

Company Secretaries' body wants more firms under mandatory audit

Game for more workload, says ICSI President Sridharan

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Playing the governance and transparency card, the Company Secretaries Institute has urged the Corporate Affairs Ministry to revisit the proposed criteria for mandatory secretarial audit in companies.

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All non-listed companies with paid up capital of ₹100 crore and above should also

undergo secretarial audit, the draft rules issued by the Ministry had said.

However, the Company Secretaries Institute wants secretarial audit trigger to be based on multiple factors including bank borrowings of the company.

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workload. If more companies come under the ambit of secretarial audit, it will only be to the advantage of regulators," R Sridharan, the newly elected ICSI President, told *Business Line*.

Besides listed companies, secretarial audit should become mandatory for all companies with paid up capital of ₹10 crore or annual turnover of ₹25 crore and above, the ICSI has submitted.

Capacity building

Also, secretarial audit should be mandatory for all companies with existing bank borrowing of ₹25 crore or more at any point in time during a financial year.

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Company Secretaries game for more workload: ICSI President

New ICSI President Sridharan pitches for criteria change on mandatory secretarial audit

Playing the governance and transparency card, the Company Secretaries Institute has urged the Corporate Affairs Ministry to revisit the proposed criteria for mandatory secretarial audit in companies. The new company law has stipulated secretarial audit for certain companies, including listed ones. All non-listed companies with paid-up capital of ₹100 crore and above should also undergo secretarial audit, the draft rules issued by the Ministry had said. However, the Company Secretaries Institute wants the secretarial audit trigger to be based on multiple factors including bank borrowings of the company. Under the criteria spelt out in the draft rules, only about 2,000 companies (for the ₹100-crore paid-up capital criteria) are expected to come under secretarial audit. "We can take additional workload. If more companies come under the ambit of secretarial audit, it will only be to the advantage of regulators", R Sridharan, the newly elected ICSI President said in his first interview after his election to the top post this month. Besides listed companies, secretarial audit should become mandatory for all companies with paid-up capital of ₹10 crore or annual turnover of ₹25 crore and above, the ICSI has submitted. Also, secretarial audit should be mandatory for all companies with existing bank borrowing of ₹25 crore or more at any point in time during a financial year.

Capacity Building

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Nearly 50 per cent of the members of the Institute of Company Secretaries of India (ICSI) are below the age of 35 years. "In light of the new company law, development of the profession has become important" he said. Besides mandating secretarial audit, the new company law has also categorised 'company secretary' as a key managerial person. Sridharan also saw new professional opportunities coming the way of company secretaries with the introduction of corporate social responsibility. "Our members – both practising and those in industry – can play a crucial role in guiding corporates in framing the CSR policy and other compliances", he said.

Small companies

Governance and compliance cannot be overlooked for companies which have a paid-up capital of less than ₹100 crore. If the Centre were to go with the ₹100-crore threshold for unlisted companies, then 99 per cent of the companies would be out of the purview of the secretarial audit requirement. The level of governance in larger companies is expected to be higher than smaller companies. In this backdrop, it is all the more important to ensure governance in those companies where the public interest is substantially high, the ICSI has submitted.