhi, Near Janpath Metro Station

Followed by Dinner, *(No Alcohol)*

Family Members are also welcome

Fee: Rs.500/- per person till 6th March 2020,
On Spot Registration Rs. 800/- per person - (Inclusive of GST)
Free for Corporate Members of ICSI-NIRC

The fee may also be paid through Paytm by the following link:

m.p-ytm/icsineww

With Best Regards

CS SURESH PANDEY

Chairman, NIRC-ICSI
Mobile: 9968300649

CS VIMAL GUPTA

Vice-Chairman, NIRC-ICSI
Mobile: 9314324282

CS SUSSHIL DAGA

Secretary, NIRC-ICSI
Mobile: 9829689999

CS DEVENDER SUHAG

Treasurer, NIRC-ICSI
Mobile: 8130586611



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AN EQUAL WORLD IS AN ENABLED WORLD
EACH FOR EQUAL

Celebrating

International Women's Day, 08 March



Theme:

I am Generation Equality: Realizing Women's Rights

on

Sunday, the 8th March, 2020 - 10.00 AM onwards

at

STEIN AUDITORIUM

Habitat World, at India Habitat Centre, Lodhi Road New Delhi-110003
(Entry from gate number 3 on Vardhman Marg)

Registration will start from 9.00 AM

Fee:

Per Delegate/Student: Rs.500/- (Inclusive of GST);

No Fee for Corporate Members of NIRC-ICSI

The fee may also be paid through Paytm through the following link:

m.p-y.tm/icsineww

In order to make necessary arrangements, Members and Students are requested to enroll well in advance with Regional Director, NIRC-ICSI, 4, Prasad Nagar Institutional Area, New Delhi. The cheque for delegate fee may please be drawn in favour of NIRC of ICSI payable at New Delhi. Tel.: +91-11-49343003, E-mail: rahul@icsi.edu.

PROGRAMME CREDIT HOURS: 04, PDP FOR STUDENTS: 08

(Credit Hours will be given to only those members who join the programme upto 11.00 A.M. and mark the attendance both at the beginning & conclusion of the programme)

With Best Regards

CS SURESH PANDEY
Chairman, NIRC-ICSI
Mobile: 9968300649

CS VIMAL GUPTA
Vice-Chairman, NIRC-ICSI
Mobile: 9314324282

CS SUSSHIL DAGA
Secretary, NIRC-ICSI
Mobile: 9829689999

CS DEVENDER SUHAG
Treasurer, NIRC-ICSI
Mobile: 8130586611

CS MONIKA KOHLI
Programme Director & Chairperson
Women Empowerment Committee of NIRC-ICSI
Mobile: 9810480983

GLIMPSES OF LEADERSHIP SUMMIT SANKALP 2020



MASTER CLASSES



MASTER CLASS 10-13 FEBRUARY, 2020 (1ST EDITION YEAR 2020)

S.No	Date	Topic	Faculty/Soaker
1.	10.02.2020	Role of CS in Commercial Arbitration	CS Anup Sobti (CS& Head Legal, Angeliue International Ltd.)
2.	11.02.2020	Corporate Borrowing & Deposit	CS Ranjeet Pandey Past President, ICSI
3.	12.02.2020	Related Party Transactions	CS Pankaj Virmani GM-Corporate Affairs, DLF
4.	13.02.2020	Commercial Transactions in Merger & Acquisitions	CS Manish Baid Partner, LibGem Solutions



MASTER CLASS 10-13 FEBRUARY, 2020 (2ND EDITION YEAR 2020) ON NCLT&NCLAT

S.No	Date	Topic	Faculty/Soaker
1.	17.02.2020	Overview for NCLT & difficulties in filing Application	Shri Shiv Ram Bairwa Registrar, NCLT
2.	18.02.2020	Revival of Companies & Disqualifications of Directors	CS Manish Gupta Council Member, ICSI
3.	19.02.2020	Drafting of Pleading, Art of Advocacy & Court Craft	CS UK Chaudhary Past President, ICSI
4.	20.02.2020	Opportunities for CS under IBC- Practice & Procedure	CS Susheel Daga, Secretary, NIRC-ICSI

GLIMPSES OF PROGRAMME ON UNION BUDGET 2020



INAUGURAL OF KARNAL CHAPTER

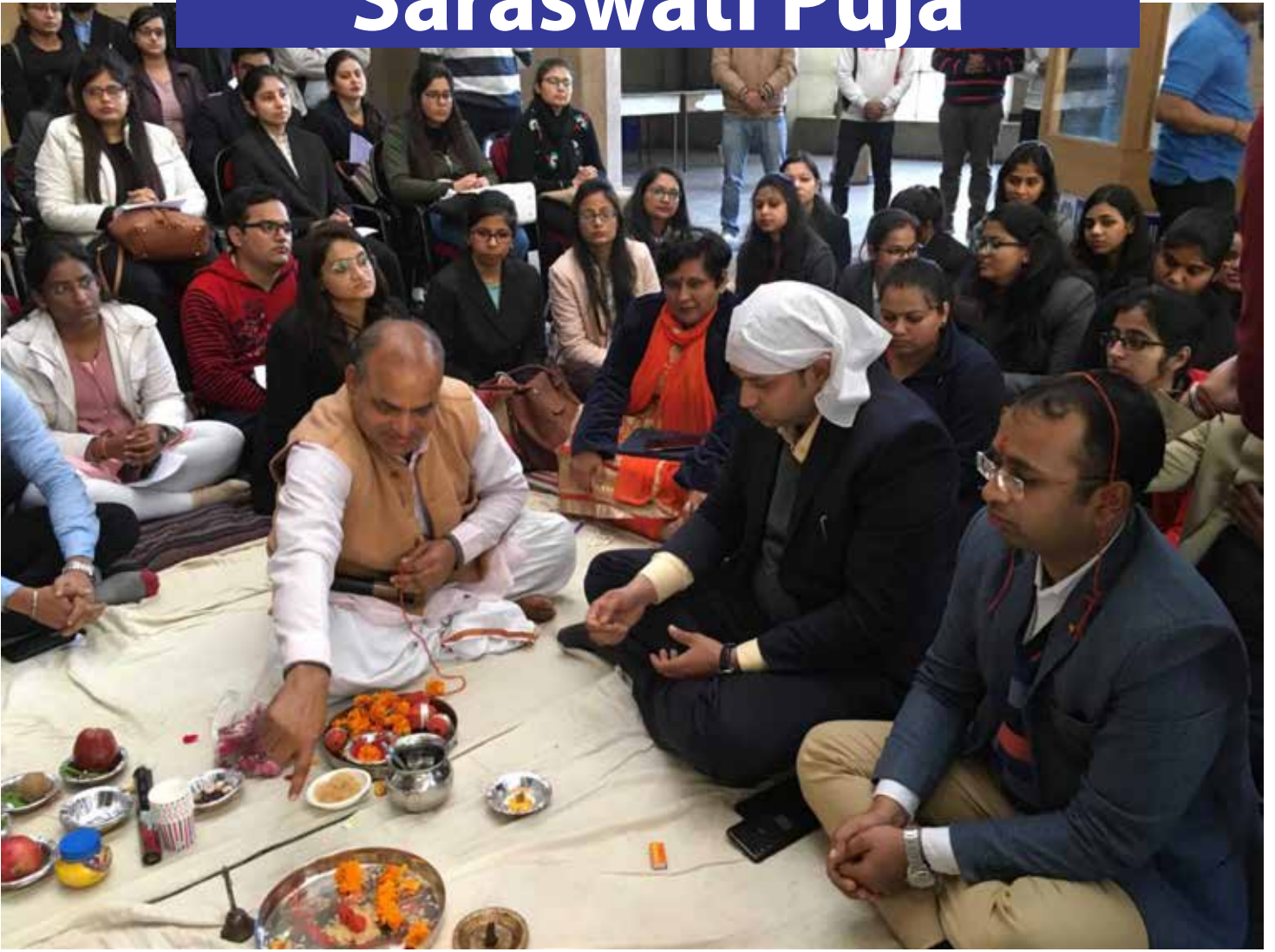
PLACEMENT DRIVE



302nd MSOP



Saraswati Puja



Motto

सत्यं वद। धर्मं चर।
इष्टकारं कुरु। तृप्तये। अविद्ये। ह्यु। कुरु।

Vision

"To be a global leader in promoting
good corporate governance"

Mission

"To develop high calibre professionals
facilitating good corporate governance"

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