Manual on Secretarial Audit

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

Azadi Ka Amrit Mahotsav

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September 2022

Price : ₹500

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Published by :

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

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Laser typesetting at: AArushi Graphics

PREFACE

"It's not about being the best. It's about being better than you were yesterday."

Secretarial Audit is not just an audit of the diligent compliance or that of the adherence to the law in true letter and spirit but has proved to be a strong founding pillar of the governance framework of the Indian Corporate Sector and a futuristic torchlight for the entire Indian Economy. Secretarial Audit, as a result of faith of the law makers and the Regulatory Authorities in the Governance Professionals or as the law puts it, in the practicing company secretaries, bestows a huge responsibility on the Secretarial Auditors.

With non-financial reporting gaining impetus, now more than ever, non-financial audits are being portrayed and understood under a much more magnified light. Furthermore, given the heightened significance of secretarial audit, it becomes imperative that the nitty gritty about carrying out the very activity of Secretarial Audit, is well understood by the professionals.

This Manual covers, inter-alia, the event-wise checklists under the Companies Act, 2013 and also checklists for compliances under other laws such as SEBI Regulations, FDI, ODI and ECB Regulations as are mentioned in Form MR-3 i.e. format of Secretarial Audit Report. It also provides a specimen of Qualified Secretarial Audit Report. It also covers the relevant extracts from the Auditing Standards issued by the Institute. Auditing Standards as brought out by the Institute is an effort in standardising the auditing practices to be followed by company secretaries while rendering services to stakeholders. These, on the one hand sets the framework specifying certain principles to be followed for audit and on the other hand gives flexibility to adopt customised processes to suit the requirements considering size, geography, industry etc.

Understanding the need for guidance of its members, the Institute has been pursuing various capacity building initiatives, including holding deliberations, creating avenues for expert guidance and above all rolling out Manuals and publications to be ready reckoners for the members dedicating themselves to providing the best possible advice and handholding to corporates in the compliance of law. The publication "Manual on Secretarial Audit" is one such attempt of the Institute of Company Secretaries of India.

I would like to extend my heartfelt appreciation to the members of the Expert Group on Auditing Standards (2022) without whose tireless efforts this Manual could not have seen the light of the day. I would further like to extend my heartfelt gratitude to CS Vineet K. Chaudhary, Chairman, Auditing Standards Committee and Expert Group on Auditing Standards, ICSI for his guidance with full enthusiasm throughout since conceptualisation of the manual till its finalisation and taking it further for release of this publication.

In the same breath, I would also like to commend the efforts of CS Jasleen Kaur, Consultant, CS Deepa Khatri, Deputy Director under the guidance of CS Banu Dandona, Director, Directorate of Perspective and Futuristic Planning under the stewardship of CS Asish Mohan, Secretary, ICSI.

Improvement is a continuous process and equally applicable to this Manual. I would personally grateful to the readers to offer their suggestions/ comments for further advancement of this manual.

Place: Kolkata

Date: September 01, 2022

(CS Devendra V. Deshpande)

President

The Institute of Company Secretaries of India

CONTENT

SL. NO.	TOPIC	PAGE NO.
1	INTRODUCTION OF SECRETARIAL AUDIT	**1**
2	COMPLIANCES UNDER COMPANIES ACT, 2013	**40**
3	CAPITAL MARKET RELATED LAWS/RULES/REGULATIONS	**308**
4	FOREIGN DIRECT INVESTMENT	**462**
5	DIRECT INVESTMENT BY RESIDENTS IN JOINT VENTURE/WHOLLY OWNED SUBSIDIARY ABROAD	**482**
6	EXTERNAL COMMERCIAL BORROWINGS (ECBs)	**506**
7	SECRETARIAL STANDARDS	**520**
8	GENERAL AND INDUSTRY SPECIFIC LAWS	**533**
9	BOARD PROCESSES	**557**
10	FORMING OPINION AND REPORTING	**572**
11	SPECIMEN OF QUALIFIED SECRETARIAL AUDIT REPORT	**585**

1

INTRODUCTION OF SECRETARIAL AUDIT

GENESIS OF SECRETARIAL AUDIT

The Corporate sector in India is governed by various Acts and the rules, regulations made thereunder and every mode of Business has to abide by plethora of applicable laws, rules, procedures, regulations and the internal regulatory framework.

Every Company, while pursuing its business activities, has to comply with the rules and regulations relating to the Companies Act, Securities laws, FEMA, Industry Specific laws and General laws like Labour laws, Competition law and Environmental and Pollution related laws and should also pursue the good governance practices.

The term "Secretarial Audit" refers to the mechanism which is connected with the audit of the non-financial aspects of the company. It gives necessary comfort to the investors, management, regulators and other stakeholders, as to the compliance of all applicable laws by the company and certifies the existence of adequate systems and processes for ensuring compliance of laws in the company.

Secretarial Audit covers non-financial aspects of the business vis-à-vis their impact on the performance of the company and verifies compliances of applicable laws, regulations and guidelines. Nonetheless, this exercise enhances the capabilities of the management and also mitigates business and reputation risk to a great extent. It also evaluates the manner in which the affairs of a company are conducted to a great extent.

In the era of minimum government, maximum governance, the Secretarial Audit postulates for an independent verification of the records, books, papers and documents by a Company Secretary to check the compliance status of the company according to the provisions of various statutes, laws and rules & regulations and also to ensure the compliance of legal and procedural requirements and processes followed by the company.

Secretarial Audit is, therefore, an independent and objective assurance intended to add value and improve operations of a company. It helps to accomplish the organisation's objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.

BACKGROUND BEHIND INTRODUCTION OF SECRETARIAL AUDIT

Report of Parliamentary Standing Committee on Finance (Year 2009)

21st report of the Parliamentary Standing Committee on Finance on the Companies Bill, 2009 and The Company Secretaries (Amendment) Bill, 2010 in the year 2009-2010 recommended Secretarial Audit for listed and bigger companies.

The extracts from the Report are as follows:

"Para 7.8: *****Secretarial Audit may also be mandated for bigger companies, including all listed companies; as it *inter alia* provides necessary assurance to the investors that the affairs of the Company are being conducted in accordance with the legal requirements;

Para 10.53: Keeping in view its significance for ensuring procedural compliance by companies, particularly with regard to various statutory disclosures and to ensure adherence to prescribed secretarial standards, the Committee recommend that Secretarial Audit report may be required to be attached with financial statements by companies exceeding certain threshold limit of paid- up share capital.

Para 13.33: In accordance with the suggestions made by the Committee to include secretarial audit for bigger companies, delineation of functions and role of chief financial officer and company secretary, the Ministry have proposed to include three new sub- clauses 178A, 178B and 178C in clause 178.

Clause 178A, which deals with Secretarial Audit is given below:

New sub-clause 178A- Provisions to be included in the Bill to mandate Secretarial audit for bigger companies New Clause 178A-

(1) Every company having a paid-up share capital of rupees five crore or more or such other amount as may be prescribed by Central Government from time to time shall annex with its Board's Report made in terms of sub- section (3) of section 120 of the Act, a Secretarial Audit Report given by a company secretary in practice in such form as may be prescribed.

(2) It shall be the duty of the company to give all assistance and facilities to the company secretary in practice for auditing the secretarial and other records of the company.

(3) The Board of Directors, in their Report made in terms of sub-section (3) of section 120 of the Act, shall explain in full any qualification or observation or other remarks made by company secretary in practice in his report under sub-section(1).

(4) Where any default is made in complying with the provisions of this section, –

(a) the company and every officer who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees;

(b) the company secretary in practice who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees".

Accordingly, Section 204 'Secretarial Audit for Bigger Companies' is introduced under the Companies Act, 2013 and applicable w.e.f April 01, 2014.

APPLICABILITY OF SECRETARIAL AUDIT

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

204. (1) Every listed company and a company belonging to other class of companies *as may be prescribed* 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 such form as may be prescribed.

(2) It shall be the duty of the company to give all assistance and facilities to the company secretary in practice, for auditing the secretarial and related records of the company.

(3) The Board of Directors, in their report made in terms of sub-section (3) of section 134, shall explain in full any qualification or observation or other remarks made by the company secretary in practice in his report under sub-section (1).

(4) 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 liable to a penalty of 2,00,000 rupees.

In terms of Rule 9(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the purposes of sub-section (1) of section 204, the other class of companies shall be as under-

(a) Every Public Company having a paid-up share capital of 50 crore rupees or more; or

(b) Every Public Company having a turnover of 250 crore rupees or more; or

(c) Every Company having outstanding loans or borrowings from banks or public financial institutions of 100 crore rupees or more. [Applicable in respect of financial years commencing on or after April 01, 2020.]

Explanation to this sub-rule clarifies 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.

Further Rule 9(2) of the above rules prescribes the format of Secretarial Audit Report in **Form No. MR-3** which is placed at **Annexure-A.**

Secretarial Audit and Secretarial Compliance Report under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In view of the criticality of secretarial functions for ensuring efficient functioning of the Board, the Kotak Committee on Corporate Governance, in its report dated October 05, 2017, recommended that-

(a) Secretarial Audit to be made compulsory for all listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") in line with the provisions of the Companies Act, 2013.

(b) Secretarial Audit to be extended to all material unlisted Indian subsidiaries in line with the recommendations of the Committee on strengthening group oversight and improving compliance at a group level for listed entities.

Accordingly, **SEBI vide circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019** notified the following provisions to be included in the SEBI (LODR) Regulations, 2015:

- *Regulation 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.

The above provision has been substituted by the SEBI vide amendment dated 05.05.2021 which reads as under:

- *Regulation 24A*: Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

Every listed entity shall submit a *secretarial compliance report* in such form as specified, to stock exchanges, within 60 days from end of each financial year.

In order to avoid duplication, the listed entity and its unlisted material subsidiaries shall continue to use the same Form No. MR-3 as required under Companies Act, 2013 and the rules made thereunder for the purpose of compliance with Regulation 24A of SEBI (LODR) Regulations, 2015 as well.

The format for the **Annual Secretarial Compliance Report** is placed at **Annexure-B.**

The circular further provides that the listed entities and their material subsidiaries shall provide all such documents/information as may be sought by the PCS for the purpose of providing a certification under the Regulations and this circular.

SEBI while reposing immense confidence in the members of ICSI has mandated the issuance of Annual Secretarial Compliance (ASC) Report by a Company Secretary in Practice to the listed entities and also specifically entrusted the task of bringing a Guidance Note on the same to the ICSI for the capacity building of its members to enable them to undertake certifications in accordance with the Regulations and this circular in letter and in spirit. Accordingly, the ICSI brought this *Guidance Note on Annual Secretarial Compliance Report* in the month of April, 2019 for the benefit of its members.

While the Annual Secretarial Audit shall cover a broad check on compliance with all laws applicable to the entity, listed entities shall additionally, on an annual basis, require a check by the Company Secretary in Practice on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder, consequent to which, the Company Secretary in Practice shall submit a report to the listed entity in the manner specified in this circular.

The Annual Secretarial Compliance Report is applicable to all Listed Entities.

Guidance Note on Annual Secretarial Compliance Report has recommended that the format for Annual Secretarial Compliance (ASC) Report may be annexed to the Annual Report.

The ASC Report postulates for an independent verification of the records, books, papers and documents by a Company Secretary in Practice to check the compliance status of the company with the provisions of all applicable SEBI laws, Regulations and circulars/ guidelines issued thereunder.

In terms of Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015, the term 'Material Subsidiary' shall mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

PURPOSE OF SECRETARIAL AUDIT

Secretarial Audit provides an effective mechanism to ensure that compliance of various legislations and regulations including the Companies Act, SEBI Law, Secretarial Standards and other corporate and economic laws applicable to the company has been diligently done. This would give necessary comfort to the Investors, Management, Regulators and Other Stakeholders.

The periodical Secretarial Audit helps to detect the instances of non-compliances and facilitates taking corrective-measures well in time to avoid any further risk.

Secretarial Audit facilitates monitoring compliances with the requirements of law through a formal compliance management programme which can produce following positive results to the stakeholders of a company:

- Companies that go the extra mile with their compliance programs lay the foundation for good governance.
- Companies with an effective compliance management programme have lesser chance of being penalised, both monetarily and by way of imprisonment.
- Companies that imbibe business and personal ethics and an effective compliance management programme within their work culture often enjoy employee and customer loyalty and public respect for their brand, which can translate into better market capitalization and shareholder returns.
- Recognition for the company as a good corporate citizen.

SCOPE OF SECRETARIAL AUDIT

The scope of Secretarial Audit comprises verification of the compliances according to the provisions of following enactments, rules, regulations, notifications and guidelines:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder:

The Act is divided into 29 chapters, 470 sections and VII Schedules. On various matters, Central Government has been empowered to make rules. A perusal of the scheme of the Act makes it clear that compliances under the Act may be divided into two categories. Compliances of the first type are annual and non-event based such as filing of the annual return, annual report including secretarial audit report, wherever applicable, etc. The compliances of second category are event based i.e. on happening of certain event. Secretarial audit envisages the verification of all secretarial records of a company.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

(iv) 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;

(v) The following Regulations and guidelines as prescribed under the Securities Board of India Act, 1992 (SEBI Act):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015.

(vi) ……..(Mention the other laws as may be applicable specifically to the company)

Other Applicable Laws include:

Reporting on compliance of 'Other laws as may be applicable specifically to the company' shall mean 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.

'Other areas' which need to be checked

Secretarial Auditor needs to examine and report on the compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with the respective Stock Exchange(s), if applicable;

Secretarial Audit report also requires reporting on whether –

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors, and Women Director.
- The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 07 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.
- There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with all applicable laws including general rules like labour laws, competition law, environmental laws, regulations and guidelines.

Secretarial Auditor is required to report and provide details of specific events and actions that occurred during the reporting period having major bearing on the affairs of the company in pursuance of above referred laws/ rules & regulations.

APPOINTMENT OF SECRETARIAL AUDITOR

In terms of Section 204(1), only a member of the Institute of Company Secretaries of India holding Certificate of Practice i.e. Company Secretary in Practice can conduct Secretarial Audit and furnish the Secretarial Audit Report to the company.

As per Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014, secretarial auditor is required to be appointed by means of resolution at a duly convened meeting of the Board of Directors of the company and the same shall be intimated to the concerned Registrar of the Companies in Form MGT-14 within 30 days of passing it.

ICSI AUDITING STANDARDS

The ICSI has issued the First 04 Auditing Standards, i.e.

(i) *CSAS 1*: Auditing Standard on Audit Engagement;

(ii) *CSAS 2*: Auditing Standard on Audit Process and Documentation;

(iii) *CSAS 3*: Auditing Standard on Forming of Opinion; and

(iv) *CSAS 4*: Auditing Standard on Secretarial Audit.

Which are applicable mandatorily on the audit assignments accepted by the auditor on or after April 01, 2021.

ICSI Auditing Standards aims to support the Company Secretaries in developing auditing acumen, techniques and tools and inculcate best auditing practices while conducting the audit and promote standardization and uniformity in the professional arena.

The adoption of Auditing Standards will bring substantial impact on the quality of audits performed by Company Secretaries and bring uniformity and consistency.

CSAS 1: AUDITING STANDARD ON AUDIT ENGAGEMENT

➢ Engagement of Secretarial Auditor

The Auditing Standard on Audit Engagement (CSAS-1) is mandatorily applicable for Audit Engagements accepted by the Auditor on or after April 01, 2021. The Auditing Standard is applicable to the Practicing Company Secretaries (PCS) as defined in the Company Secretaries Act, 1980, who undertake the audit assignment envisaged under the Companies Act, 2013 or Securities and Exchange Board of India Act, 1992 or any other applicable laws prevailing in India.

In case of appointment by Court, Tribunal or Regulatory Authority, CSAS-1 shall apply to the extent possible, since the manner of appointment and terms of engagement in such cases shall be as per the directions of the Court, Tribunal or Regulatory Authority.

The term “Audit Engagement” means detailed terms of reference of appointment including scope of audit, remuneration and limiting conditions, if any.

The Auditing Standard on Audit Engagement (CSAS-1) deals with the Auditor’s roles and responsibilities with respect to an Audit Engagement and process of entering into an understanding/agreement with the Appointing Authority for the purpose of audit.

The objective of the Standard 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.

The procedure as specified in Guidance note on CSAS-1 explaining the principles and procedure is briefed hereunder.

➢ Audit Engagement Process

The Auditor shall undertake the following steps with respect to the Audit Engagement:

Pre-Engagement Meeting

Before accepting the Audit Engagement, the Auditor should have a pre-engagement meeting with the Auditee. The meeting may inter-alia include discussion about the terms of engagement, prior year audit findings and conclusions, appropriateness of reporting framework, understanding Auditee's business operations and environment including internal control system, commercial terms of the audit and the timelines and milestones, if any, for conducting the Audit and submission of the Audit Report. Auditor shall disclose in the pre-engagement meeting conflict of interest, if any, with the Auditee.

The Auditor shall be under Confidentiality obligation with respect to the information obtained during the pre-engagement meeting.

Appointment

The appointment of Auditor shall be made in the manner prescribed in the applicable laws, act, rules, regulations, standards and guidelines and in case no such manner has been prescribed, such appointment shall be made in the manner determined by the Appointing Authority.

Certificate of Eligibility

The Auditor shall submit a Certificate to the Appointing Authority confirming eligibility for appointment as Auditor.

Before accepting an audit, the Auditor shall furnish a certificate to the Appointing Authority that:

(a) The number of audits are within the ceiling prescribed by the ICSI as specified in para 2 of CSAS 1.

(*b*) *No substantial conflict of interest as defined in para 3 of CSAS-1 exists with the Auditee.*

(*c*) *There is no restriction to render the professional services under ICSI Guidelines.*

(*d*) *He is not debarred to undertake such audit under any law or under the disciplinary mechanism of the ICSI.*

Audit Engagement Letter

The Auditor shall obtain an Audit Engagement Letter along with a copy of the resolution, if any, passed by the Appointing Authority and shall provide acceptance to the Appointing Authority.

The Audit Engagement Letter shall *inter alia* include:

(a) The objective and scope of the audit;

(b) The responsibilities of the Auditor and the Auditee;

(c) Written representations provided and/or to be provided by the Management to the Auditor, including particulars of the Predecessor or Previous Auditor;

(d) The period within which the audit report shall be submitted by the Auditor, along with milestones, if any;

(e) The commercial terms regarding audit fees and reimbursement of out-of-pocket expenses in connection with the audit; and

(f) Limitations of audit, if any.

The Auditor shall agree upon the terms of Audit Engagement with the Appointing Authority which shall be documented in an Audit Engagement letter.

Responsibilities of Auditor

The Responsibilities of Auditor inter alia include the following:

- *To take up the audit as per the terms of the engagement.*
- *To depute personnel who have the knowledge of the laws under which the audit is being carried out, subject to his overall supervision.*
- *To observe and ensure observance of highest standards of ethics and maintain utmost professionalism at all times by the employees, staff and other team members involved in the Audit and persons engaged by him to provide advice or assistance for the conduct of audit.*
- *To maintain and ensure confidentiality by the employees, staff and other team members involved in the audit and persons engaged by him to provide advice or assistance for the conduct of audit as mentioned in Para 4 of this Standard.*
- *To not trade in securities relating to which unpublished price sensitive information has come to his/her knowledge during the course of audit, this responsibility shall extend to his employees, staff and other team members involved in the audit and persons engaged by him to provide advice or assistance for the conduct of audit also.*

***Responsibilities of Auditee** inter alia include:*

- *To provide access to premises of the Auditee and timely access to Records, documents, legal opinions, show cause notices, inspection reports and other information, explanations and reports as may be necessary in connection with the audit.*
- *To identify and depute a responsible official to timely provide relevant documents, information and explanations required by the Auditor.*
- *To provide written Management representations, if any, to the Auditor during the course of audit, which shall provide the Auditor a substantive evidence of important assertions and the Management's primary responsibility for the assertions and its accuracy.*
- *To provide details of the Predecessor or Previous Auditor, so as to enable proposed Auditor to communicate with the Predecessor or Previous Auditor.*

***Audit remuneration and expenses** may depend on several factors including:*

- *Size of the organization;*
- *Location of business and its branches;*
- *Type of company (Listed/Unlisted);*
- *Sector to which company belongs*
- *Nature of business;*
- *Internal control mechanism;*
- *Scope of Audit Engagement;*
- *Frequency of audit, whether monthly, quarterly, yearly*
- *Type of audit, whether sole, joint or concurrent audit*
- *The experience of the Auditor in conducting audits;*
- *Estimated man-hours required to complete the assignment;*
- *Guidance/Advisory issued by the ICSI, if any*
- *Any other term or a combination of any of the above.*

Audit fees should be a fair reflection of the value of the work performed for the Auditee, considering the above factor.

The Auditor is not permitted to pay a commission to obtain an audit nor shall he accept a commission for referral of an Auditee to a third party. He shall not accept a commission for the referral of the products or services of others.

As per Clause 2 of Schedule I of the Company Secretaries Act, 1980: A Company Secretary in Practice shall be deemed to be guilty of professional misconduct, if s/he pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional work to any person, other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner.

As per Clause 9 of Schedule I of the Company Secretaries Act, 1980: A Company Secretary in Practice shall be deemed to be guilty of professional misconduct, if s/he charges or offers to charge, accepts or offers to accept, in respect of any professional employment, fees which are based a on percentage of profits or which are contingent upon the findings, or result of such employment, except as permitted under any regulation made under this Act.

Auditor should include a statement in the Audit Engagement Letter that because of inherent limitations of an audit, inherent limitations of internal control, an unavoidable risk exists that some material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the applicable Auditing Standards.

Audit Engagement Letter should also specify that arrangements concerning the involvement of third party and experts in some aspects of the Audit.

If the Appointing Authority has imposed a limitation on the scope of the Auditor's work in the terms of engagement and the Auditor believes that such limitation will result in lower level of assurance than what is required under law, the Auditor shall not accept such an engagement, unless required by law or regulation to do so.

*Specimen **Audit Engagement Letter** is placed at **Annexure C.***

Communication to the Predecessor or Previous Auditor

The term "Predecessor or Previous Auditor" means an Auditor who has conducted the most recent audit assignment of the Auditee and submitted report thereon prior to the incumbent Auditor or was engaged but did not complete the audit assignment due to his resignation, termination or otherwise. *An Auditor who has completed the assignment and has not been reappointed or an Auditor who had been appointed but has not completed the assignment due to resignation, termination or otherwise, shall be deemed to be a "Predecessor or Previous Auditor" for the same assignment.*

The Auditor shall communicate in writing to the Predecessor or Previous Auditor, if any, before accepting the Audit Engagement.

Communication by a letter sent by Registered Acknowledgement Due or by courier or by hand against the written Acknowledgement or through an email would be in the normal course provide such evidence. The Auditor shall wait for a period of 7 days from the date of communication before accepting the audit.

In case any information is provided by the Predecessor Auditor, the Successor Auditor shall take cognizance of the same. The information obtained from the Predecessor may be useful in undertaking the audit. Such information shall remain confidential.

➢ **Limits on Audit Engagements**

The Auditor shall accept Audit Engagements within the limits of number of audits, if any, as may be prescribed under any law for the time being in force or by the ICSI from time to time.

To uphold the quality of services rendered by members of the Institute, the Institute has issued the following guidelines:

Guidelines	*Guidelines Issued at*
Limits for the issue of Secretarial Audit Reports: ● *10 Secretarial Audits per partner/ PCS, and* ● *an additional limit of 5 Secretarial Audits per partner/PCS in case the unit is peer reviewed.* *(The limits will be applicable for the Secretarial Audit Reports issued for the FY 2016-17 onwards)*	*235th meeting of the Council held on 11th February, 2016*
Number of Annual Secretarial Compliance Reports to be issued by PCS are 5 (five) reports individually / per partner in each financial year w.e.f. 1st April, 2020 and an additional limit of 5 (five) ASCR individually/ per partner in case the unit has been Peer Reviewed.	*260th meeting of the Council held on 4-5 May, 2019*
In case of the following, Secretarial Audit/ Secretarial Compliance Report to be done by Peer Reviewed Units only: ● *Top 100 companies as per market capitalization w.e.f. April 1, 2020* ● *Top 500 companies as per market capitalization w.e.f. April 1, 2021* ● *All listed companies w.e.f. April 1, 2022* ● *All companies w.e.f. April 1, 2023*	*259th meeting of the Council held on 16th March, 2019*

➢ **Conflict of Interest**

The Auditor shall not have any substantial conflict of interest with the Auditee. Any conflict of interest, other than substantial conflict of interest, must be disclosed by the Auditor before accepting the Audit Engagement or as soon as the Auditor becomes aware of the same, as the case may be.

➢ **Confidentiality**

The Auditor shall not disclose the information obtained during the course of Audit without proper and specific authority or unless there is a legal obligation or duty to disclose.

Clause (1) of Part I of the Second Schedule to the Company Secretaries Act, 1980 provides that a Company Secretary in practice shall be deemed to be guilty of professional misconduct, if the member – "discloses information acquired in the course of professional engagement to any person other than the Auditee so engaging him, without the consent of the Auditee, or otherwise than as required by any law for the time being in force."

The word 'information' here implies any information which is not available in public domain.

During the course of audit, Auditor receives, verifies and inspects various audit documents, evidence, representation etc. to form an opinion or to give a report. These may be confidential and privileged information that remain in possession of the Auditor and shall not be disclosed without the express authority of the Auditee.

The Auditor shall not use or share with any person any information obtained except for the purposes of audit.

An Auditor shall maintain confidentiality even in a social environment. The Auditor shall be alert to the possibility of inadvertent disclosure, particularly in circumstances involving long association with a business associate or a relative or friends etc.

However, if the Auditor gives any reference of the audit evidence or documents while forming the opinion in the audit report, it will be deemed to be the disclosure of information under the legal obligation or in the performance of the duty.

If during the course of audit and forming opinion, the Auditor uses the decisions of the judicial authority, it will not be treated as use or sharing of confidential information.

The Auditor shall take all reasonable steps to ensure that employees, staff and other team members of the Auditor and persons engaged by the Auditor to provide advice or assistance during the conduct of audit, shall also adhere to the Auditor's duty of confidentiality.

The Auditor shall

- *educate his employees, staff and other team members about the importance of the confidentiality of the information available to them during the course of audit.*
- *ensure that reasonable procedures have been followed to maintain the confidentiality of the information.*
- *take a duly signed Non-Disclosure Agreement (NDA) from such personnel who may have access to such confidential information.*
- *ensure that reasonable procedures and safeguards are being followed to prevent unauthorized access to such confidential information.*

CSAS-2: AUDITING STANDARD ON AUDIT PROCESS AND DOCUMENTATION

After the appointment of Secretarial Auditor, he has to initiate Audit Process. **ICSI CSAS-2 i.e. 'Auditing Standards on Audit Process and Documentation'** deals with responsibilities and duties of the Auditor with respect to Audit process in conducting audit and maintain proper audit documents.

The Auditor has the responsibility to plan and perform the audit to obtain reasonable assurance as to the compliances by the Auditee with the applicable laws or processes as may be covered under the scope of audit, based on the relevant records. The Audit process includes planning, execution and documentation.

The objective of the Standard is to prescribe principles for an Auditor:

(i) to conduct audit as per the specified audit process;

(ii) to maintain documentation that provide:

  (a) sufficient and appropriate record to form the basis for the Auditor's Report; and

  (b) evidence that the audit was planned and performed in accordance with the applicable Auditing Standards and statutory requirements.

The Auditor must plan and perform audit procedures to obtain sufficient and appropriate audit evidence to have a reasonable basis for Auditor's opinion.

Sufficiency is the measure of the quantity of audit evidence and depends on various factors including internal controls systems and risk involved. As the risk increases, the amount of evidence that the Auditor should obtain also increases. However, as the quality of the evidence increases, the need for additional corroborating evidence decreases. Increase in the quantum of poor quality of evidence cannot compensate for the requirement of sufficiency of evidence.

Appropriateness is the measure of the quality of audit evidence, i.e. its relevance and reliability. To be appropriate, audit evidence must be relevant and reliable in providing support for the conclusions on which the Auditor's opinion is based.

The steps which an Auditor should follow as per CSAS-2 are briefed hereunder.

➢ Audit Planning

The Auditor shall make audit plan to conduct audit as per the terms of Audit Engagement.

Audit plan is very crucial and should be designed with due care. Audit plan addresses the details of what, where, who, when and how: Such as-

- *What are the audit objectives?*
- *Where will the audit be done?*
- *Whether there will be audit visits to other locations of the company?*
- *When will the audit(s) occur? (How long?)*
- *Who constitute the audit team?*
- *How will the audit be done?*

The Auditor should prepare an audit plan, which shall include detailed layout for conducting audit procedures, timing, sample sizes, basis of selection of sample, etc.

The basic purpose of an audit plan is:

- *To develop an audit process which ensures that sufficient and appropriate evidence is gathered to support the audit opinion;*
- *The audit should be planned in a manner which ensures that the audit is carried out in an efficient and effective way in a timely manner;*
- *The audit plan should be documented and kept as audit working paper;*
- *The audit planning process should be framed on a thorough understanding of the Auditee, its business, sector in which it functions and its operation;*
- *To determine the materiality for the audit.*

Audit planning means establishing and developing an overall audit process, including but not limited to:

(a) Identification of broad audit areas;

(b) Seeking previous audit findings and observations from the Management and the Predecessor or Previous Auditor, in case of change of Auditor;

(c) Determination of subject matters and audit areas requiring special attention, when considered necessary;

(d) Risk Assessment and Materiality;

(e) Audit technique;

(f) Allocation of audit resources for the audit; and

(g) Preparation of audit schedule.

Audit planning involves establishing the overall audit strategy for the engagement and development of audit plan. Adequate Audit planning benefits the Auditor in several ways, which includes the following:

- *Identification of audit area requiring special attention;*
- *Identification and timely resolution of potential challenges;*
- Organizing and managing the audit process to perform audit in an effective and efficient manner;
- Selection of audit team with appropriate levels of capabilities and competence to respond to anticipated challenges and allocating responsibilities;
- *Direction and supervision of audit team and the review of their work, and*
- *Coordination of work done by third party and specialists.*

The overall audit process can be depicted as under *:*

❖ *Understanding the Auditee and its Operations*

- *Understanding the Legal Requirements and Applicability of Law, Rules, Regulations.*
- *Overview and Assessment, Internal Control Mechanism and Identification of Material Event and Risk Areas*
- *Risk Assessment considering the existing Internal Control Mechanism*
- *Deciding the Audit Approach considering Reliance on the Internal Control and Procedures to be Adopted for Audit*
- *Identification of the Audit Evidence*
- *Designing the detailed Audit Procedure for various Transactions & Events based on the Materiality, Value and Nature.*
- *Perform Audit Procedures*
- *Audit Conclusions based on the Audit Evidence*
- *Forming of Opinion*

The audit approach may be a reliance or systems-based approach where the preliminary assessment has shown that controls are robust and proper procedures have been followed; or a substantive approach where the preliminary assessment shows controls to be poor, or where testing shows that the controls have not operated continuously and effectively during the period being audited, or where controls (even if deemed to be good or excellent) are not tested (whether due to lack of resources, expertise, etc.)

Materiality, together with the Auditor's assessment of inherent risks and the Auditor's preliminary assessment of internal controls, provide the basis for the appropriate audit approach. The combined assessment of inherent risk and evaluation of internal control help to determine the nature and extent of the audit procedures to be designed and performed.

The audit shall be planned in a manner which ensures that qualitative audit is carried out in an efficient, effective and timely manner. Audit planning shall ensure that appropriate attention is accorded to crucial areas of audit and significant issues are identified in a timely manner.

Benefits of Audit Plan

- *It helps the Auditor to obtain sufficient and appropriate evidence for the circumstances.*
- *It helps to keep the audit costs at a reasonable level.*
- *It helps to avoid misunderstandings with the Auditee.*
- *It helps to ensure that the potential problems are promptly identified.*
- *It helps to carry out the audit work smoothly and in a well-defined manner.*

However, the audit plan should not be followed rigidly and it should be changed according to the circumstances to effectively conduct the audit.

Developing the Audit Plan

The Auditor establishes the overall audit strategy, which sets out the scope, timing and direction of the audit and guides the development of the more detailed audit plan which should include the following:

Introduction – *A short introduction about the audit;*

Audit field – *A description of the audit field, including the regulatory framework for the audit where relevant and recent significant changes and developments that may affect the audit;*

Audit objectives – *The audit objectives depend on the type of audit to be conducted;*

Audit coverage – *The audit coverage periods to be covered and locations to be visited; control systems to be tested and sample to be audited;*

Materiality – *Identification of materiality in terms of value, nature and context;*

Risks – *A preliminary assessment of risks (e.g. changes in the regulatory environment or internal control systems and evaluation of inherent and control risk);*

Audit approach – *The audit approach, including the audit procedures to be carried out in order to provide the necessary audit evidence. This identifies the extent of planned reliance on control systems and the extent of substantive procedures;*

Organization – *Organization of audit work: Resources (including recourse to the work of other Auditor and experts),* timetable (including the reporting objectives of the audit), and documentation in electronic audit support system, in respect of audit work.

The Auditor shall plan the audit with professional scepticism so that it is possible to exercise professional judgment in an objective manner.

It is the duty of the Auditor to maintain professional scepticism throughout the audit. A belief that Auditee and those charged with governance are honest and have integrity does not relieve the Auditor of the need to maintain professional scepticism or allow the Auditor to be satisfied with less than persuasive audit evidence when obtaining reasonable assurance. He should observe things closely and take on record anything which is contradictory or contravenes the provisions contained in the law under which the audit is being carried out.

While making risk assessment an Auditor should be sceptical and should not completely rely on Management's explanations at face value, but should obtain corroboratory evidence for the explanations offered. While obtaining audit evidence the professional scepticism requires an *Auditor to challenge Management, especially on complex and subjective matters and matters where a degree of judgment has been exercised by Management. There may also be specific issues arising during an audit which impacts on professional scepticism. For example, if management refuses the Auditor's request to obtain evidence from a third party. The Auditor will have to consider how much trust can be placed on evidence obtained from management – for example, evidence in the form of enquiry with management or written representations obtained from management.*

Similarly, while evaluating audit evidence, the Auditor should critically assess audit evidence and be alert for contradictory evidence that may undermine the sufficiency and appropriateness of evidence obtained. The Auditor should also apply professional scepticism when forming the opinion, by considering the overall sufficiency of evidence to support the audit opinion, and by evaluating whether the records as a whole are a fair presentation of underlying transactions and events.

The application of professional scepticism enhances the effectiveness of applied audit procedures and reduces the risk and possibility that the Auditor will reach an inappropriate conclusion when evaluating the results of audit procedures.

The Auditor shall adhere to the audit plan. The audit plan may be modified, if circumstances so warrant.

The audit plan should be documented in audit file, including significant changes made during the course of the audit and the reasons for such changes. The audit plan should be updated and modified as may be necessary during the course of the audit, whether due to unexpected events, changes in conditions or audit evidence obtained. This may have an impact on the planned nature, extent and timing of planned audit procedures.

Updation of audit plan may be carried out in the circumstances such as change in business plan, changes in the regulatory environment, changes in management, etc.

➢ Risk Assessment

Risk assessment of the Auditee with respect to and connected/relevant to the Audit Engagement shall be done considering industrial & business environment, organizational structure and compliance requirements.

The industrial & business environment includes the regulatory changes & judicial orders, compliance and disclosure requirements, etc.

The Auditor shall evaluate high risk areas and activities of the Auditee relating to:

(a) Internal control systems and processes of the Auditee for adherence to the constitutional documents, applicable laws, act, rules, regulations and standards;

(b) Transparency, prudence and probity; and

(c) Changes or Attrition in the compliance team and frequency of such changes and attrition.

The Auditor shall endeavor to make assessment of risk and shall identify critical and high-risk areas; the risk assessment by Auditor can be made:

- *by considering the underlying risk assessed by Management or internal and/or specific expert/ agencies and analysis thereof;*
- *by reviewing policies and procedures put in place to mitigate risk;*
- *by having insight into the objectives, key performance indicators, risks and control measures, holding meetings with key executives of the Auditee.*

➢ **Information about the Auditee**

The Auditor shall obtain sufficient information about the Auditee that is relevant for conduct of audit and forming an opinion and its expression.

It should inter-alia cover the following details:

- *Nature of the business of the Auditee;*
- *Sector in which the Auditee operates and how Government / Regulatory policies have evolved specific to such sector;*
- *Size of the business of the Auditee including geographical locations; Organization structures including Directors and KMPs;*
- *Corporate structure, associates, joint ventures, subsidiaries;*
- *Laws applicable to business of the Auditee;*
- *Registrations and permissions obtained;*
- *Court & regulatory orders enforced;*
- *Media Reports.*

➢ **Audit Checklists**

The Auditor shall use systematic and comprehensive audit checklists for carrying out the audit and to verify the compliance requirements.

The Auditor shall compile and validate the checklists for use in the audit process on the basis of information gathered about the Auditee and scope of the audit. It is a useful tool to ensure that no compliance point is missed or omitted while conducting audit. The Audit checklist should provide structure and continuity to an audit. Checklists provide a means of communication and a place to record data for use for future reference.

Ideally checklists should:

- *promote overall planning and timelines of the audit;*
- *ensure comprehensive, consistent and focused audit approach;*
- *avoid duplication of data verification and information;*
- *ensure that audit scope is being followed;*

- serve as a memory aid and provide a repository for notes collected during the audit process.

Audit checklists should be developed to provide assistance to the audit process and should be reviewed and updated from time to time to meet the scope of audit and its effectiveness. Audit team should be trained in the use of a particular checklist and be shown how to use it to obtain optimal information.

➢ **Collection and Verification of Audit Evidence**

The Auditor shall verify compliance with applicable laws, act, rules, regulations and standards. Deviation, if any, shall be recorded.

The Auditor shall satisfy himself about compliance of the Auditee with the applicable laws, rules and regulations. If any deviation is observed, then the appropriate noting of the same shall be made.

The Auditor shall obtain complete, relevant and necessary evidence to support the opinion.

Audit evidence is obtained using a variety of techniques such as the following:

Documents/Records Scrutiny

This is predominant mode of obtaining audit evidence and involves scrutiny of a wide variety of documents e.g. board resolutions, agenda and minutes, notices, registers, records, procedure manuals, reports, etc.

In auditing, it is often not possible, due to limited resources, to check every document or record. The Auditor, wherever necessary, may choose to sample a statistical representative number of documented results, such as monitoring big data or incident reports. An appropriate sampling method will manage any uncertainty to an acceptable level.

Testing, Interviews and Analysis

The Auditor should determine whether the controls identified during the preliminary review are operating properly and in manner described by the Auditee. Fieldwork typically consists of interviewing the staff of the Auditee whether formally or informally, reviewing procedure manuals and processes, testing and analyzing compliance with applicable policies and procedures and laws, rules, regulations and assessing the adequacy of controls. This exercise may result in significant findings, which the Auditor should consider while preparing the audit report.

Questionnaires

This involves seeking information from relevant persons within the Auditee through issue of a formal questionnaire to elicit further information and gather relevant audit evidence.

Third Party Confirmation

Third party confirmation is a type of inquiry and involves obtaining, independently of the Auditee, a reply from a third party with regard to some particular information – for example Registrar and Transfer Agents or other third party agencies.

Analytical Procedures

Analytical procedures involve comparing data, or investigating fluctuations or relationships that appear inconsistent in various records.

The process of gathering and evaluating evidence shall continue until the Auditor is satisfied that sufficient and appropriate evidence exists to provide a basis for formation of the Audit Opinion.

Audit evidence collected through above mentioned audit procedures is to be evaluated against the relevant, already identified criteria. This involves consideration of evidence collected vis-a-vis the subject matter information, as well as the written responses obtained from responsible officers of the Auditee under the scope of audit.

➢ Third Party Confirmation

The Auditor shall obtain confirmations from third party(ies), wherever required, with respect to information which is related to such party(ies).

During the course of audit, if circumstances warrant, the Auditor shall obtain the information from the third parties. In such cases, a written request should be made to obtain the information.

An external confirmation is audit evidence obtained as a direct written response to the Auditor from a third party in paper form, or through electronic or other medium. Requesting external confirmations is a commonly used audit procedure in an audit. It can be useful in obtaining audit evidence about significant transactions outside the normal course of business, and related party transactions.

Circumstances may exist where it may be difficult to obtain responses to external confirmation requests. The auditor should plan alternative or additional procedures.

➢ Analysis of Audit Evidence

The Auditor shall evaluate the Audit Evidence to arrive at the conclusion.

The Auditor shall verify compliance with applicable laws, rules and regulations and highlight deviations, if any. Further, the Auditor has to obtain competent, relevant and reasonable evidence to support his judgment as well as conclusions relating to the audit.

The evidence gathering and evaluation is a simultaneous, systematic and an interactive process and involves:

- *Gathering evidence by performing appropriate audit procedures;*
- *Evaluating the evidence obtained as to its sufficiency (quantity) and appropriateness (quality);*
- *Re-assessing risk and gathering further evidence as necessary.*

The evidence gathering and evaluation process should continue until the Auditor is satisfied that sufficient and appropriate evidence exists to provide a basis for the Auditor's conclusion.

Audit evidence should be evaluated against the identified criteria. This involves consideration of evidence collected vis-à-vis the subject matter information as well as the written responses obtained from responsible officers of the Auditee. Auditor should check that the audit evidence is relevant and reliable.

While evaluating evidence, if the Auditor finds that Audit Evidence is conflicting, the Auditor shall assess the extent and credibility of conflicting evidence in order to reach a conclusion or collect more evidence to resolve the conflict.

After evaluating the evidence and considering its materiality, the Auditor should decide how best to conclude in the light of the evidence collected, which would be the supporting key documents and arrive at audit conclusions. While evaluating evidence, Auditor can find that audit evidence is conflicting i.e. while some evidence supports the subject matter information other evidence seem to contradict it. In such circumstances, the Auditor needs to assess the extent and credibility of conflicting evidence, undertake alternate audit procedure to corroborate the evidence in hand for forming an appropriate opinion.

➢ Documentation

The Auditor shall adequately document the Audit Evidence in working papers, including the basis and extent of planning, work performed and the findings of audit.

Documentation of audit evidence supports audit conclusions and confirms that the audit was carried out in accordance with scope of audit.

The Audit documentation is important for several reasons including:

- *Confirm and support the Auditor's opinion and reports;*

- *Increase the efficiency and effectiveness of the audit;*
- *Serve as a source of information for preparing reports and or answering any enquiries from the Auditee or from any other party;*
- *Serve as evidence of the Auditor's compliance with applicable standards;*
- *Facilitate planning and supervision;*
- *Help the Auditor's professional development;*
- *Help to ensure that delegated work has been satisfactorily performed;*
- *Provide evidence of work done for future reference;*
- *The user of the audit report rely upon the audit report with proper documentation*
- *It confirms that the Auditor's report is in conformity with the applicable laws, rules, regulations and standards, etc.*

The Audit Documents shall contain sufficient information to enable an Auditor, having no previous connection with the audit, to ascertain from such documents the significant findings and conclusions of the Auditor.

Audit documents should be comprehensive, understandable with ease and contain all the significant information related to the scope covered under the audit.

Audit Documentation shall take place throughout the audit process. Working papers shall be complete and appropriately detailed to provide a clear trail of the audit. Audit Documents shall be properly indexed, referenced with and supplemented by the set of working papers.

Some of the broad characteristics of Audit Documentation are set out below:

- *Completeness and accuracy: Provide support to audit conclusions.*
- *Clarity and conciseness: Facilitates understanding the entire audit process without need for any supplementary examination.*
- *Legibility and neatness: Applies particularly to photocopies.*
- *Relevance: Working papers should be restricted to matters, which are important, pertinent and useful for the intended purpose.*
- *Ease of reference: Working papers may be organised in volumes in a manner that facilitates easy reference. An omnibus, easy to follow, index may be created for all the volumes with a proper narration to broadly explain their contents. Each of the volumes may further be internally indexed.*
- *Ease of review: Working papers should contain cross references to audit plan, discussion papers, audit observations, field audit report and the compliance audit report, as the case may be, to enable Auditor to link the working papers to audit findings and conclusions.*
- *Complete audit trail of analysis: Working papers should provide a complete trail of the audit procedures performed, evidence that were gathered and evaluated, audit findings and conclusions that were drawn.*

Audit documentation may be divided into two categories:

Static and Current

Static audit documentation includes:

- ✓ *Auditor appointment letter;*
- ✓ *Record of communication with the previous Auditor and his resignation letter;*
- ✓ *Information pertaining to the legal aspects of the Auditee;*

- ✓ *Constitutional Documents - MOA, AOA, LLP Agreement, JV Agreement, Share Purchase Agreement etc.*
- ✓ *Complete details of the management (list of directors, partners etc.);*
- ✓ *Copies of audited financial statements of the previous years;*
- ✓ *Details of holding, subsidiary, associate companies and joint ventures.*
- ✓ *Current audit documentation should cover:*
- ✓ *Evidence that the work performed was supervised and reviewed;*
- ✓ *Audit review points and highlights;*
- ✓ *Major weakness in the internal control systems, if any;*
- ✓ *Confirmations, if sought, received from the Auditee*
- ✓ *Communication with the third parties*
- ✓ *Evidence of the audit planning process*

The Auditor shall also document discussions with the Management with respect to significant matters in respect of which written record is not available.

Relevant discussions with the Management should be recorded and documented. The Confirmations, if sought, received from the Auditee should be taken on record. Documentation of audit evidence supports audit conclusions and confirms that the audit was carried out in accordance with the scope of the audit. The Auditor should adequately document the audit evidence, including the basis and extent of planning, work performed and the findings of audit.

➢ **Record Keeping and Retention**

The Auditor shall establish policies and procedures for retention of Audit Documentation.

A well-established policies and procedures should be in place for the documentation. Audit Documentation is essential for the following purposes:

1. *To comply with legal duties and requirements, either statutory or regulatory;*
2. *To avoid liability, the improper destruction or alteration of documents in a litigation situation;*
3. *To support or oppose a position in an investigation or litigation;*
4. *To protect from unnecessary expense and time during discovery;*
5. *To maintain control over discovery and e-discovery; and*
6. *To keep documents confidential and avoid leakage to attackers or competitors.*

The Audit Documentation shall be collated for records within a period of 45 days from the date of signing of Auditor's Report.

The documents should be maintained in a manner which is safe, secure and retrievable as and when required.

The Audit Documentation shall be maintained in physical or electronic form and retained for a period of 8 years from the date of signing of Auditor's Report.

CSAS-3: AUDITING STANDARD ON FORMING OF OPINION

After the Audit Planning and Documentation, the Secretarial Auditor is required to form opinion. ICSI **Auditing Standard on Forming of Opinion (CSAS-3)** sets out the procedures and practical aspects in respect of basis and manner of forming Auditor's opinion on subject matter of the audit. This aspect is covered in further Chapter 10 namely 'Forming Opinion and Reporting. Prior to that, in order to facilitate the Secretarial Auditor, the checklists of various laws are provided.

CSAS-4: AUDITING STANDARD ON SECRETARIAL AUDIT

In Chapter 8 namely General and Other Event Based Compliances, the clarity about identification and segregation of applicable laws is provided which is as per **ICSI Auditing Standard on Secretarial Audit (CSAS-4)**. The chapter also covers the principles related to verification of corporate conduct and identification of events/ corporate actions.

In Chapter related to Board Processes, the guidance on auditor's duty which verifying about the Board composition, Board processes and systems and processes is highlighted.

MANAGEMENT REPRESENTATION LETTER

The Company Secretary in Practice may obtain a management representation letter from the auditee company. The letter may be signed by Company Secretary/Managing Director/ Senior Management who would normally have authority to issue the same. Suggested format of the management representation letter is placed as **'Annexure D'**. The format may be adopted with changes, depending on the circumstances and facts governing every audit. The Secretarial Auditor can use this letter of representation as part of his audit evidence. A Company Secretary in Practice is advised to exercise all possible care, reasonable skill & due diligence. Adequate enquiries should be made in respect of matters which are capable of direct verification. Mere getting certification from management may defeat the purpose of the audit.

A sample worksheet just for guidance for conducting secretarial audit is placed at **'Annexure E'**.

Use of Unique Documentation Identification Number (UDIN)

The Institute of Company Secretaries of India has mandated all practicing company secretaries to issue UDIN while attestation or certification of specified documents with effect from 01st October, 2019.

APPROACH TO CONDUCT SECRETARIAL AUDIT

The objective of the Secretarial Audit is evaluation and forming an opinion and to report to the shareholders as to whether, the company has complied with the applicable laws comprising various statutes, rules, regulations, guidelines, followed the board processes and to also report on the existence of compliance management system.

This requires knowledge of the corporate laws, securities laws, economic laws, FEMA, other laws specifically applicable to the company, corporate governance provisions, Secretarial Standards, SEBI (LODR) Regulations, etc. To be able to give an effective report, a Company Secretary in Practice is expected to have the following:

(1) Knowledge: While conducting the Audit, the Secretarial Auditor should have the knowledge of exact nature and activities of the company and the laws which are applicable to the company. The Auditor should have the understanding to judge existence of compliance system, Board processes & procedures and practical knowledge for implementation of secretarial standards etc.

(2) Team: The Secretarial Auditor is required to ensure that his team is appropriately trained, who can support the preparation of the report. Most importantly they should be informed of the basic principles of audit and have good ethical values. It is also important that the team should be regularly updated with the related legislative and administrative updates to build and maintain the expertise.

(3) Documentation & backup: The Auditor is expected to develop customized checklists, according to the requirements of the company, which will help in, evaluation process and forming of Opinion. He is required to keep proper record of documents checked, evidence gathered during the course of audit.

(4) Third party support and evidence: It would always be helpful to cross verify the filing made by the company at MCA, SEBI & other authorities independently. Verification of record and enquiries can also be made with the other statutory and internal auditors and consultants and Independent Directors of the Company.

(5) Adhering to the timelines: Adhering the timelines and schedule set to conduct the audit process will not only gain the confidence of the client but also provide a room to the management to rectify defaults in time and this will also boost the morale and improve the efficiency of the team.

(6) Honesty and impartiality: A Company Secretary in Practice has the professional duty to provide an unbiased view on the compliance status of the Company. A Company Secretary in Practice should be independent from the company being audited.

The Secretarial Auditor is expected to ensure that activities of the client company are in accordance with the applicable procedure and that supporting evidence maintained by the company is genuine.

(7) Maintaining Audit Diary: The Audit exercise needs to be planned and executed professionally and verifications done by the team members should be recorded daily. Such maintenance of diary would help in keeping audit trail that would come in handy to ensure the quality of audit.

(8) Maintenance of Back up papers: The Secretarial Auditor should maintain Audit Diary and back up papers like working papers, supporting documents, observations, management explanations, basis for his conclusions more particularly for qualifications in the report etc. as these will provide the audit evidence for defending himself in any possible allegation of misconduct so also for peer review and help in defending himself in case of any enquiry or questions from regulators.

The Secretarial Auditor is expected to ensure that activities of the client company are in accordance with the applicable procedure and that supporting evidence maintained by the company is genuine.

SECRETARIAL AUDITOR'S RIGHT TO RECEIVE NOTICE OF ANNUAL GENERAL MEETING

Para 1.2.1 of Secretarial Standard on General Meetings requires that the notice in writing of every Meeting shall be given to every Member of the company. Such Notice shall also be given to the Directors and Auditors of the company, to the Secretarial Auditor, to Debenture Trustees, if any, and, wherever applicable or so required, to other specified persons.

POWERS AND DUTIES OF SECRETARIAL AUDITOR UNDER THE COMPANIES ACT, 2013

Section 143 of the Companies Act, 2013 deals with powers and duties of Auditors. Sub-section (14) of section 143 provides that the provisions of this section shall *mutatis mutandis* apply to the Company Secretary in Practice conducting Secretarial Audit under Section 204 of the Companies Act, 2013.

ICSI BEST SECRETARIAL AUDIT REPORT AWARD

ABOUT THE AWARD

ICSI Best Secretarial Audit Report Award was introduced in the year 2019 to recognize and encourage the efforts of Company Secretaries in Practice in their role as Secretarial Auditors in elevating the culture of governance in the corporate sector and for enhancing the importance of Secretarial Audit Report in the years to follow.

ELIGIBILITY

- Nominated Secretarial Audit Reports relates to the financial year prior to the year in which the award is being conferred. For example for the 3rd Best Secretarial Audit Report Award conferred in the year 2021, Nominated Secretarial Audit Reports should relate to the financial year 2020-2021. For companies having a different year, the Secretarial Audit Report should relate to the latest financial year.
- A Company Secretary in Practice can nominate **5 Secretarial Audit Reports**, for the Audits conducted by him under section 204 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

PARAMETERS FOR EVALUATION

- The questionnaire was framed to seek information from the participating Secretarial Auditors about the Audit Principles & Techniques applied.
- The Questionnaire contains both objective and subjective questions.
- The Experts interact with the shortlisted applications on some approved parameter.
- The Institute through its Directorate of Discipline verifies the pendency of any disciplinary matter against the Secretarial Auditor.
- The ICSI Best Secretarial Audit Report Award will be bestowed on the basis of the decision of the Jury relying on the information provided by the Secretarial Auditor in response to the questionnaire, the information, as gathered from various accessible sources including feedback provided by Directorate of Discipline of ICSI and analysis carried out by ICSI of the information so gathered.
- The authenticity and veracity of the information provided by the companies and as contained in their Annual Report and other documents are taken in good faith by ICSI.

CONFIDENTIALITY

It is assured that the data provided by the applicant is used only for ascertaining and evaluating the Best Secretarial Audit Report Awards. The data furnished and other details are kept confidential and shall not be used for any other purposes whatsoever.

PROFESSIONAL RESPONSIBILITY, PENALTY AND PUNISHMENT FOR INCORRECT SECRETARIAL AUDIT REPORT

Penalty for the Secretarial Auditor under Section 143(15) of the Companies Act, 2013

Section 143(15) If any auditor, cost accountant, or company secretary in practice do not comply with the provisions of sub-section (12) of section 143, he shall, –

(a) in case of a listed company, be liable to a penalty of 5,00,000 rupees; and

(b) in case of any other company, be liable to a penalty of 1,00,000 rupees.

Punishment for fraud for the Secretarial Auditor under Section 447 of the Companies Act, 2013

Section 447 deals with punishment for fraud which provides that any person who is found to be guilty of fraud, involving

- an amount of at least 10,00,000 rupees or 01% of the turnover of the company whichever is lower shall be punishable with **imprisonment** for a term which shall not be less than 06 months but which may extend to 10 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 03 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 03 years.

In case where the fraud involves

- an amount less than 10,00,000 rupees or 01% of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with **imprisonment** for a term which may extend to 05 years **or** with **fine** which may extend to 50,00,000 rupees or with both.

Punishment for false statement for the Secretarial Auditor under Section 448 of the Companies Act, 2013

Section 448 of Companies Act, 2013 deals with punishment for false statement. 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 thereunder, 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,

he shall be liable under section 447.

In view of this, a company secretary in practice will be attracting the strict provisions of section 448, for any false statement in any material particular or omission of any material fact in the Secretarial Audit Report.

It is pertinent to note that section 448 applies to "any person". In view of this, a company secretary in practice, who is an independent professional, will be attracting the punishments, as prescribed in section 448 in case his observations in the secretarial audit report turns out to be false or he omits any material fact, knowing it to be false or material.

COMPANY SECRETARIES ACT, 1980

Besides, the Company Secretary in Practice shall be liable for professional or other misconduct mentioned in First or Second Schedule or in both the Schedules to the Company Secretaries Act, 1980 and where held guilty, be liable for the following actions:

(i) where found guilty of professional or other misconduct mentioned in the First Schedule:

  (a) reprimand;

  (b) removal of name from the Register of members upto a period of 03 months;

  (c) fine which may extend to 1,00,000 rupees.

(ii) where found guilty of professional or other misconduct mentioned in the Second Schedule:

  (a) reprimand;

  (b) removal of name from the Register of members permanently or such period as may be thought fit by the Disciplinary Committee;

  (c) fine which may extend to 5,00,000 rupees.

Relevant extracts from Revised Section 21A (yet to be notified) of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 provides as under:

"(5) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within 30 days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:–

(a) reprimand the member and record it in the Register of members;

(b) remove the name of the member or members from the Register of members up to a period of 06 months;

(c) impose such fine as it may think fit which may extend to 2,00,000 rupees.

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the First Schedule during the last 05 years, the following action may also be taken against such firm, namely:–

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding 01 year; or

(b) impose such fine as it may think fit, which may extend to 25,00,000 rupees.

(7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit".

Relevant extracts from Revised Section 21B (yet to be notified) of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022 provides as under:

"(5) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:–

(a) reprimand the member and record it in the Register of members; or

(b) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(c) impose such fine as it may think fit, which may extend to 10,00,000 rupees.

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee is of the opinion that any such member, who is a partner or owner of a firm has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, during the last 05 years, the following actions may also be taken against such firm, namely:–

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding 02 years; or

(b) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(c) impose such fine as it may think fit, which may extend to 50,00,000 rupees.

(7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within the specified time, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit".

ANNEXURE A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED

[*Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*]

To,

The Members,

…….… Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by……. (name of the company) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my/our verification of the.....…….. (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/ We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by …….. ("the Company") for the financial year ended on, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

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

(vi) ..... (Mention the other laws as may be applicable specifically to the company)

I/we have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with ….. Stock Exchange(s), if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise.

I/we further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 07 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

I/we further report that during the audit period the company has.....

(Give details of specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above)

For example:

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.

(ii) Redemption / buy-back of securities.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.

(iv) Merger / amalgamation / reconstruction, etc.

(v) Foreign technical collaborations.

Date: *Signature:*

Place: *Name of Company Secretary in Practice/*
/Firm: ACS/FCS No.
CP No.:
UDIN:

Note: Para wise details of the Audit finding, if necessary, may be placed as annexure to the report.

ANNEXURE B

Annual Secretarial Audit Compliance Report

Reporting Format of Annual Secretarial Compliance Report
(On the letter head of the Practicing Company Secretary)

Secretarial Compliance Report of [•]
[Name of the listed entity] for the year ended _____

To,

Board of Directors
(Name of the Company)
Address

Dear Sirs,

I/We……. have examined:

(a) all the documents and records made available to us and explanation provided by [•] [Name of the listed entity] ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended [•] ("Review Period") in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;113

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) …… (Other regulations as applicable) and circulars/ guidelines issued thereunder;

(Note: The aforesaid list of Regulations is only illustrative. The list of all SEBI Regulations, as may be relevant and applicable to the listed entity for the review period, shall be added.)

and based on the above examination, I/We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	*Compliance Requirement (Regulations/circulars / guidelines including specific clause*	*Deviations*	*Observations/ Remarks of the Practicing Company Secretary*

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/ our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	*Action taken by*	*Details of violation*	*Details of action taken e.g. fines, warning letter, debarment, etc.*	*Observations/ Remarks of the Practicing Company Secretary, if any*

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	*Observations of the Practicing Company Secretary in the previous reports*	*Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)*	*Actions taken by the listed entity, if any*	*Comments of the Practicing Company Secretary on the actions taken by the listed entity*

Note:

1. *Provide the list of all the observations in the report for the previous year along with the actions taken by the listed entity on those observations.*
2. *Add the list of all observations in the reports pertaining to the periods prior to the previous year in case the entity has not taken sufficient steps to address the concerns raised/ observations.*

E.g. In the report for the year ended 31st March, 2021, the PCS shall provide a list of:

- all the observations in the report for the year ended 31st March, 2020 along with the actions taken by the listed entity on those observations.
- the observations in the reports pertaining to the year ended 31st March, 2020 and earlier, in case the entity has not taken sufficient steps to address the concerns raised/ observations in those reports.)

Date:

Place: *Signature:*

Name of the Practicing Company Secretary

ACS/ FCS No.:

CP No.:

UDIN:

ANNEXURE C

Specimen Audit Engagement Letter

To,

ABC & Associates (Name of Audit firm)

Company Secretaries (Address)

Dear Sir,

This engagement letter is provided in connection with (type of audit) of XYZ Ltd.

I. Scope of work

The scope of the Audit shall include..... (For example, in case of Secretarial Audit, the scope of audit shall be as specified in Section 204 of the Companies Act, 2013)

II. Responsibilities of Auditor

The Auditor shall carry out the audit with utmost integrity in terms of this Audit Engagement Letter adhering to the highest level of ethics and standards. The Audit shall be conducted in accordance of the requirements of the Act.

III. Duties of Auditee

Auditee acknowledges its responsibility for maintenance of Records and compliances under the applicable laws, acts, rules and regulations.

Auditee acknowledges its responsibility to provide the Auditor access to Records and documents of the Auditee, reports of third party and information as may be sought by the Auditor. The Auditee shall be responsible for the correctness and appropriateness of the Records, documents and information of the Auditee.

IV. Timeline

The Auditor shall submit the Audit Report for the F.Y. 20XX-XX within days of the end of the financial year.

Auditor may also submit a quarterly/half-yearly review report in which the audit observations of the Auditor made during the quarter for timely redressal.

V. Commercial Terms

Audit fees for the F.Y. 20XX-XX is fixed at Rs. XXXXXXX plus applicable taxes. Fees will be billed as the work progresses.

Out–of-pocket expenses by the Auditor shall be reimbursed on actual basis.

VI. Confidentiality

The Auditor shall not disclose the information obtained during the course of Audit without proper and specific authority or unless there is a legal obligation or duty to disclose.

VII. Indemnity

During and after the term of this Engagement, both Parties agree to protect, indemnify, defend and hold harmless other Party, and to extent required from time to time non defaulting party, its officers, agents, and employees, from and against any and all expenses, damages, claims , suits, losses, actions, judgments, liabilities, and costs whatsoever (including legal fees on a full indemnity basis) arising out of, connected with, or resulting from, defaulting Party's negligence, misrepresentation or the breach of any obligations to be performed by the other party and/or its representatives under this Engagement. In no event will either party's liability towards other party arising from the terms of this Engagement exceed the total sum of fees paid under this Engagement.

VIII. Any other term as may be agreed between the Auditor and the Auditee, if any

For XYZ Limited

Director *Director*

Date :

Place :

ANNEXURE D

Specimen Management Representation Letter for Secretarial Audit

The following letter is a general guidance. Representation made by management may vary from one entity to another and from one year to another. It should be adopted in the light of individual requirements and circumstances.

ABC & CO, Date:

Company Secretaries, ZYZ Road, India

.....

Dear Sir,

This representation letter is provided in connection with your audit of the Secretarial Records maintained under The Companies Act, 2013 (the Act) and the rules made thereunder; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (iv) 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;

The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and other applicable laws including labour laws like Factories Act, Payment of Gratuity Act etc. for the year ended on 31st March, 20….. Environmental Laws and Competition Laws for the purpose required in it. We the undersigned acknowledge our responsibility for maintaining the Secretarial records referred above and confirm, to the best of our knowledge and belief, the following representations:

Company Law

1. The Company has maintained books of accounts as required under Section 128 of the Companies Act, 2013
2. The Company has complied with all the provisions of the Secretarial Standards.
3. The Company has complied with all the provisions of Companies Act, 2013 relating to Statutory Audit/ Cost Audit/Internal Audit.
4. No request for transfer or transmission of shares have been received by the company during the year other than as recorded
5. Statutory Registers were kept open for public inspection during working hours on all working days
6. Notice of Board meetings and committee meetings were duly sent to all the directors/ committee members.
7. Notes and notes to agenda were duly sent to all the directors.
8. No resolutions were passed by way of circulation during the year under review other than…...
9. Draft Minutes and final minutes were properly sent to all the directors. Company has not obtained any secured loan from any financial institution/banks other than those mentioned in the register of charges.
10. Notice of annual general meeting has been duly sent to all the members, Directors, Statutory Auditor and Secretarial Auditors.
11. No show cause notice has been received by the company under the Acts referred above or any other laws applicable on the company.
12. We have provided to you all relevant information and have given access to all data and records.
13. There is no pending litigation and claims other than reported in the balance sheet by way of contingent liability.

14. No event other than reported to you specifically has occurred during the year which has a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.
15. The views of all the dissenting Directors (if any) on important matters have been captured and recorded in the minutes.
16. The venue and time of Board meeting was finalized in consultation with all the board members.
18. .....
19. .....

Securities Laws

1. All Price Sensitive Information was informed to the stock exchange(s) from time to time.
2. All investors' complaints directly received by the company are recorded on the same date of receipt.
3. The Company has complied with provisions of SEBI (LODR) Regulations, 2015.
4. _.....

Specific Applicable Laws

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/Bonded labour in any of its establishments.
3. The company is ensuring the compliance of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the company carries out the survey regarding the compliance of this.
4. The Company has held its internal complaints committee meetings regularly under POSH.
5. .....

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises (if applicable).
2. The company has been disposing the hazardous waste as per applicable rules.

Competition Law

List of other laws generally applicable to the company

We are attaching herewith the list of laws

1. Applicable specifically to the company.
2. Other Laws applicable to the company.
3. .....
4. .....

For XYZ Limited

Date: *Director* *Director*

Place:

ANNEXURE E

SAMPLE WORK SHEET

DETAILS OF CAPITAL STRUCTURE

Particulars	*As on 01/04/20…*	*Add: Increase in Capital (if any)*	*Less: Reduction in Capital (if any)*	*Date of passing resolution*	*Capital as on 31/03/20....*
Authorised Capital					
Equity					
Preference					
Unclassified					
Issued Capital					
Subscribed Capital					
Paid-up Capital					
Public Issue			Not Applicable		
Rights Issue			Not Applicable		
Bonus Issue			Not Applicable		
Private Placement/ Preferential Allotment (Other than conversion)			Not Applicable		
Private Placement/ Preferential Allotment (arising out of conversion)			Not Applicable		
Allotment of shares pursuant to ESOP			Not Applicable		
Allotment consequent to Scheme of Arrangement/ Merger/Amalgamation etc.				Not Applicable	
Buy-back of Shares			Not Applicable		
Reduction of capital			Not Applicable		
Share Forfeited (if any)					

DETAILS OF DIRECTORS & KMP

(EXISTING AND ANY CHANGE MADE BETWEEN 01/04/20.... TO 31/03/20...)

Name of Director/ KMP	*DIN & PAN*	*Residential Address*	*Date of Appointment/ last re-appointment*	*Designation*	*Nature (Independent/ Promoter/ Professional/ Executive/ Non-Executive/ Nominee) In case of Nominee, mention whose nominee he/ she is*	*Whether liable to retire by rotation*	*Number of Shares held in the Company and % of share-holding*	*Date of Cessation (If any)*
1								
2								
3								
4								

DETAILS OF AUDITOR

	AUDITOR			
Type of Auditor	*Name of Auditor/ Firm & PAN / Firm Registration Number / Firm Unique Code*	*Address of the Auditor/Firm / Email id / Phone Number*	*Date of Appointment*	*Tenure for the appointment / Date of Resignation / Cessation, if any*
Statutory Auditor				
Secretarial Auditor				
Cost Auditor				
Joint Auditor				
Branch Auditor				
Internal Auditor				
Others				

MINUTES

(b) Board Meeting

Date of Meeting	*Gap between the two Board Meetings (Days)*	*Date of serving the notice and mode*	*Place of Meeting / Deemed venue (in case of V.C.)*	*Total No. of Directors on the Board on date of meeting*	*Leave of Absence granted to Director (s)*	*Total No. of Directors Present*	*Chairman of the Meeting*

(c) Circulation of Minutes

Date of the Meeting	*Date of Circulation of Draft Minutes*	*Last Date on which comments received from Directors*	*Date of signing of the Minutes*	*Date on which Minutes entered in the Minutes Book*

(d) Annual/Extra Ordinary General Meeting

Date of Meeting	*Date of serving the notice*	*Place of Meeting*	*Cut-off Date for e-voting*	*e-Voting Period*	*Date of submit-ting Report to ROC under Section 121 of the Act*	*Date of report Submis-sion to Stock Ex-change*	*Total No. of Members on Book Closure*	*No. of Members who attended the meeting*	*No. of Proxies who attended the meeting*	*Chairman of the Meeting*

Name of Scrutinizer for e- voting	*Name of scrutinizer for poll/ballot*	*Date of submission of report by Scrutinizer*	*Date of display of results on the website and notice board*

(e) Committee Meeting Name of Committee:

Type of Meeting	*Date of Meeting*	*Date of notice*	*Place of Meeting*	*Total No. of members on date of meeting*	*Leave of Absence Granted*	*Total No. of members Present*	*Chairman of the Meeting*

DETAILS REGARDING OFFICE OF PLACE OF PROFIT

Name of Employee and PAN	*Qualification(s)*	*Age (as on 01/04/_)*	*Designation*	*Date of Appointment*	*Remuneration as per last salary drawn*	*Relation with Director/ Member drawn if any*	*No. of Shares held*	*Date of leaving employment*	*Reasons for leaving*

KEY MANAGERIAL PERSONNEL

Name of Person and PAN / DIN	*Qualification(s)*	*Age (as on 01/04/_)*	*Designation*	*Date of Appointment*	*Remuneration as per last salary drawn (as per schedule V)*	*Date of taking approval from committee Board/ Members*	*Date of filing of MR-1 and SRN*	*Date of Filing of MGT-14 And DIR- 12 and SRN*	*No. of Shares held*

CHARGES

Name of Person and PAN	*Qualification(s)*	*Age (as on 01/04/_)*	*Designation*	*Date of Appointment*	*Remuneration as per last salary drawn (as per schedule V)*	*Date of taking approval from committee Board/ Members*	*Date of filing of MR-1 and SRN*	*Date of filing of MGT-14 and DIR- 12 and SRN*	*No. of Shares held*

Name of Charge Holder	*Charge ID*	*Date of Creation/ Modification*	*Amount of Charge*	*Details of Security Provided*	*Whether any Personal property of Director/ other person involved*	*Date of Satisfaction (if any)*	*Remarks*

FINANCIAL STATEMENTS

(a)	Detailed list of Loans and Advances given by the Company between 1st April, _to 31st March,_and their confirmation letters.	
(b)	Whether there are any relatives of directors/ shareholders to whom Loans and Advances have been given?	
(c)	Complete list of unsecured loan(s) taken by the Company and their terms and conditions, with proper bifurcation between loans from Directors, Relative of Directors, Members and Body Corporate.	
(d)	Complete list of Sundry Creditors containing the following details:	
	(i) Nature of Balances	
	(ii) Opening Balance and Transactions made	
(e)	Statement of Related Party Transactions as per AS-18 and the Approval of Board/Shareholder for approving the transaction related to RPT.	

(f)	Details of Dividend declared:				
	Particulars				
	Amount Paid				
	Percentage of dividend paid				
	Dividend Tax Paid				
	Date of Payment of Dividend				
	Actual amount claimed by the shareholder(s)				
	Amount transferred to unpaid dividend account				
	Amount transferred to IEPF and SRN of Form I and 5				

APPROVALS FROM RESERVE BANK OF INDIA

(a)	Whether company has made any foreign investment or company has received FDI.	
(b)	Whether company has filed annual statement related to Foreign assets and liabilities. If yes, please mention filling date.	
(c)	Whether company is having External Commercial Borrowing/ issued FCCB? If yes provide copy of LRN issued by RBI and Form ECB 2.	
(d)	Whether company has made any investment abroad/ provided guarantee to the Foreign Company. If yes, provide details.	

(e)	Whether any show cause notice received by the company issued by Directorate of Enforcement/ RBI under FERA/ FEMA/DIPB/other appropriate authority and reply submitted by the company for the said notices.	

PROSPECTUS

	Date of Prospectus	
	Date of Filing of Prospectus with ROC	

DEPOSITS

	Whether any deposits u/s 73 & 74 of the Companies Act, 2013 have been accepted by the company.	
	If yes, whether the provisions of the Deposit rules u/s 73 & 74 of the Companies Act, 2013 have been complied with.	

STATUTORY REGISTERS

(i)	Register for application and allotment of shares	
(ii)	Register for transfer of shares	
(iii)	Register of Director, and Key Managerial Personnel	
(iv)	Register of Members	
(v)	Register of Charges	
(vi)	Register of contracts in which directors and KMP are interested	
(vii)	Register of Disclosure of Interest by the Directors	
(viii)	Register for declaration of interest in the shares held by another person who is not a beneficial owner	
(ix)	Register for payment of Dividend	
(x)	Register for unpaid/unclaimed Dividend	
(xi)	Register for Fixed Assets along with the locations of the assets	
(xii)	Register of Investments, Loans, Guarantee and Securities provided by the company	
(xiii)	Common Seal Register	
(xiv)	Register of issue of duplicate share certificates	
(xv)	Register of Debenture-holder	
(xvi)	Register of Employee Stock Options	
(xvii)	Register of buy-back of shares	

Filing of Forms

Forms and Returns filed by the Company pursuant to the provisions of the Companies Act, 2013 read with the Rules/ Regulations made thereunder

Financial Year: 20…… to 20……

Sl. No.	*Form No.*	*Section & Rule Applicable*	*Particulars of Filing*	*Date of Filing*	*Whether filed within the prescribed time*	*In case of delay, whether prescribed procedure followed and additional fees paid*	*Status*
1	2	3	4	5	6	7	8
1							
2							
3							
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5							
6							
7							
8							
9							
10							

2

COMPLIANCES UNDER COMPANIES ACT, 2013

INTRODUCTION

Companies are expected to create an environment which ensures the protection of interest of the stakeholders' viz., shareholders, lenders, employees, customers, vendors, creditors, depositors, service providers, regulators, etc.

A company will be failing in its duty and commitment to be a responsible and good corporate citizen, if it does not comply with the provisions of law, as the laws of the land are made with an intention to safeguard the public interest at large.

GENERAL COMPLIANCE REQUIREMENTS

The Companies Act is the key statute, which a Company has to comply in letter and spirit for ensuring the betterment of all stakeholders. As per Section 204 of the Companies Act, 2013 (the Act) read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Every Listed Company and a company belonging to other class of companies as may be prescribed, i.e.,

(a) Every Public Company having a paid-up share capital of 50 crore rupees or more; or

(b) Every Public Company having a turnover of 250 crore rupees or more; or

(c) Every Company having outstanding loans or borrowings from banks or public financial institutions of 100 crore rupees or more.

are required to annex to its Board's report a Secretarial Audit Report, given by a company secretary in practice. The Secretarial audit report gives thrust on various statutes, systems, processes which provides an assurance to the investors and regulatory authorities on the governance practices of the Company.

The Companies Act, 2013 recognizes the Secretarial Standards (SS-1 & SS-2) specified by Institute of Company Secretaries of India (ICSI). It is the beginning of a new era in corporate governance, where not only financial standards but also non-financial standards have been prioritized and given statutory recognition.

Section 118 (10) of the Companies Act, 2013 requires every company to observe secretarial standards with respect to General meeting and Board meetings.

Also, as per Section 205(1) (b), it is the duty of the company secretary to ensure that the company complies with the applicable secretarial standards. The ICSI has issued Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) after the approval of Central Government. The Companies are now mandatorily required to observe the SS-1 & SS-2 w.e.f. 1st July, 2015.

The Companies Act, 2013 and rules made thereunder are the first legislation covered under the scope of the Secretarial Audit. This Chapter provides guidance to the members on checking the compliance of the provisions of this law.

The following is a list of documents which a Secretarial Auditor is required to inspect:

1. Memorandum and Articles of Association.
2. Forms filed with the Registrar of Companies with challans.

3. Notes and agenda of the Board, Committee and General Meetings.
4. Index of Meetings held during the financial year.

   Minutes of the Board, its Committees and of General meeting.
5. Proof of Circulation of Notice and Agenda of Board meetings, Committee meetings and the General meeting.
6. Proof of circulation of Draft Minutes and Final Minutes of meeting of Board and its committees.
7. Attendance Register of Board and committee meetings
8. All statutory registers.
9. Copy of financial statement along with notes to accounts and Auditor Report.
10. Report of Internal Auditor.
11. Notices of annual and event-based disclosure of directors' interests.
12. Copies of contracts made between the company and any of the related parties.
13. Shareholder List, details of Share Transfers which have taken place during the financial year.
14. Copy of Share Transfer Deeds.
15. Instruments creating, modifying or satisfying charges.
16. Forms relating to Disclosures from Directors.
17. Certificate from RTA stating the number of shareholders as on the close of the financial year.
18. Certified true Board Resolution for any type of corporate actions taken by the Company.
19. Details of the Holding and Subsidiary Companies.
20. Complete details of Shares and Debentures issued during the year.
21. Details of change in shareholding of the promoters and top ten shareholders of the Company under Section 93.
22. Details with respect to maintenance of cost records and appointment of cost auditor.
23. Details of appointment of Auditor and Internal auditor.
24. The list of Related Party Transactions.
25. Indebtedness Certificate signed by Company Secretary/ CFO of the Company.
26. Listing and Trading Approval(s) from Stock Exchanges.
27. Intimation to Stock Exchanges, Confirmation from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for change of the name of the company, change in the face value of equity shares, etc.
28. Change of name of the company, change in the face value of the company, new ISIN No. of the Company in respect of the allotment or as a result of any change in capital structure due to any corporate action taken by the Company during the financial year under audit.
29. Corporate Action Forms filed by the Company with Depositories.
30. Equity Shareholding pattern and its break up as at the close of the financial year.
31. Any orders received by the company from the High court/Tribunal or from any other regulatory body.
32. Compliance record under FEMA with respect to FDI, ECB and ODI as applicable.

33. Copies of Shareholders and joint ventures agreement(s), if any.
34. Copy Copies of Declaration(s) received from Independent Director(s) u/s 149(7).
35. Corporate Social Responsibility (CSR).
36. Directors and Key Managerial Personnel (KMP).
37. Bank Statements relating to transfer of dividend to separate bank account, proof of dispatch of dividend within 30 days of Declaration of Dividend.
38. Advertisement/circular relating to Deposits; Credit rating certificate, deposit insurance, if any.
39. Such other documents as required for the purpose of audit.

ATTENTION POINTS

The following points must be kept in mind by the Secretarial Auditor while conducting Secretarial Audit under Companies Act, 2013:-

1. Checking of MCA web portal for the maximum number of directorship's held by the directors of the Company.
2. Public announcements made by the company for certain prescribed events viz. approval of financial statements, dividend and about Board Meetings.
3. Events occurred after the date of balance sheet.
4. Allotments made during the year.
5. Verify Directors of Company with the list of disqualified directors by the ROC from time to time.
6. Verify the intimations of any approvals obtained from any statutory authorities which is required to be disclosed as per SEBI regulations.
7. Updations of Company's website, if any, from time to time.
8. Letters/show cause notices received from the RBI (in case of Banking/NBFC Companies).
9. RBI website for the list of wilful defaulters from time to time.
10. Delays/non-compliances of quarterly filings viz shareholding pattern, Corporate Governance Report etc. with the BSE and NSE website, if applicable.
11. Website of CBI for any cases filed against the directors of the company.
12. Website of Enforcement Directorate (ED) for counter checking towards the financial crimes committed by any of the directors of the Company.

VARIOUS EVENTS CHECKLISTS UNDER THE COMPANIES ACT, 2013

A Company Secretary in Practice in order to verify the compliances has to verify the secretarial records of the company with the help of the following checklists:

2-I INCORPORATION OF THE COMPANY AND MATTERS INCIDENTAL THERETO

Applicable Provisions and Events

Section 3 to Section 22 of the Companies Act, 2013 read with rules made thereunder and the following events are covered under this chapter:

a) Incorporation of Company

b) Alteration of Memorandum of Association (MoA)

c) Alteration of Articles of Association (AoA)

(a) Incorporation of Company

Attention Point

It is not mandatory for companies to have Common Seal w.e.f. 25th May, 2015. However, Compliances with respect to common seal to be checked in terms of Articles.

Checklist for Compliances regarding Incorporation of Company

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Memorandum of Association	Section 4	Check whether Memorandum of Association contained all the clauses, which were required to be stated in it. ● Name with last word Limited/Private Limited/ Producer Company Limited (Other than Section 8 Company) ● State in which Registered office situated ● Object Clause ● Liability Clause ● Capital Clause	1. Copy of Memorandum of Association 2. Copy of Certificate of Registration with any other Regulatory Authority, if so registered (SEBI/IRDAI/RBI) 3. Copy of Form INC-22 along with its challan (In case registered office is not there at the time of Incorporation)		
Requirement of Articles of Association	Section 5	1. Check whether Articles of the Company contain the clauses which by various provisions of the Act are required to be included. 2. Check whether the compliance of entrenchment provisions, if any, mentioned in the articles have been followed.	Articles of Association		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Act to override Memorandum, Articles etc.	Section 6	Check whether the company's memorandum, articles or any agreement executed by it, or any resolution passed in general meeting or in Board meeting, contain any matter which overrides with any of the provisions of the Act.	1. Copy of Articles of Association 2. Copy of Memorandum of Association 3. Minutes of Board Meeting 4. Copy of Form INC-20A along with its challan 5. Copy of Form DIR-3 KYC along with its challan 6. Necessary registration/ licence/approval from specific sectoral regulator, Bank Statement till the approval from Regulator 7. Any special purpose vehicle, Shareholder's agreement (SHA) pursuant to which company was incorporated		
Declaration of Commencement of Business	Section 10A read with Rule 23A of The Companies (Incorporation) Rules, 2014	If the Company has been incorporated after the commencement of the Companies (Amendment) Act, 2019, (effective from 02nd November 2018), then Check whether Company has filed declaration within 180 days of the date of incorporation of Company with registrar in Form INC-20A stating that: ● Every subscriber to memorandum has paid the subscription amount; and ● Company has filed with the Registrar a verification of its registered office as provided in sub-section (2) of section 12.	Copy of Form INC-20A along with its challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Registered office of the Company	Section 12	1. Check whether Company has affixed or painted name of the Company, CIN and address of its registered office on the outside of every office or place in which its business is carried on ● in a conspicuous position; ● in letters legible; and ● in languages in general use in that locality, also in the characters of that language or of one of those languages. 2. Check whether the company incorporated on or before the 31st December, 2017 has filed the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification) on or before 15.06.2019.	1. Physical verification of registered office, Letter Heads, Company KYC documents, Geo-tagging 2. Name plates of places where the business is being conducted 3. Form INC-22A along with its challan		
Common Seal	Section 12	1. Check Whether Company have any Common Seal. 2. If yes, check whether it has its name engraved in legible characters. 3. Check whether Common Seal has been affixed to any document during the Audit Period in accordance with the relevant provision in the Company's Articles.	1. Common Seal 2. Notices/ communications issued to stakeholders 3. Articles and Memorandum of Association 4. Minutes/Documents on which it is affixed 5. Register of Movement (In case of Banking Company)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Foreign Direct Investment	Non-Debt Instruments Rules, 2019	1. Check whether the main object is falling under automatic route or approval route. 2. Also, check whether the Object does not fall under the prohibited list as under: ● Lottery business including Government or private lottery, online lotteries, etc. ● Gambling and betting including casinos, etc. ● Chit funds ● Nidhi Company ● Trading in Transferable Development Rights ● Real estate business or construction of farm houses	1. Object clause of Memorandum of Association 2. Ministry of Home affairs approval for investment made thereof of countries sharing land border 3. Form FC-GPR, Return of allotment, Stamp Duty		

(b) Alteration of Memorandum of Association (MoA)

In the following cases, amendment is required in the Memorandum of Association (MoA) as per provisions of Section 13 of the Act read with Companies (Incorporation) Rules, 2014

i. Change of Name of the Company;

ii. Shifting of Registered Office;

iii. Change of Objects;

iv. Alteration of Authorized Capital.

(i) Change of Name of the Company

A company desiring to change its name may do so in accordance with the provisions of Section 13 read with Section 4 and 5 of the Companies Act, 2013 by passing Special Resolution and the name so approved by the Central Registration Centre (CRC) under the jurisdiction of Ministry of Corporate Affairs (MCA).

Attention Point

In case of Private Companies, check whether company has not defaulted in filing of financial statement and annual return, if so, the exemption granted through Notification dated 5th June, 2015 as amended from time to time cannot be availed.

Checklist for Compliances regarding Change of Name of the Company

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Preliminary Check		Check whether change of name was pursuant to change of Object or otherwise.	1. Memorandum of Association 2. Articles of Association		
Undesirable Name	Section 4 and Rule 8 of The Companies (Incorporation) Rules, 2014	1. Check whether the new name of the company does not too nearly resemble / identical / phonetically resemble with the name of any existing company or LLP as per Rule 8 of The Companies (Incorporation) Rules, 2014. 2. Check whether the prefix of the name has not registered with any existing trademark.			
Approval of Central Government	Section 13 read with rule 29 of the Companies (Incorporation) Rules, 2014	Check whether the company has altered its name with the approval of Central Government i.e. Central Registration Centre (CRC).	1. Board / Shareholders' resolutions 2. Minutes Book 3. Form MGT-14(if applicable) and Form INC-24 along with their challans 4. Trademark Registration Certificate / NOC from the Trademark Owner, as the case may be. 5. Approvals / NOC from the concerned authorities as and when required.		
Filing of Form MGT-14	The Companies (Management and Administration) Rules, 2014	Check whether the company has passed the special resolution and filed Form MGT-14 and INC-24 with the Registrar.	1. Copy of Form MGT-14 along with its Challan 2. Copy of Form INC-24 along with its Challan 3. Copy of all intimations/ approvals/ certificates from the concerned authorities		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Fresh Certificate of Incorporation	Rule 29 of the Companies (Incorporation) Rules, 2014	Check whether the company has obtained fresh certificate of incorporation from the Registrar in Form INC-25.	1. Certificate of Incorporation 2. Copy of altered Memorandum & Articles of Association		
Alteration in every copy of Memorandum & Articles of Association	Section 15	Check whether the company has noted the alteration in every copy of the memorandum and articles of association of the company as the case may be.	Memorandum & Articles of Association		
Disclosure of Events or Information	Regulation 30 of SEBI (LODR) Regulations, 2015	Check whether Disclosure of Board Meeting was made within prescribed time from the conclusion of the Board Meeting to Stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Change in name of the listed entity	Regulation 45 of SEBI (LODR) Regulations, 2015	1. Check whether a time period of at least 01 year has elapsed from the last name change. 2. Check whether 50% of total revenue in the preceding 01-year period has been accounted for by the new activity suggested by the new name. 3. Check whether the amount invested in the new activity/ project was atleast 50% of the assets of the listed entity. 4. Check whether new name indicated new business activity. 5. Check whether application was made to stock exchange for change of name along with certificate from Chartered Accountant in practice stating compliance as required under these regulations.	1. Certificate of Chartered Accountant in practice 2. Financial Statements 3. Intimation sent to Stock Exchange 4. BSE/NSE Acknowledgment		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure of proceedings of general meeting	Regulation 30, Regulation 46(3) and Schedule III	1. Check whether company had disclosed the proceedings of general meeting to the stock exchange within prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 2 working days. 2. Check whether a copy of altered Memorandum of Association and articles of association to the Stock Exchange within the time prescribed from the registration of notice by ROC was submitted by the Company.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowl-edgement		
Application to regulators	Approval from concerned regulator	1. Check whether company has obtained permission from the respective sectorial regulators.	1. Copy of permission letter received		

(ii) Shifting of Registered Office

As per Section 12 of the Act, every company shall have a registered office at all times, to which all communications and notices may be addressed.

Every company shall within 30 days of its incorporation or any change in the address of its registered office furnish a verification of its registered office in Form INC-22 prescribed under Companies (Incorporation) Rules, 2014.

A company is permitted to change its registered office from its existing location to another location-

- Within the local limits of the same city, town or village;
- Outside the local limits of the same city, town or village but within same state under jurisdiction of same ROC;
- under jurisdiction of another ROC within same state;
- One State to another State.

Change in registered office from the Jurisdiction of one Registrar to another within the same state: - Publish a notice, at least once in a daily newspaper published in English and in the principal language of that district in which the registered office of the company is situated and circulating in that district.

Change in registered office from One State or Union Territory to another: - Advertise the application in the Form No.INC.26 in a vernacular newspaper in the principal vernacular language in the district in which the

registered office of the company is situated, and at least once in English language in an English newspaper circulating in that district at least 14 days before the date of hearing.

Attention Point

In case of Private Companies, check whether company has not defaulted in filing of financial statement and annual return, if so the exemption granted through Notification dated 5th June, 2015 as amended from time to time cannot be availed.

Checklist for Compliances regarding Shifting of Registered Office

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Shifting of Registered Office within local limits of the same city/town/village					
Form INC-22	Section 12 read with Rule 27 of the Companies (Incorporation) Rules, 2014	Check whether Form INC-22 is filed within 30 days of passing of Board Resolution.	Form INC-22 along with its challan		
Shifting of Registered office outside the local limits of the same city/ town/village but within the jurisdiction of same ROC					
Form MGT-14	Section 12(5) read with Section 117	Check whether Form MGT-14 is filed within 30 days of passing Special Resolution.	Form MGT-14 along with Challan		
Form INC-22	Section 12 read with rule 25 and 27 of the Companies (Incorporation) Rules, 2014	Check whether Form INC-22 is filed within 30 days of passing of Board Resolution.	1. Form INC-22 along with its challan 2. NOC from owner 3. Rent agreement in case the place is rented. 4. Proof of evidence of any utility bills		
Shifting of Registered office from Jurisdiction Of One Registrar Of The Jurisdiction Of Another Registrar Within The Same State					
Form MGT-14	Section 12(5) read with Section 117	Check whether Form MGT-14 was filed within 30 days of passing special resolution.	Form MGT-14 along with challan		
Consents	Rule 28 (1) (c) of the Companies (Incorporation) Rules, 2014	Check whether consent from creditors, depositors, debenture holders obtained for the shifting.	1. List of Creditors, Depositors, Debenture Holders 2. Copy of Consents obtained by Company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Form INC-23	Rule 28 of the Companies (Incorporation) Rules, 2014	Check whether list of creditors and debenture-holder, not less than 01 month has been accompanied with the declaration by CS or minimum 02 directors, at least one shall be Managing Director, stating that – list is correct and to best of knowledge and no employee has been retrenched as a consequence of change of registered office from filing application in Form INC-23 for change of registered office is filed with the Form.	1. Copy of Form INC-23 along with its challan 2. List of Creditors		
Form INC-28	Rule 28 (3) of the Companies (Incorporation) Rules, 2014	Check whether Form INC-28 filed within 30 days of receipt of order of Regional Director along with fees as mentioned in RD Order.	Copy of Form INC-28 along with its challan		
Shifting of registered office from one state to another state					
Approval through special resolution at the EGM		Check whether the special resolution was approved at the EGM to change the registered office from one state to another and to change the company's Memorandum of Association.	Copy of Special Resolution		
Publication of advertise-ment	Rule 30 The Companies (Incorporation) Rules, 2014	Check whether advertisement published in newspapers regarding the proposed shifting in Form INC-26 and the copy of the same has been filed to all concerned authorities.	Copy of newspaper advertisement		
Form MGT-14	Section 12(5) read with Section 117	Check whether Form MGT-14 was filed within 30 days of passing special resolution.	Form MGT-14 along with its challan		
Alteration in Memo-randum of association	Section 15	Check whether the company noted the alteration in every copy of the memorandum.	Altered copy of Memorandum of Association		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Form INC-23	Rule 30 of the Companies (Incorporation) Rules, 2014	1. Check whether the Form INC-23 in compliance of the applicable provisions has been filed. 2. If, yes, check whether the status of the form. 3. Check Whether copy of intimation to the Chief Secretary of the state as to the proposed shifting and that the employees' interest has not adversely affected consequent to proposed shifting has been given.			
Form INC-28	Rule 31 of the Companies (Incorporation) Rules, 2014	Check whether Form INC-28 filed within 30 days of receipt of order of Regional Director along with fees as mentioned in RD Order.	Form INC-28 along with its challan		
Form INC-22	Section 12 read with Rule 27 the Companies (Incorporation) Rules, 2014	Check whether Form INC-22 is filed within 60 days from the date confirmation.	Form INC-22 along with its challan		
Disclosure to Stock Exchange – Board Meeting	Regulation 30 of SEBI (LODR) Regulations, 2015	Check whether disclosure of Board meeting was made within the prescribed time from the conclusion of the Board meeting to Stock exchange.	Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Disclosure to Stock Exchange – Proceedings of General Meeting	Regulation 30 and Regulation 46(3) + Schedule III Clause 14 of SEBI (LODR) Regulations, 2015	Check whether company had disclosed the proceedings of general meeting to the stock exchange within the prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 2 working days.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Prior approval	NBFC	Check whether Prior approval is obtained from RBI.	Copy of approval from RBI		

Disclosures required after altering Memorandum of Association of the Company

Sl. No.	Particulars	Remarks
1	The Name, CIN, address of registered office of Company is displayed at its registered office and all other offices as per section 12; Where the company has changed its name(s) during the last 02 years, it has affixed along with its name, the former name(s) so changed during the last 02 years.	
2	Where the authorised share capital has been displayed in its official publications, the subscribed/paid-up share capital is also displayed as per section 60.	
3	Company has disclosed its CIN, website address etc. as provided in section 12.	
4	Website of company discloses the mandatory information, if any.	
5	Director Identification Number of each director is mentioned while furnishing any return, information or particulars as are required to be furnished under the Section 158 of the Act.	

(iii) Change of Objects

A company may change its objects as enshrined in its MOA in accordance with the provisions of Section 13 of the Act. Accordingly, any alteration of MOA with respect to the objects of the company is permitted through Special Resolution.

However, Section 13(8) restricts the change in object of a company which has raised money from public through prospectus and still has any unutilized amount out of the money so raised unless a special resolution is passed by the company and the details of such resolution shall be published in

- one vernacular language and one English language newspaper in circulation at the place of registered office of the company;
- website of the company indicating the justification for such change in the object, if any.

Attention Point

In case of Private Companies, Check whether company has not defaulted in filing of financial statement and annual return, if so the exemption granted through Notification dated 5th June, 2015 as amended from time to time cannot be availed.

Checklist for Compliances regarding Change of Objects

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Special resolution and exit offer to dissenting shareholders	Section 13(8) and Section 27(2)	Check whether company has raised money from public through prospectus and still has any unutilised amount out of the money so raised, a special resolution has been passed through postal ballot by the company to change its objects for which it raised the money through prospectus –	1. Copy of notice and minutes of general meeting 2. Copy of newspaper advertisement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		• the notice contains the details as provided in rule 32 of the Companies (Incorporation) Rules, 2014 • the details, were published in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated and was placed on the website of the company, indicating therein the justification for such change; • the dissenting shareholders were given an opportunity to exit by the promoters and shareholders having control in accordance with regulations specified by the Securities and Exchange Board of India.			
Filing of Form MGT-14	Section 117	Check whether the company has passed the special resolution and filed Form MGT-14 with the Registrar.	Copy of Form MGT-14 along with its challan		
Alteration in all copies of Memo-randum of Association	Section 15	Check whether the company has noted the alteration in every copy of the memorandum.	Altered Copy of Memorandum of Association		
Change in name of the listed entity	Regulation 45(1) of SEBI (LODR) Regulations, 2015	1. Check whether 50% of total revenue in the preceding 01-year period has been accounted for by the new activity suggested by the new name.	Copy of certificate of Chartered Accountant in practice		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the amount invested in the new activity/ project was atleast 50% of the assets of the listed entity. 3. Check whether the listed entity who has changed its activities and not reflected in its name, has changed its name in line with its activities within a period of 06 months from the change of activities. 4. Check whether application is made to stock exchange for change of name along with certificate from Chartered Accountant in practice stating compliance as required under these regulations.			
Disclosure to Stock Exchange – Board Meeting	Regulation 30 of SEBI (LODR) Regulations, 2015	Check whether Disclosure of Board meeting was made within the prescribed time from the conclusion of the Board meeting to Stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Disclosure to Stock Exchange – general meeting	Regulation 30 and Regulation 46(3) + Schedule III Clause 14 of SEBI (LODR) Regulations, 2015	Check whether company had disclosed the proceedings of General Meeting to the stock exchange within the prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 02 working days.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowl-edgement		
Trading window closure	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015	Check whether the corporate action required closure of trading window, if yes, check whether complied.	Disclosure made to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Post-Listing Exit offer to the dissenting shareholders	Regulation 59 read with Schedule XX of SEBI (ICDR) Regulations, 2018	In case company has raised money from public through prospectus and still has any unutilised amount out of the money so raised, check whether exit offer was made by the promoters or shareholders in control of an issuer to the dissenting shareholders in terms of section 13(8) and section 27(2) of the Companies Act, 2013, in case of change in objects or variation in the terms of contract referred to in the offer document.			
Application to RBI	NBFC	Check whether Company has obtained prior approval of RBI for Change of Object.	Copy of approval from RBI		
FDI (FEMA)	Non-Debt Instruments Rules, 2019 of FEMA	Check whether the main object is falling under automatic route or approval route. Also, check if the Object does not fall under the prohibited list as under: ● Lottery business including Government or private lottery, online lotteries, etc. ● Gambling and betting including casinos, etc. ● Chit funds ● Nidhi company ● Trading in Transferable Development Rights ● Real estate business or construction of farm houses	Object clause of Memorandum of Association		

(iv) Alteration of Authorized Capital

A Company having share capital may alter its Authorized Capital, i.e., Capital Clause by virtue of Section 13 read with Section 61 by passing an Ordinary Resolution in the General Meeting.

The Capital Clause will be altered by prescribed process as per the applicable rules and payment of relevant

stamp duty as may be applicable and levied by concerned state in which the registered office of the Company is situated.

Attention Point

In case of Private Companies, check whether company has not defaulted in filing of financial statement and annual return, if so the exemption granted through Notification dated 5th June, 2015 as amended from time to time cannot be availed.

Checklist for Compliances regarding Alteration of Authorized Capital

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Provisions of Articles of association	Section 13 and section 61	1. Check whether the company altered its share capital in the manner specified in sub-section (1) of section 61 or in any other manner. 2. Check whether Articles of association prescribed any particular manner for alteration of capital. 3. If yes, check whether same procedure was followed in addition to applicable provisions of the Companies Act, 2013.	Articles of association		
Alteration of Article of Association	Section 13	Check whether the Articles of Association also needs to be altered.	Articles of Association		
Ordinary Resolution	Section 14	Check whether ordinary or special resolution, as the case may be, has been passed to alter memorandum and article of association, as may be applicable.	1. Notice of General Meeting along with Explanatory Statement 2. Minutes		
Form MGT-14	Section 117	Check whether such Special resolution was filed in Form MGT-14 in time.	Form MGT-14 along with its challan		
Approval of Tribunal	Section 61	1. Check whether approval of tribunal was needed for alteration of capital as per section 61. 2. If yes, check whether approval was duly obtained.	Tribunal's Order		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Form SH-7	Section 64 read with rule 15 of the Companies (Share Capital and Debentures) Rules, 2014	Check whether company has given notice to the ROC in Form SH-7 within30 days of such change.	Form SH-7 along with its challan		
Disclosure of Board Meeting to Stock Exchange	Regulation 30 of SEBI (LODR) Regulations, 2015	1. Check whether disclosure of Board meeting was made within the prescribed time from the conclusion of the Board meeting to Stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE acknowledgment		
Disclosure of general meeting to stock exchange	Regulation 30 and Regulation 46(3) read with Schedule III of SEBI (LODR) Regulations, 2015	Check whether company had disclosed the proceedings of general meeting to the stock exchange within prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 2 working days.	1. Disclosure made to stock exchange 2. BSE/NSE acknowl-edgment		
Trading window closure	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015	Check whether the corporate action required closure of trading window, if yes, check whether complied.	Disclosure made to Stock Exchange		
Prior approval of RBI		Check whether prior permission of RBI is obtained from RBI.	Copy of approval from RBI		

(c) Alteration of Articles of Association (AoA)

A company may alter its Articles by passing a special resolution. This requires that the due importance and care should be given to check whether the alteration of Articles of Association is not in conflict with the provisions of the Memorandum of Association or the Companies Act. A copy of every special resolution altering the Articles must be filed with the Registrar within 30 days of its passing.

Instances wherein the change in article is required

- Change in any clause of Articles;
- Conversion of a private company into a public company; or
- Conversion of a public company into a private company.

Attention Point

Check the compliance of approval issued by the Regional Director/Central Government.

Checklist for Compliances regarding Change in any clause of Articles

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Special Resolution	Section 14	Check whether company has arranged general meeting for passing of special resolution.	Notice of general meeting sent to shareholders and minutes.		
Form INC. 27	Rule 33 of the Companies (incorporation) Rules, 2014	1. In case of conversion of a private company into a public company or vice versa, check whether the application was filed in Form No. INC. 27. 2. Check whether for effecting the conversion of a public company into a private company, a copy of order of the Tribunal approving the alteration, has been filed with the Registrar in Form INC-27 with fee together with the printed copy of altered articles within 15 days from the date of receipt of the order from the Tribunal.	1. Form INC-27 along with its challan 2. Tribunal's Order		
Form MGT-14	Section 14 and sub-section (3) of section 117	1. Check whether company has filed the Form with ROC Form MGT-14. 2. Check whether every alteration of the articles together with a printed copy of the altered article has been filed with the Registrar within 15 days.	1. Form MGT-14 along with its challan 2. Copy of altered Articles and Memorandum of Association of the company		

Noting of alteration	Section 15	Check whether the company noted the alteration in every copy of the Articles and Memorandum.	Altered copy of Memorandum & Article of Association		
Disclosure to Stock Exchange – Board meeting	Regulation 30 of SEBI (LODR) Regulations, 2015 read with Schedule III	Check whether disclosure of Board Meeting was made within the prescribed time from the conclusion of the Board Meeting to Stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		

Checklist for Compliances regarding Conversion of a Private Company into a Public Company

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Approval from members	Section 14	Check whether members of the private company have approved the conversion into Public Company by Special Resolution.	Notice and Minutes of the General meeting		
Mandatory compliances	Section 18 and rule 29(1) of Companies (Incorporation) Rules, 2014	1. Check whether the company has complied for the– 1) Adoption of amended Articles with new/ altered clauses, 2) Adoption of amended Memorandum with new/ altered clauses, 3) Change of name of the company, 4) Minimum number of directors, 5) Minimum number of members, 6) Filing of annual return and financial statements with ROC, 7) Payment of matured deposits, 8) Increased in authorised and paid-up capital of the company.	1. Altered Memorandum of Association 2. Altered Article of Association of the company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Form MGT-14	Section 12(5) read with Section 117	Check whether Form MGT-14 was filed within 30 days of passing Special Resolution.	Form MGT-14 along with its Challan		
Form INC. 27	Rule 33 of the Companies (incorporation) Rules, 2014	In case of conversion of a private company into a public company, the application was filed in Form INC. 27 within 15 days.	Form INC-27 along with its Challan		
Fresh certificate	Section 13(3) & Rule 29(2) of Companies (Incorporation) Rules, 2014	Check whether company has received fresh certificate of Incorporation with the changed name.	Certificate of Incorporation		
Noting of alteration	Section 15	Check whether the company has noted the alteration in every copy of the Article and memorandum.	1. Amended Articles of Association 2. Amended Memorandum of Association		
Printing of changed name	Section 12	Check whether Company has – I. painted or affixed its amended name, and the address of its registered office, and keep the same painted or affixed, on the outside of every office or place in which its business is carried on, in a conspicuous position, in legible letters, and if the characters employed therefor are not those of the language or of one of the languages in general use in that locality, also in the characters of that language or of one of those languages, II. its name engraved in legible characters on its seal, if any,			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		III. got its name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications, IV. its name printed on hundies, promissory notes, bills of exchange and such other documents.			
Disclosure to Stock Exchange – Board Meeting	Regulation 30 of SEBI (LODR) Regulations, 2015	Check whether disclosure of Board Meeting was made within the prescribed time from the conclusion of the Board meeting to Stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Disclosure to Stock Exchange – proceedings of General Meeting	Regulation 30 and Regulation 46(3) + Schedule III Clause 14 of SEBI (LODR) Regulations, 2015	Check whether company had disclosed the proceedings of general meeting to the stock exchange within the prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 2 working days.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		

Checklist for Compliances regarding Conversion of a Public Company into a Private Company

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval from members	Section 14	Check whether members of the public company have approved the conversion into Private Company by Special Resolution.	1. Notice of the meeting 2. Minutes of the general meeting		

Mandatory compliances	Section 18 and Rule 29(1) of The Companies (Incorporation) Rules, 2014	Check whether the company has complied for the– a) Adoption of new/amended Article of adoption, b) Adoption of new/ amended Memorandum of association, c) change of name of the Company, d) Filing of annual return and financial statements with ROC, e) Payment of matured deposits.	1. Altered Memorandum of Association 2. Altered Articles of Association of the Company		
Form MGT-14	Section 12(5) read with Section 117	Check whether Form MGT-14 was filed within 30 days of passing Special Resolution.	Form MGT-14 along with its challan		
Form INC-27	Rule 33 of the Companies (incorporation) Rules, 2014	Check whether Company has filed application in Form INC-27 for public company into private company.	INC-27 along with its challan		
Form RD-1	Rule 41(1) of The Companies (Incorporation) Rules, 2014	Check whether company has filed application in Form RD-1 for conversion of public company into private company.	Form RD-1 along with its challan		
Amended copies of documents	Rule 41(1&2) of companies incorporation rules	Check whether the company has filed copies of amended Memorandum & Articles, minutes of meeting approving conversion along with dissenting votes, if any and relevant declarations from KMP/directors of the company along with Form RD-1.	Copies of Relevant Documents		
List of creditors and debenture	Rule 41(3) of The Companies (Incorporation) Rules, 2014	Check whether list of creditors and debenture-holder, not less than one month old from filing application in Form RD-1 for conversion was filed with the Form along with amount due to them.	List with all details		

Advertise-ment	Rule 41(5) of The Companies (Incorporation) Rules, 2014	Check whether company has made advertisement in the Form INC-25A in a vernacular newspaper in the principal vernacular language in the district and in English language in an English newspaper.	Copy of newspaper advertisement		
Individual Notice	Rule 41(5) (b) of The Companies (Incorporation) Rules, 2014	Check whether the company has served individual notice by registered post with acknowledgement due, on every debenture holder, regional director and any regulatory authority and no objection has been received from any of them.	Notice		
Form INC-28	Rule 28 (3) of the Companies (Incorporation) Rules, 2014	Check whether the RD order in Form INC-28 has been filed with ROC within stipulated time.	Form INC-28 along with its challan		
Fresh certificate of Incorporation	Section 13(3) & Rule 29(2) of Companies (Incorporation) Rules, 2014	Check whether company has received fresh certificate of Incorporation with the changed name	Certificate of Incorporation		
Noting of alteration	Section 15	Check whether the company has noted the alteration in every copy of the Article and Memorandum.	1. Amended Article of Association 2. Amended Memorandum of Association		
Printing of changed name	Section 12	1. Check whether Company has – - painted or affixed its amended name, and the address of its registered office, and keep the same painted or affixed, on the outside of every office or place in which its business is carried on, in a conspicuous position, in legible letters, and if the characters employed therefor are not those of the language or of one of the languages in general use in that locality, also in the characters of that language or of one of those languages,			

		- its name engraved in legible characters on its seal, if any, - got its name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications, - its name printed on hundies, promissory notes, bills of exchange and such other documents.			
Disclosure to Stock Exchange – Board Meeting	Regulation 30 of SEBI (LODR) Regulations, 2015	1. Check whether disclosure of Board meeting was made within the prescribed time from the conclusion of the Board meeting to stock exchange.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Disclosure to Stock Exchange – proceedings of General Meeting	Regulation 30 and Regulation 46(3) + Schedule III Clause 14 of SEBI (LODR) Regulations, 2015	1. Check whether company had disclosed the proceedings of general meeting to the stock exchange within the prescribed time from the conclusion of general meeting and same had been posted on the website of the company within 02 working days.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		

2-II PROSPECTUS AND ALLOTMENT OF SECURITIES

Applicable Provisions and Events

Section 23 to Section 42 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Initial Public Offer (IPO)
2. Future Public Offer (FPO)
3. Employee Stock Option Plan (ESOP)/ Employee Stock Option Scheme (ESOS)
4. Issue of Sweat Equity Shares
5. Bonus Issue
6. Right Issue of Equity Shares
7. Private Placement of Securities

8. Preferential Allotment of Securities
9. Issue of Securities by Depository Receipts – ADR, GDR and FCCB

1. Initial Public Offer (IPO)

Attention Point

Check the conditions, if any, in any approval received from the regulators.

(A) Checklist for Compliances regarding Initial Public Offer (IPO) on SME Platform of Exchange

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Authorization	SEBI (ICDR) Regulations, 2018	1. Check whether Board and Shareholders resolution authorised the quantum of securities and/or amount to be raised through SME IPO. 2. In case of Offer for sale, check whether consent letter has been received from selling shareholders and should be in compliance with SEBI (ICDR) Regulations, 2018.	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Memorandum of Association 4. Articles of Association		
Eligibility	Regulation 228 and 230 of SEBI (ICDR) Regulations, 2018	Check whether the company and issuer were eligible to make an issue and fulfilled the conditions specified in these regulations.	1. Eligibility Criteria 2. Website of Stock Exchange(s)		
No restriction in Article of Association and Memo-randum of Association		1. Check whether there were no restrictive clauses in the Articles of Association of the Company and the provisions of the Memorandum. 2. Also check whether Articles of Association and Memorandum of Association have not been inconsistent with the clauses of the listing agreement or any other applicable law, rules or regulations.	1. Memorandum of Association 2. Articles of Association		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Minimum promoters' contribution	Regulation 236 and 237 of SEBI (ICDR) Regulations, 2018	Check whether the company has complied with the minimum promoter's contribution.	Promoters contribution		
Lock-in period of specified securities held by the promoters and others.	Regulation 238 and 239 of SEBI (ICDR) Regulations, 2018	Check whether the securities held by promoters / persons have been locked in for a period of 1 year / 3 years as the case may be.			
Appointment of Intermedi-aries	Regulation 244 of SEBI (ICDR) Regulations, 2018	Check whether the appointment of Lead manager, all other intermediaries and Compliance Officer for the said public Issue was done.	Acknowledgement of Appointment Letters		
	Section 179 of companies Act, 2013 and Schedule VI of SEBI (ICDR) Regulations, 2018	Check whether the draft offer document and offer document contained all material disclosures as specified under Companies Act, 2013 and SEBI (ICDR) Regulations, 2018 and the same has filed along with necessary documents to stock exchange, where the company wanted to list its securities.	1. Draft offer document 2. Evidence of filing with Stock Exchange		
Security Deposit	Regulation 259 of SEBI (ICDR) Regulations, 2018	Check whether before opening of the subscription list, issuer has deposited security deposit of one percent (1%) of issue size available for subscription to public with the designated stock exchange.	Proof of Deposit		
Underwriting	Regulation 260 of SEBI (ICDR) Regulations, 2018	Check whether the company has appointed underwriter and the issue have been underwritten for hundred per cent (100%) of the offer.	Appointment Letter of underwriter		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Market making	Regulation 261 of SEBI (ICDR) Regulations, 2018	Check whether the company has appointed Market Maker and compulsory market making has been carried through Stock Broker appointed by issuer.	Appointment Letter of market maker		
Monitoring agency	Regulation 262 of SEBI (ICDR) Regulations, 2018	1. Check whether monitoring agency has been appointed if the issue size excluding offer for sale was more than Rs. 100 crores. 2. Check whether within 45 days from the end of each quarter, monitoring agency report to be publicly disseminated by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares were listed.	1. Document for appointment of monitoring agency 2. Website of the company 3. Proof of submission to Stock Exchange		
Issue and post issue related ad-vertisements	Regulation 264 and 270 of SEBI (ICDR) Regulations, 2018	Check whether the company has published issue related advertisement in 01 English national daily newspaper with wide circulation, 01 Hindi national daily newspaper with wide circulation & 01 regional language newspaper with wide circulation.	Copy of Advertisement		
In-principle approval		Check whether public issue has been opened within 12 months from the date of issuance of In-principle approval of exchange.	In-principal Approval		
Period of subscription	Regulation 266 of SEBI (ICDR) Regulations, 2018	Check whether an initial public offer was kept open for at least 3 working days and not more than 10 working days.	IPO opening and closing document		
Application and minimum application value	Regulation 267 of SEBI (ICDR) Regulations, 2018	Check whether the minimum application size was 1,00,000 rupees per application.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Allotment procedure and basis of allotment	Regulation 268 of SEBI (ICDR) Regulations, 2018	Check whether the minimum number of prospective allottees was at least 50 for public issue.	List of prospective allottees		
Allotment, refund and payment of interest	Regulation 269 of SEBI (ICDR) Regulations, 2018	1. Check whether the specified securities were allotted and/ or application monies were refunded or unblocked within such period as may be specified by the Board. 2. Check whether the specified securities which have not allotted and/or application monies have not been refunded or unblocked within the period stipulated in sub-regulation (1), the issuer paid interest at the rate of 15% per annum within such time as disclosed in the offer document.	Proof of allotment/refund made		
Post-issue report along with Due diligence certificate	Regulation 273 of SEBI (ICDR) Regulations, 2018	Check whether lead manager has submitted final post-issue report along with due diligence certificate within 07 days of the date of finalization of basis of allotment or within 07 days of refund of money in case of failure of issue.	Report along with due diligence certificate		
Appointment of Compliance officer	Regulation 6 of SEBI (LODR) Regulations, 2015	Check whether the company has appointed qualified Company Secretary as the compliance officer.	Form DIR-12		
Statement of deviation(s)/ variation(s)	Regulation 32 of SEBI (LODR) Regulations, 2015	Check whether the company has submitted statement of deviation(s)/variation(s) on half yearly basis to stock exchange till 100% of the proceeds of the issue have been utilised.	Statement of deviation(s)/ variation(s)		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances in case of pre IPO ESOP and other employee benefit schemes	SEBI (SBEB and SE) Regulation, 2021	If company have pre-IPO ESOP and other employee benefit schemes, then check whether the same has been compliance of SEBI (SBEB) Regulation, 2014.	Copy of Schemes, if any		
Grievance redresser mechanism.	Regulation 13 of SEBI (LODR) Regulations, 2015	1. Check whether the company has obtained authentication for SCORES from SEBI for handling Investors Complaints. 2. Check whether he listed entity has filed with the recognised stock exchange(s) on a quarterly basis, within 21 days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.	Authentication Documents		
Listing agreement	Regulation 109 of SEBI (LODR), Regulations, 2015	Check whether the company has signed the listing agreement with stock exchanges as per SEBI (LODR), Regulations, 2015.	Copy of signed the Listing Agreement		
Restrictions imposed by SEBI	SEBI circular no. SEBI/ HO/ MRD/ DSA/CIR/P/ 2017/92 dated August 01, 2017	Check whether the company, its promoters, its directors were not in violation of the restrictions imposed by SEBI.	Declaration from promoters and directors		

(B) Checklist for Compliances regarding IPO on Main Board of Exchange

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Authorization	SEBI (ICDR) Regulations, 2018	1. Check whether Board and Shareholders resolution authorised the quantum of securities and/or amount to be raised through IPO. 2. In case of Offer for Sale (OFS), check whether consent letter has been received from selling shareholders and should be in compliance with SEBI (ICDR) Regulations, 2018.	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Memorandum of Association 4. Article of Association		
Eligibility	Regulation 5 and 7 of SEBI (ICDR) Regulations, 2018	Check whether the company was eligible to make an issue as per regulation 5 and fulfilled the conditions specified in regulation 7.	Eligibility Criteria		
No restriction in article of association and memo-randum of association		Check whether there are no restrictive clauses in the articles of association of the company and the provisions of the memorandum. 2. Also check whether articles of association were not inconsistent with the clauses of the listing agreement or any other applicable law, rules or regulations.	1. Memorandum of Association 2. Articles of Association		
Minimum promoters' contribution	Regulation 14 and 15 of SEBI (ICDR) Regulations, 2018	Check whether the company has complied with the minimum promoter's contribution and securities are not ineligible.	Promoter's Contribution		
Appointment of Intermedi-aries	Regulation 23 of SEBI (ICDR) Regulations, 2018	Check whether the appointment of Lead manager and all other intermediaries for the said public issue was done.	Appointment Documents		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of the draft offer document and offer document	Section 179 of companies Act, 2013 and Schedule VI of SEBI (ICDR) Regulations, 2018	Check whether the draft offer document and offer document contained all material disclosures as specified under Companies Act, 2013 and SEBI (ICDR) Regulations, 2018 and the same along with application has been filed to SEBI with requisite fees.	1. Draft offer document 2. Evidence of filing with Stock Exchange		
Adherence of timelines	Regulation 25 and 26 of SEBI (ICDR) Regulations, 2018	Check whether the company has adhered the timelines for communications with SEBI.	Copy of communication		
Draft offer document		Check whether the company has filed Draft Offer document along with checklist documents and requisite fees to stock exchanges, where the company wanted to list its securities.	Draft Offer document along with challan		
Security Deposit	Regulation 38 of SEBI (ICDR) Regulations, 2018	Check whether before the opening of the subscription list, issuer deposited security deposit of 1% of issue size available to public with the designated stock exchange.	Proof of Deposit		
Underwriting	Regulation 40 of SEBI (ICDR) Regulations, 2018	Check whether the company has appointed underwriter in case of book building issue.	Document for appointment of underwriter		
Monitoring agency	Regulation 41 of SEBI (ICDR) Regulations, 2018	1. Check whether monitoring agency has been appointed if the issue size excluding offer for sale was more than Rs. 100 crores. 2. Further also check that within 45 days from the end of each quarter, monitoring agency report to be publicly disseminated by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.	1. Document for appointment of monitoring agency 2. Website of the Company 3. Proof of submission to Stock Exchange		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Issue and post issue related ad-vertisements	Regulation 43 and 51 of SEBI (ICDR) Regulations, 2018	Check whether the company has published issue related advertisement as required.	Copy of advertisement		
Opening of the issue	Regulation 44 of SEBI (ICDR) Regulations, 2018	Check whether public issue has been opened within twelve months from the date of issuance of the observations by the Board and opened after at least 03 working days from the date of filing, the red herring prospectus, in case of a book-built issue and the prospectus, in case of a fixed price issue, with the Registrar of Companies.	Opening date of public issue		
Minimum subscription	Regulation 45 of SEBI (ICDR) Regulations, 2018	Check whether the minimum subscription to be received in the issue was at least 90% of the offer through the offer document, except in case of an offer for sale of specified securities.	Minimum subscription documents		
Period of subscription	Regulation 46 of SEBI (ICDR) Regulations, 2018	Check whether an initial public offer was kept open for at least 03 working days and not more than 10 working days.	IPO opening and closing document		
Application and minimum application value	Regulation 47 of SEBI (ICDR) Regulations, 2018	Check whether the minimum application value between 10,000 rupees to 15,000 rupees in the issue.			
Allotment procedure and basis of allotment	Regulation 49 of SEBI (ICDR) Regulations, 2018	Check whether the minimum number of prospective allottees was at least 1000 for public issue.	List of prospective allottees		
Allotment, refund and payment of interest	Regulation 50 of SEBI (ICDR) Regulations, 2018	Check whether the specified securities were allotted and/ or application monies were refunded or unblocked within such period as may be specified by the Board.	1. Proof of allotment/refund made 2. Bank Statement		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Post-issue reports	Regulation 55 of SEBI (ICDR) Regulations, 2018	Check whether Lead manager submitted final post-issue report along with Due diligence certificate within seven days of the date of finalization of basis of allotment or within 07 days of refund of money in case of failure of issue.	Report along with Due Diligence Certificate		
Appointment of Compliance officer	Regulation 6 of SEBI (LODR) Regulations, 2015	Check whether the company has appointed qualified Company Secretary as the compliance officer.	Form DIR-12		
Compliances of Corporate Governance	Regulation 15, 18,19,20 & 21 SEBI (LODR) Regulations, 2015	1. Check whether the company was in compliance with of conditions of Corporate Governance as stipulated SEBI (LODR) Regulations, 2015. 2. Further check whether the company should also mentioned the composition of various committees as required under the said clause.	Various Compliance/ Certificate/ Forms		
Statement of deviation(s)/ variation(s)	Regulation 32 of SEBI (LODR) Regulations, 2015	Check whether the company has submitted statement of deviation(s)/variation(s) on quarterly basis to stock exchange within 45 days of end of quarter till 100% of proceeds are utilised.	Statement of deviation(s)/ variation(s)		
Compliances in case of pre IPO ESOP and other employee benefit schemes	SEBI (SBEB and SE) Regulation, 2021	If company have pre-IPO ESOP and other employee benefit schemes, than check whether the same has been compliance of SEBI (SBEB) Regulation, 2014.	Copy of schemes, if any		
Grievance Redressal Mechanism.	Regulation 13 of SEBI (LODR) Regulations, 2015	Check whether the company has obtained authentication for SCORES from SEBI.	Authentication documents		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Listing agreement	Regulation 109 of SEBI (LODR), Regulations, 2015	Check whether the company has signed the Listing agreement with stock exchanges as per SEBI (LODR), Regulations, 2015.	Copy of signed the listing agreement		
Conse-quences of compulsory delisting	Regulation 34 of the SEBI (Delisting of Equity Shares) Regulations, 2021	Check whether the company or its promoters or whole-time directors were not in violation of the provisions of Regulation 34 of the SEBI (Delisting of Equity Shares) Regulations, 2021.	Declaration from Promoter and Directors		
Restrictions imposed by SEBI	SEBI circular no. SEBI/ HO/ MRD/ DSA/CIR/ P/2017/92 dated August 01, 2017	Check whether the company, its promoters, its directors were not in violation of the restrictions imposed by SEBI.	Declaration from promoters and directors		

(C) Checklist for Compliances regarding under Companies Act 2013 for Issue of Equity Shares (IPO)

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Power to make public issue	Section 4, 5, 23 and 62	Check whether the Company's memorandum & articles of association have power to issue shares to the public.	1. Articles of Association 2. Memorandum of Association 3. Shareholders Agreement		
Sufficient authorized share capital	Section 13 and Section 61	Check whether the Company has sufficient authorized capital before making a public issue.			
Note: If above points were not met, kindly refer to the checklist for alteration of Memorandum of Association and Articles of Association					
Holding Board meeting for approving draft offer document and other incidental matters	Section 179 and Secretarial Standards-1	Check whether the company has duly approved draft offer document in the Board meeting. *Note:* i) Please refer checklist for holding Board meeting.	1. Notice and agenda of Board Meeting 2. Minutes of Board Meeting 3. Form MGT-14 4. Form PAS-3		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		ii) Ensure that Board and Shareholders resolution authorized the quantum of securities and/or amount to be raised through IPO.			
Filing of Board Resolution with ROC	Section 117 read with Section 179	Check whether the company has filed Form MGT-14 for approving the Initial Public Offer (Issue) with Registrar of Companies.	Board Resolution		
Holding general meeting	Section 100 and 101	Check whether the company has duly held general meeting of the shareholders for approving the Initial Public Offering to Public.	Notice of general meeting		
Filling of Special Resolution with ROC	Section 117	Check whether the company has filed Form MGT-14 for special resolution, approving the Initial Public Offer by the Shareholders with ROC.	1. Shareholders' resolution 2. Explanatory statements 3. Notice of extra ordinary general meeting etc.		
Filing of Draft Red Herring Prospectus with ROC	Section 26	Check whether the company has filed Draft Red Herring Prospectus (DRHP) along with Material Contract mentioned in the DRHP with ROC through Form GNL-2.	1. DRHP 2. All material contracts as mentioned in the Draft Red Herring Prospectus.		
Filling of return of allotment with ROC	Section 39	Check whether the company has filed Form PAS-3 within 30 days from the date of allotment of shares to the allottees in IPO with the ROC.	1. Board Resolution 2. List of allottees finalize by Lead Merchant Bankers with Stock Exchange		

2. Further Public Offer (FPO)

Attention Points

a. Ensure that the company or any of its promoters or directors are not declared as "Fraudulent Borrower" by the lending banks or financial institutions or consortium in terms of RBI Master Circular dated July 01, 2016.

b. In case issue comes under Fast Track route, check whether the company satisfy the eligibility conditions under regulation 155 of SEBI (ICDR) regulation, 2018.

c. In case issue under fast-track route, the issue shall open within the period specifically stipulated under the Companies Act, 2013.

Checklist for Compliances regarding Further Public Offer (FPO)

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Prior Intimations and disclosures	Regulation 29 & 30 of SEBI (LODR) Regulations, 2015	Check whether the company complied SEBI regulations for intimation and outcome related with Board meeting and Shareholder meeting for authorising the Further Public Offer of securities.	1. Minutes of Board Meeting 2. Minutes of Shareholders' Meeting 3. Disclosure made		
Authorization	Regulation 105 of SEBI (ICDR) Regulations, 2018	1. Check whether the Board and Shareholders resolution authorised the quantum of securities and/or amount to be raised through FPO. 2. In case of Offer for Sale (OFS), check whether consent letter has been received from selling shareholders and should be in compliance.	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Memorandum of Association 4. Articles of Association		
Eligibility	Regulation 102 and 104 of SEBI (ICDR) Regulations, 2018	Check whether the company was not ineligible to make an issue as per regulation 102 and also check whether company fulfil the conditions specified in regulation 104 of said regulation	Eligibility Criteria		
Eligibility requirements	Regulation 103 (1) and (2) of SEBI (ICDR) Regulations, 2018	1. Check whether the company filed offer document. 2. Check whether the company met the eligibility requirement for further public offer.	Offer Document		
Promoters' contribution	Regulation 113 and 114 of SEBI (ICDR) Regulations, 2018	1. Check whether the company complied with the minimum promoters' contribution as per Regulation 113 and securities were not ineligible as per Regulation 114.	Promoters' Contribution		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Further if company claimed that minimum promoter contribution requirement was not applicable, check whether it falls under the requirements of regulation 112 of SEBI (ICDR) regulation, 2018.			
Lock-in of specified securities held by the promoters	Regulation 115 of SEBI (ICDR) Regulations, 2018	Check whether promoter shares were locked-in.			
Appointment of lead man-agers, other intermediar-ies	Regulation 121 of SEBI (ICDR) Regulations, 2018	Check whether appointment of lead manager and all other intermediaries for the said public Issue was done.	Appointment documents		
Disclosures in the draft offer document and the offer document	Regulation 122 of SEBI (ICDR) Regulations, 2018	Check whether the draft offer document and offer document contained all material disclosures as specified under Companies Act, 2013 and Schedule VI of SEBI (ICDR) regulation, 2018 and the same along with application has been filed to SEBI with requisite fees.	Draft offer document		
Filing of draft offer document with Stock Exchange(s)	Regulation 123 of SEBI (ICDR) Regulations, 2018	Check whether the company filed draft offer document along with checklist documents and requisite fees to stock exchange(s), where the company wanted to list its securities.	Draft offer document along with challan		
Security Deposit	Regulation 135 of SEBI (ICDR) Regulations, 2018	Check whether before opening of the subscription list, issuer has deposited security deposit of one percent (1%) of issue size available to public with the designated stock exchange.	Proof of Deposit		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Underwriting	Regulation 136 of SEBI (ICDR) Regulations, 2018	Check whether the company has appointed Underwriter in case of book building issue.	Appointment Letter of Underwriter		
Monitoring Agency	Regulation 137 of SEBI (ICDR) Regulations, 2018	1. Check whether monitoring agency has been appointed if the issue size excluding offer for sale is more than Rs. 100 crores. 2. Further also check whether within 45 days from the end of each quarter, monitoring agency report to be publicly disseminated by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed	1. Document for appointment of monitoring agency 2. Website of the Company 3. Proof of submission to Stock Exchange		
Issue and post issue related advertisements	Regulation 139 and 147 of SEBI (ICDR) Regulations, 2018	Check whether the company published issue related advertisement as required.	Copy of advertisement		
Opening of the issue	Regulation 140 of SEBI (ICDR) Regulations, 2018	Check whether public issue has been opened within 12 months from the date of issuance of the observations by the Board. In case Issue under fast-track route, the issue shall open within the period specifically stipulated under the Companies Act, 2013.	Opening date of issue documents		
Minimum subscription	Regulation 141 of SEBI (ICDR) Regulations, 2018	Check whether the minimum subscription received in the issue was at least ninety percent (90%) of the offer through the offer document, except in case of an offer for sale of specified securities	Minimum subscription amount		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Period of subscription	Regulation 142 of SEBI (ICDR) Regulations, 2018	Check whether a further public offer was kept open for at least 03 working days and not more than 10 working days.	Opening and closing issue documents		
Application and minimum application value	Regulation 143 of SEBI (ICDR) Regulations, 2018	Check whether the range of minimum application value was between 10,000 rupees to 15,000 rupees in the issue.	Application document		
Allotment procedure and basis of allotment	Regulation 143 of SEBI (ICDR) Regulations, 2018	Check whether the minimum number of prospective allottees was at least 1000 for public issue.	List of prospective allottees		
Allotment, refund and payment of interest	Regulation 146 of SEBI (ICDR) Regulations, 2018	Check whether the specified securities were allotted and/ or application monies were refunded or unblocked within such period as may be specified by the Board.	1. Proof of allotment/ refund made 2. Bank statement		
Post- issue reports	Regulation 151 of SEBI (ICDR) Regulations, 2018	Check whether lead manager submitted final post-issue report along with due diligence certificate within 07 days of the date of finalization of basis of allotment or within 07 days of refund of money in case of failure of issue.	Report along with Due Diligence Certificate		
Appointment of Compliance officer	Regulation 6 of SEBI (LODR) Regulations, 2015	Check whether the company appointed qualified company Secretary as the compliance officer.	Form DIR-12		
Corporate Governance	SEBI (LODR) Regulations, 2015	1. Check whether the company was in Compliance with of conditions of Corporate Governance as stipulated SEBI (LODR) Regulations, 2015.	Various compliance certificate/forms		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the company has mentioned the composition of various committees as required under the said clause.			
Statement of deviation(s)/ variation(s)	Regulation 32 of SEBI (LODR) Regulations, 2015	Check whether the company has submitted statement of deviation(s)/variation(s) on quarterly basis to stock exchange within 45 days of end of quarter till 100% proceeds of issue are utilised.	Statement of deviation(s)/ variation(s)		
ESOP and other employee benefit schemes	SEBI (SBEB and SE) Regulations, 2021	If company have outstanding ESOP and other employee benefit schemes, than Check whether same has been compliance of SEBI (SBEB and SE) Regulations, 2021	Copy of schemes, if any		
Consequenc-es of compul-sory delisting	Regulation 34 of the SEBI (Delisting of Equity Shares) Regulations, 2021	Check whether the company or its promoters or whole-time directors were not in violation of the provisions of Regulation 34 of the (Delisting of Equity Shares) Regulations, 2021.	Declaration from promoters and directors		
Restrictions imposed by SEBI	SEBI circular No. SEBI/ HO/ MRD/ DSA/CIR/P/ 2017/92 dated August 01, 2017	Check whether the company, its promoters, its directors were not in violation of the restrictions imposed by SEBI.	Declaration from promoters and directors		

3. Employee Stock Option Plan (ESOP)/ Employee Stock Option Scheme (ESOS)

Attention Points

a. Secondary acquisition in a financial year by the trust shall not exceed 2% of the paid-up equity capital as at the end of the previous financial year with an overall limit of 5%.

b. Trust was permitted to undertake off-market transfer of shares only under permissible circumstances.

Checklist for Compliances regarding ESOP/ESOS

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Notice of Board Meeting	Section 173	Check whether a Board meeting is convened by giving a notice of at-least 7 days for following- (a) Draft Scheme formulated by Compensation Committee/NRC (b) Draft of special resolution to be proposed (c) Notice of general meeting and explanatory statement	Notice of Board Meeting		
Approval of Board		Check whether approval of Board is taken for authorising the ESOP/ESOS.	1. Agenda 2. Minutes		
Notice of General Meeting	Section 101 and Rule 18 of The (Management and Administration) Rules, 2014	Check whether a notice of 21 clear days is sent to members. In case meeting called on shorter notice approval of at list 95% members is taken.	1. Notice of General Meeting 2. Proof of sending of Notice 3. Approval of Members		
Explanatory Statement	Section 102 & Rule 12 of The (Share Capital an Debentures) Rules, 2014	Check whether an explanatory statement was annexed to the notice of general meeting and contains requisite disclosures in the explanatory statement or not.	Explanatory Statement		
Minimum Period of one year between grant & vesting	Rule 6(a) of the (Share Capital and Debentures) Rules, 2014	Check whether there was a minimum period of 01 year between the grant & vesting of options.	Offer Letter/ Scheme		
Hold general meeting & passing of special resolution	Section 62(1)(b)	Check whether a special resolution was passed (ordinary resolution in case of private company/ Specified IFSC Public Company).	1. Agenda 2. Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Passing of Separate Resolution	Section 62(1) (b) read with Rule 12(4) of The (Share Capital an Debentures) Rules, 2014	Check whether a separate resolution was passed by shareholders of company in case: (a) grant of option to employees of subsidiary or holding company; or (b) grant of option to identified employees, during any one year, equal to or exceeding 01% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option.	1. Agenda 2. Minutes of the Meeting		
Special Resolution for Variation of Terms of ESOP	Section 62(1) (b) read with Rule 12(5) of the (Share Capital and Debentures) Rules, 2014	Check whether a special resolution was passed for variation in terms of ESOP not yet exercised by employee. *Note: Notice for passing special resolution shall disclose the variation, rationale thereof and details of beneficiary of such variation.*	1. Notice 2. Agenda 3. Explanatory Statements 4. Minutes of the meeting		
Issuance of ESOP		Check whether the company has issued ESOP as per the resolution approved by the members.	Shareholders' Resolution and Scheme		
Filing of Form MGT-14	Section 62 read with Section 117	Check whether the company has filed Form MGT-14 for the resolution passed in general meeting for the approval of ESOP.	Form MGT-14 along with challan		
Disclosures in Board Report	Section 62(1) (b)/ Rule 12(9) of the (Management and Administration) Rules, 2014	Check whether the Board of directors, shall disclose the following details in Board's Report: (a) options granted; (b) options vested;	Board Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(c) options exercised; (d) the total number of shares arising as a result of exercise of option; (e) options lapsed; (f) the exercise price; (g) variation of terms of options; (h) money realized by exercise of options; (i) total number of options in force; (j) employee wise details of options granted to; (i) key managerial personnel; (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. (iii) identified em-ployees who were granted option, during any one year, equal to or ex-ceeding 01% of the issued cap-ital (excluding outstanding war-rants and con-versions) of the company at the time of grant.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Register of ESOPs	Section 62(1) (b) read with Rule 12 of The (Manage-ment and Ad-ministration) Rules, 2014	Check whether the company has maintained a register of ESOPs in Form SH-6 and entered therein the particulars of ESOPs granted.	Register of ESOP		
Compliances under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021					
Mode of Im-plementation	Regulation 3(1)	Check whether company issues ESOP either directly or through irrevocable trust(s) only.	1. Shareholders' Resolution 2. Scheme/Plan		
Maintain books & accounts	Regulation 3(2)	Check whether the trust has kept and maintained proper books of account, records and documents and disclosed the financial position of each scheme.	Financial documents of each scheme		
Provisions of trust deed	Regulations 3(3) and part A of schedule – I	Check whether the trust deed contained provisions as specified in Part A of schedule -1.	1. Trust deed 2. Copy of intimation filed to Stock Exchange(s)		
Eligible person to act as trustee	Regula-tion3(4)	Check whether only the eligible person has acted as trustee of the ESOP Trust.	1. Shareholding pattern of such person(s) 2. Declaration from the trustee of the listed entity in this behalf		
Acquisition from Secondary market	Regulation 3(10) & 11	Check whether the trust has been authorised to make secondary market acquisition by the shareholders of the company. *Note: Secondary acquisition in a financial year by the trust shall not exceed 02% of the paid-up equity capital as at the end of the previous financial year with an overall limit of 5%.*	Shareholders' Resolution		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Treatment for Un-appropriate inventory.	Regulation 3 (12) & (13)	Check whether the un-appropriated inventory of shares which were not backed by grants, acquired through secondary acquisition by the trust have been appropriated within a reasonable period not extended beyond the end of the subsequent financial year, or the second subsequent financial year subject to approval of the compensation committee/ nomination and remuneration committee for such extension to the second subsequent financial year. *Note: Trust shall not sell shares acquired from Secondary Market for a minimum period of 6 months except transferred in the circumstances enumerated in clause (b) of sub-regulation (14), whether off-market or on the platform of recognised stock exchange*.	1. Compensation committee/nomination and remuneration committee approval 2. Trading report of trust		
Selling of shares acquired from off- market.	Regulation 3 (14)	Check whether the shares acquired through secondary market were disposed off only for permissible transactions.			
Constitution of compensa-tion commit-tee	Regulation 5(1)	Check whether a compensation committee has been constituted or designate NRC as the compensation committee.	Board/ Shareholders' Resolution		
Composition of compensa-tion commit-tee	Regulation 5(2)	Check the composition of committee of members of the Board of Directors of the company as provided under regulation 19 of the SEBI (LODR) Regulations, 2015, as amended from time to time.	Board Minutes		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Terms & conditions of the schemes	Regulation 5 read with part B of schedule – I of these regulations	Check whether the composition committee has formulated the terms & conditions of the schemes.	Offer Letter		
Explanatory statement	Regulation 6 read with part C of schedule – I of these regulations	Check whether the explanatory statements contained the requisite disclosure for the shareholders.	1. Notice of General Meeting 2. Explanatory Statements		
Intimation to Stock Exchange	Regulation 10	1. Check whether part D of schedule-I of these regulations is filed and the company obtains an in-principle approval from the recognised stock exchange(s). 2. Check whether when an exercise is made, the company notifies the concerned recognised stock exchange(s) as per the statement as specified in Part E of schedule – I of these regulations.	1. In-principle approval from Stock Exchange 2. Statement given to Stock Exchange 3. Statement at the time of exercise given to Stock Exchange		
Appointment of registered merchant banker	Regulation 12	Check whether the company has appointed registered merchant banker for the implementation of schemes till the stage of obtaining in-principle approval.	1. Board Resolution 2. Consent Letter 3. Appointment Letter 4. Agreement		
Obtain in-principle approval of Stock Exchange	Regulation 12	Check whether in- principle approval from stock exchange has been obtained or not.	Copy of in-principle approval		
Certificate from Auditors	Regulation 13	Check whether a certificate was obtained from secretarial auditors that the scheme is implemented in accordance in accordance with this regulation & in accordance with resolution passed in general meeting and it was placed at each annual general meeting till the scheme is in force.	Certificate from Secretarial auditor		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosures in Board Report	Regulation 14 read with part F of schedule – I of these regulations	Check whether The Board of directors, have disclosed the requisite details in Boards' Report. (All the details have been disclosed on website of the company and a web link there to also be provided in Board's Report).	1. Board Report 2. Website of the Company		
Certification from merchant banker	Regulation 12(6) read with part D of these regulations	Check whether a certificate from merchant banker has been obtained.	Certificate from Merchant Banker		
Disclosures of costs incurred by holding company of cost of ESOP to employees of subsidiary	Regulation 12 (5)	Check whether both holding & subsidiary company has made a disclosure of payment/receipt in 'notes to accounts' in case subsidiary reimburses the cost incurred by holding company for issuance of ESOP to employees of subsidiary.	Financials of holding company		
Disclosure of cost in notes to accounts	Regulation 12 (4)	Check whether the subsidiary company has made disclosure in 'notes to accounts' in case holding company has incurred cost for it.	Financials of Subsidiary Company		
General conditions for ESOP/ESOS	Regulation 16, 17, 18,19 & 20 read with part G of Schedule I of these regulations	Check following provisions in the scheme- i) the ESOS contained the details of the manner in which the scheme will be implemented and operated. ii) the Option Granted should contains the disclosure prescribed by part G of schedule I of these regulations.	1. ESOP Schemes 2. Approval of the Board and Shareholders		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		iii) pricing of option. iv) vesting Period, subject to minimum 01 year. v) right of option holder. vi) Consequences of failure to excise option.			
Compliances under FEMA Act, 1999 while conducting Secretarial Audit for ESOP/ESOS					
Issuing shares to employees outside India/ non-resident employees	Master direction no. 18/2015-16	Check whether the company has filed Form ESOP within 30 days from the date of issue.	1. Form ESOP 2. Form FCGPR		
Reporting purchase or repurchase	Master Direction No. 18/2015-16	Check whether the annual return has been filed for following; i) Annual Statement shares allotted to Indian employees/ Directors under ESOP Schemes. Annual Statement of shares repurchased by the issuing foreign company from Indian employees/ Directors under ESOP Schemes.	Annual return of ESOP		
Compliances under SEBI (LODR), Regulations 2015 while conducting Secretarial Audit for ESOP/ ESOS					
In- principle approval of stock e exchange	Regulation 28	Check whether the listed entity has obtained In-principle approval of stock exchange in which its securities are listed.	Copy of approval from Stock Exchange		
Disclosures of events or information	Regulation 30 (Schedule III Para B)	Check whether the company has disclosed to the stock exchange of issuance of securities through ESOP within the prescribed time from occurrence of event.	1. Intimation to Stock Exchange 2. Minutes of Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under SEBI (PIT), Regulations 2015 while conducting Secretarial Audit for ESOP					
Intimation to Stock Exchange for the acquisition of shares by Insider	Regulation 7 & code of conduct	1. Check whether the designated persons/ employees have filed. 2. Check whether every company has notified the above referred disclosure to the stock exchange within 02 trading days of receipt of disclosure or from becoming aware of information [SEBI circular dated: August 13, 2021 companies that have complied with September 9, 2020 SEBI circular are not required to do Regulation 7 disclosures].	Disclosure to company and Stock Exchange therewith		

4. Issue of Sweat Equity Shares

Checklist for Compliances regarding Issue of Sweat Equity Shares

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Eligibility	Section 54 read with Rule 8(1) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the equity shares were issued to the directors or employees of the company who were eligible in terms of section 54.	1. Details of directors and employees to whom sweat equity shares were issued. 2. Register of the sweat equity shares. 3. Special Resolution – If issued for other than cash/ discount.		
Notice of General Meeting	Section 54(1)(a)read with the rule 8(1) of The Companies (Share Capital and Debentures) Rules 2014	Check whether the issue was authorized by a special resolution passed by the company.	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Notice of General Meeting along with explanatory statement 4. Board's Report 5. Article of Association 6. Forms filed with ROC		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Details to be mentioned in the resolution	Section 54(1) (b)	Check whether the resolution specified the number of shares, current market price, consideration, if any and class or classes of directors or and employees to whom such equity shares are to be issued.	Copy of Special Resolution passed in General Meeting		
Sweat Equity by listed company	Section 54(1) (d) read with Rule 8(1) of The Companies (Share Capital and Debentures) Rules 2014	In case of listed company, check whether the issue of Sweat Equity Shares was in compliance with the SEBI (Issue of Share Based Employee Benefit and Sweat Equity) Regulations, 2021.	Approval of Board and Shareholders – Regulation 6 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021		
Validity of Special Resolution	Rule 8(2) & 8(3) of the Companies (Share Capital and Debenture) Rules, 2014	1. Check whether the special resolution authorizing the issue is valid for making the allotment within a period of not more than twelve months from the date of passing of the special resolution. 2. Check whether the explanatory statement was annexed to the notice of the general meeting contains the specified particulars as per Rule 8(2). *Note – Applicable in case of an unlisted company.* *In case of Listed Company follow SEBI (Issue of Share Based Employee Benefit and Sweat Equity) Regulations, 2021.*	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Register of the Sweat Equity Shares 4. Notice of General Meeting along with Explanatory Statement 5. Board's Report 6. Article of Association 7. Forms filed with ROC		
Quantum of Sweat Equity	Rule 8(4) of The Companies (Share Capital and Debenture) Rules, 2014	1. Check whether the issue was less than 15% of the existing paid-up equity share capital in a year or shares of the issue value of rupees 05 crores, whichever was higher.	1. Audited Financial Statements 2. Form PAS-3		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Further check whether it is to be ensured that the issuance of sweat equity shares in the company has not exceeded 25%, of the paid-up equity capital of the company at any time. In case of Start-up upto 50% of the Paid Up Equity Capital of the company upto 10 years of incorporation.			
Non transferability of Sweat Equity	Rule 8(5) of The Companies (Share Capital and Debenture) Rules, 2014.	1. Check whether the Sweat Equity Shares issued were locked in / non-transferable for a period of 03 years from the date of allotment. 2. Check further that the fact and the period of lock in, was stamped in bold or mentioned in any other prominent manner on such share certificates.	1. Minutes of Board Meeting 2. Minutes of General Meeting 3. Register of Members 4. Approvals of registration from sectoral regulators such as RBI, SEBI etc. 5. Board's Report 6. Form INC-21 7. Form SH-3 8. Form PAS-3 9. Form MGT-14 10. Share Certificates		
Valuation Report	Rule 8(6) and 8(7) of The Companies (Share Capital and Debenture) Rules, 2014	1. Check whether the Sweat Equity Shares issued were valued at a price determined by a registered valuer as the fair price giving justification for such valuation. 2. Check whether the valuation of intellectual property rights or of know how or value additions was carried out by registered valuer.	Valuation Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Gist to shareholders with the notice of General Meeting	Rule 8(8) of The Companies (Share Capital and Debenture) Rules, 2014	Check whether a copy of gist along with critical elements of the valuation report was sent to the shareholders with the notice of the general meeting.	Notice of General Meeting along with explanatory statement		
Accounting treatment	Rule 8(9) of The Companies (Share Capital and Debenture) Rules, 2014	Check whether the accounting treatment of non-cash consideration for sweat equity shares.	Particulars of Sweat Equity Shares issued		
Managerial Remunera-tion	Rule 8(10) of The Companies (Share Capital and Debenture) Rules, 2014].	Check whether the amount of Sweat Equity shares issued was included as a part of managerial remuneration while calculating the limits if: a) Issued to any director or manager and; b) Issued for consideration other than cash, which does not take the form of an asset, carried to balance sheet as per the applicable accounting standard.	1. Financial Statements 2. Board's Report		
Accounting value of Sweat Equity Shares	Rule 8(11) of The Companies (Share Capital and Debenture) Rules, 2014].	Check whether in respect of sweat equity shares issued during an accounting period, the accounting value of sweat equity shares shall be treated as a form of compensation to the employee or the director in the financial statements of the company, if the sweat equity shares are not issued pursuant to acquisition of an asset.	Financial Statements		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Valuation of the acquired asset	Rule 8(12) of The Companies (Share Capital and Debenture) Rules, 2014].	Check whether the shares were issued pursuant to acquisition of an asset, the value of the asset, as determined by the valuation report, have carried in the Balance Sheet as per the Accounting Standards and such amount of the accounting value of the sweat equity shares that was in excess of the value of the asset acquired, as per the valuation report, have treated as a form of compensation to the employee or the director in the financial statements of the company.	Valuation Report		
Disclosure in Board Report	Rule 8(13) of Companies (Share Capital and Debentures) Rules, 2014	Check whether the following disclosures of the Sweat Equity shares are mentioned in the Director's Report. (a) the class of director or employee to whom sweat equity shares were issued; (b) the class of shares issued as Sweat Equity Shares; (c) the number of sweat equity shares issued to the directors, key managerial personnel or other employees showing separately the number of such shares issued to them, if any, for consideration other than cash and the individual names of allottees holding one percent or more of the issued share capital;	Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(d) the reasons or justification for the issue; (e) the principal terms and conditions for issue of sweat equity shares, including pricing formula; (f) the total number of shares arising as a result of issue of sweat equity shares; (g) the percentage of the sweat equity shares of the total post issued and paid up share capital; (h) the consideration (including consider-ation other than cash) received or benefit accrued to the com-pany from the issue of sweat equity shares; (i) the diluted Earnings Per Share (EPS) pursuant to issuance of sweat equity shares.			
Entry in Statutory Register	Rule 8(14) (a) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the company was maintaining register of Sweat Equity Shares in Form SH-3.	Form SH-3		
Maintenance of Statutory Register	Rule 8(14) (b) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the Register of Sweat Equity Shares was maintained at the registered office of the company or such other place as decided by the Board.	Register of sweat equity shares		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Authentica-tion of entries made in the Statutory Register	Rule 8(14) (c) of Companies (Share Capital and Debentures) Rules, 2014	Check whether the entries in the register were authenticated by the Company Secretary of the company or by any other person authorized by the Board for the purpose.	Register of sweat equity shares		
Certificate from the Secretarial Auditor	Regulation 13 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021	In the case of every company which has passed a resolution for the scheme(s)under these regulations, the Board of Directors shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the company that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the company in the general meeting.	1. Certificate of Secretarial Auditor 2. Minutes of General Meeting		
	Section 54(2)	Check whether the rights, limitations, restrictions and provisions as are for the time being applicable to equity shares are made applicable to the sweat equity shares issued and the holders of such shares are ranked pari passu with other equity shareholders.			

5. Bonus Issue

Attention Points

a. Ensure that prior intimation has been made to Stock Exchange.

b. Ensure about the sufficient authorised capital.

c. Check provisions or necessary adjustments against the outstanding ESOP/any other securities pending.

Checklist for Compliances regarding Bonus Issue

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration of Bonus	Section 63(1) read with The Companies (Share Capital and Debentures) Rules	Check whether the bonus was declared only out of- a. free reserves b. securities premium account c. capital redemption reserve account and not out of capitalising reserves created out of revaluation of assets.	1. Article of Association 2. Forms filed with ROC 3. Memorandum of Association 4. Minutes of Board Meeting 5. Minutes of General Meeting 6. Register of Members 7. Auditor's Report 8. Form PAS-3, MGT-14 to ensure stamp duty laws listing approvals 9. Financial Statements 10. Board's Report		
General Conditions	Section 63(2) read with The Companies (Share Capital and Debentures) Rules	1. Check whether the bonus issue has been authorized by a clause in the articles of association. 2. Check whether the bonus issue has been recommended by the Board and authorized by a resolution duly passed at a general meeting 3. Check whether the company has not defaulted in payment of any statutory dues of the employees, such as contribution to provident fund, gratuity and bonus. 4. Check whether the company has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it. 5. Check whether the company has ensured that prior to bonus issue partly paid shares if any in its capital are made fully paid up.	1. Article of Association 2. Forms filed with ROC - Form PAS-3 and Form MGT-14 3. Memorandum of Association 4. Minutes of Board Meeting 5. Minutes of General Meeting 6. Register of Members 7. Auditor's Report 8. Audited Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		6. Check whether the company has not withdrawn the decision of board for bonus issue once it was announced.			
Return of Allotment	Section 39 read with Rule 12 of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the return of allotment was filed with the registrar in Form PAS-3 within 30 days.	Form PAS-3		
Bonus in lieu of Dividend	Section 63(3)	Check that bonus shares were not issued in lieu of dividend.	Audited Financial Statements		
Issuance of Share Certificate	Section 56 (4)	Check that the certificates are issued in the period allowed (2months/1month/6months) as mentioned under section 56 (4).	Issuance of Share Certificate		
Restrictions on a Bonus issue	Regulation 294 of SEBI (Issue of Capital and Disclosure Require-ments) Regulations, 2018	Check whether the bonus has been issued only out of free reserves.	Balance Sheet		
Prior Intimations and disclosures	Regulation 29 & 30 of SEBI (LODR) Regulation, 2015	Check whether the company complied with SEBI regulations for intimation and outcome related with Board meeting and Shareholder meeting for authorising the Further Public Offer of securities.	1. Minutes of Board Meeting 2. Minutes of Shareholders' Meeting 3. Disclosure Made		
Filing of Form FCGPR with Reserve Bank of India		Check whether the listed entity has filed FCGPR form with the Reserve Bank of India in respect of allotment of bonus shares to foreign entities/shareholders within 30 days of issue of shares.	Form FC-GPR		

6. Right Issue of Equity Shares

Attention Points

a. Resolution should specify the conditions specified in section 62(1)(a).

b. Section 62 shall not apply in case of Nidhi Company.

c. Where the company is a private company or specified IFSC Public company, and if such a company has made the offer for subscription to its right issue of shares by giving only less than 15 days, check whether it has the consent of not less than 90% of its members for such short offer period.

d. MCA circular dated 11th May, 2020 and SEBI circular dated 06th May, 2020 and subsequent circulars issued regarding exemption provided due to Covid-19 on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for opening of right issue.

Checklist for Compliances regarding Right Issue of Equity Shares

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Further Issue of Share Capital	Section 62(1)(a) read with Rule 12A of The Companies (Share Capital and Debentures) Rules, 2014	1. Check whether the company has made a right issue of shares to its existing equity shareholders of the company. 2. Check whether a letter of offer as approved in the Board meeting sent to all its existing shareholders. 3. Check whether the letter of offer indicates the no. of shares offered and that the offer is open for a period of not less than 15 days before 01.04.2021) / 7 days (after 01.04.2021). 4. Check whether the right issue has been made with a right of renunciation unless the Articles otherwise provide.	1. Notice, Notes and Minutes of Board Meetings 2. Financial Statements 3. Letter of Offer 4. Article of Association 5. Consent of members wherever applicable, in the case of private company and specified IFSC Public Companies		
	Section 62(1)(a)	Check whether shares offered under rights issue were in proportion to existing paid up capital of the company	1. Approved Offer Document 2. Board Resolution		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Notice of offer of shares	Section 62(2)	Check whether the notice of offer of shares of right issue to all existing shareholders dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery at least 03 days before the opening of the issue.	1. Minutes of Board Meeting 2. Proof of dispatched		
Form PAS-3	Section 62 read with Rule 12(1) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether a return of allotment in Form PAS-3 along with the list of allottees or rights issue and CTC of Board resolution filed within 30 days of allotment of the shares.	Form PAS-3		
Dispose of shares	Section 62(1)(a) (iii)	1. Check whether the Board of Directors have disposed these shares in a manner which was not dis-advantageous to the shareholders or to the company after the expiry of the time specified in the notice, or upon receipt of earlier intimation from the person to whom such notice was given, where he declined to accept the shares offered. 2. If the promoters or any other person has subscribed over and above his entitlement – SEBI (SAST) Regulations applied and consequently appropriate disclosure be made.	1. Minutes of Board Meeting 2. Earlier intimation received or not.		
	Section 179(3)	Check whether Form MGT-14 has been filed.	Form MGT-14		
Prior Intimations and Disclosures	Regulation 29 & 30 of SEBI (LODR) Regulations, 2015	Check whether the company complied SEBI regulations for intimation and outcome related with Board meeting and Shareholder meeting for authorising the Further Public Offer of securities.	1. Minutes of Board Meeting 2. Minutes of Shareholders' Meeting 3. Disclosure Made		

In addition to the above a listed company also needs to comply with the following:

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Aggregate value of the specified securities	Regulation 60 of SEBI (ICDR) Regulations, 2018	Check whether an issuer offering specified securities of aggregate value of 50 crores rupees or more, through a rights issue satisfied the conditions of the Chapter III at the time of filing the draft letter of offer with the Board and also at the time of filing the final letter of offer with the stock exchanges, as the case may be.	Draft Letter of offer filed with SEBI/ Website of SEBI		
Entities not eligible to make a rights issue	Regulation 61 of SEBI (ICDR) Regulations, 2018	1. Check if the issuer, any of its promoters, promoter group or directors of the issuer are debarred from accessing the capital market by the Board. 2. Check if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board. 3. Check if any of its promoters or directors is a fugitive economic offender. *Note: Restrictions not apply if the debarment period is already over as on the date of filing of the draft letter of offer with the Board.*	Website of Stock Exchange(s)		
General conditions	Regulation 62 of SEBI (ICDR) Regulations, 2018	1. Check whether the company has ensured that: (a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX.	1. Application of in-principle approval 2. Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited; (c) it has made firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance for the specific project proposed to be funded from issue proceeds, excluding the amount to be raised through the proposed rights issue or through existing identifiable internal accruals. 2. Check whether the issuer has complied with the provisions of general corporate purpose as per the said regulation. 3. Check where the issuer or any of its promoters or directors was a wilful defaulter or a fraudulent borrower, the promoters or promoter group of the issuer has not renounce their rights except to the extent of renunciation within the promoter group. 4. Check where the issuer has issued SR equity shares to its promoters or founders, then such a SR shareholder has not renounced their rights and the SR shares received in a rights issue remained under lock-in until conversion into equity shares having voting rights same as that of ordinary equity shares along with existing SR equity shares.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Prior Intimations and Disclosure	Regulation 29 & 30 of SEBI (LODR) Regulations, 2015	Check whether the company has given prior intimation and disclosure to stock exchange about the meeting of the board of directors in which proposals was due to considered fund raising by way of further public offer.	Intimation and disclosure to Stock Exchange(s)		
Statement of deviation(s)/ variation(s)	Regulation 32 of SEBI (LODR) Regulations, 2015	Check whether the company has submitted statement of deviation(s)/variation(s) on quarterly basis to stock exchange.	1. Statement of deviation(s)/variation(s) 2. Board's Report		
Intimation of Record date	Regulation 42 (1) of SEBI (LODR) Regulations, 2015	Check whether listed entity has identified stock exchanges where stock derivatives are available on the stock of listed entity. 2. Check whether the listed entity has intimated the record date for the following events to all the stock exchange(s) where it is listed or where stock derivatives are available on the stock of the listed entity or where listed entity's stock form part of an index on which derivatives are available: (a) declaration of dividend; (b) issue of right or bonus shares; (c) issue of shares for conversion of debentures or any other convertible security; (d) shares arising out of rights attached to debentures or any other convertible security	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(e) corporate actions like mergers, de-mergers, splits, etc.; (f) such other purposes as may be specified by the stock exchange(s).			
Notice of record date	Regulation 42(2) of SEBI (LODR) Regulations, 2015	Check whether the listed entity has given notice in advance of at least 7 working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date (3 working days in case of rights issues) (excluding the date of intimation and the record date)	Copy of intimation to Stock Exchange		
Gap between 2 record dates	Regulation 42(4) of SEBI (LODR) Regulations, 2015	Check whether the listed entity has ensured the time gap of at least 30 days between two record dates.	1. Resolutions 2. Copy of intimation to Stock Exchange		
Securities held in physical form	Regulation 42(5) of SEBI (LODR) Regulations, 2015	1. Check whether, in case of securities held in physical form, the listed entity has, announced dates of closure of its transfer books in place of record date for complying with requirements above stated. 2. Check whether the listed entity has ensured that there is a time gap of at least 30 days between two dates of closure of its transfer books.	1. Resolutions 2. Copy of intimation to Stock Exchange		

7. Private Placement of Securities

Attention Point

Check Board Resolutions along with the Valuation Report.

Checklist for Compliances regarding Private Placement of Securities

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Alteration of Memorandum	Section 13	If the proposed issue of share or securities under Section 42 required increase in authorised capital of the company, then check whether the authorised capital clause of the memorandum of association of the company was amended accordingly to facilitate such issue of shares / securities.	1. Form MGT-14 along with amended Memorandum of Association 2. Notice and Minutes of Annual General Meeting/ Extraordinary General Meeting along with Explanatory Statement 3. Shorter notice consent of member if the Annual General Meeting/ Extraordinary General Meeting were held at shorter notice 4. Form SH-7 along with receipt 5. Amended Memorandum of Association is available for inspection		
Approval of Board and members	Section 42 read with Rule 14(1) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the Board has approved the issue and has convened the general meeting of members wherever necessary for passing special resolution.	1. Minutes of Board Meeting 2. Notice of General Meeting along with Explanatory Statement 3. Minutes of General Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Offer to minimum 200 person	Rule 14 (2) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	1. Check whether the private placement offer or invitation to subscribe securities under private placement shall not be made to persons more than 200 in the aggregate in a financial year. 2. Check whether qualified institutional buyers, or to employees of the company whom any offer or invitation made under a scheme of employees stock option were not considered while calculating the limit of 200 persons.	Register/List of Members		
Identification of persons	Section 42(2)	Check whether select group of persons to whom securities are to be issued have been identified by the Board.			
	Section 42(3) read with Rule 14(3) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	1. Check whether private placement offer and application have been issued only to those identified persons, whose names and addresses are recorded by the company. 2. Check whether the private placement offer and application have not carried any right of renunciation.	Form PAS-4		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Restriction on utilization of money	Section 42 (4) read with Rule 14 (4) & (5) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	1. Check whether willing subscribers provided application alongwith subscription money only though banking channel and company has maintained record of the Bank A/c from where the subscription has been received. 2. Check whether the company not utilized money unless the allotment was completed and return on allotment was filed.	1. Confirmation of credit of shares/securities in subscribers account post filed of CA with RTA. 2. Form PAS-5		
Completion of previous issue	Section 42(5)	Check whether no fresh offer or initiation unless the previous offer was completed.	Corporate action (CA) form filed with RTA for allotment of Shares/ securities		
Separate Bank account	Section 42(6)	1. Check whether the money received on application was kept under separate Bank account. 2. Check whether the company has allotted the securities within 60 days of receipt of money.	1. Form PAS-4 2. Form PAS-5		
Public advertisement	Section 42(7)	Ensure that no public advertisement was made in this regard.	Letter that no advertisement was given		
Return of allotment	Section 42(8) read with Rule 14(6) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the return of allotment in Form PAS-3 was filed within 15 days of allotment & the list of allottees included all required details.	Form PAS -3 along with its challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of Form MGT-14	Section 117	Check whether the Form MGT-14 has been filed for special resolution as mentioned above.	Form MGT-14		
Issue within the limits of section 180(1)(c)	Section 42 read with Rule 14(1) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	1. If the Issue was pertaining to NDCs, check whether the issue was within the limits of section 180(1) (c). If not, check whether the company has passed special resolution in this regard and period of 01 year has not elapsed since the passing of such special resolution.	1. Confirmation letter from the company that the issue of NCDs are within the limits of Section 180(1)(c) (in case where no special resolution is passed) 2. Copy of resolution u/s 180(1)(c)		
	Rule 14 (8) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	1. Check whether the company has issued private placement offer cum application letter only after the relevant special resolution or Board resolution has been filed in the Registry. 2. Check whether the copy of the Board resolution or special resolution with respect to approval under clause (c) of subsection (3) of section 179 has been filed with the Registry in case of private companies.			
Disclosure and intimation to Stock Exchange	Regulation 29 and 50 of SEBI (LODR) Regula-tions, 2015	1. Check whether the disclosure was made to the stock exchange in the 02 working days in advance (not include the date of intimation and the date of Board meeting).	1. Signed intimation letter to the Stock Exchange 2. Notice of Board Meeting along with agenda notes		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the Intimation to the stock exchange, intention of raising funds through new Non-Convertible Debentures was given prior to issuance of such securities. 3. Check whether the intimation to stock exchange was given, at least 2 days in advance regarding Board meeting at which the recommendation or declaration of issue of non-convertible debt securities was proposed to be considered.			
Post Intimation	Regulation 30 of SEBI (LODR) Regula-tions, 2015	Check whether intimation for fund raising was given to stock exchange within the prescribed time of conclusion of Board Meeting.	1. Outcome of Board Meeting 2. Acknowledgment of submission to Stock Exchange		

8. Preferential Allotment of Securities

Attention Point

While doing audit, auditor must ensure that disclosures made timely, accurate and on adequate basis as per regulation 4(1)(e) of SEBI (LODR) Regulations, 2015.

Checklist for Compliances regarding Preferential Allotment of Securities

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Notice of Board Meeting	Section173	Check whether the Board meeting was convened by giving a notice of at least 7 days for following- i) approval of the offer and identify the allottees; ii) approval of the notice and explanatory statement for shareholders meeting; iii) take note of valuation report issued by registered valuer, if any; iv) opening of separate bank account; v) calling extra ordinary general meeting of shareholders to approve the offer.	Notice, agenda and minutes of Board Meeting		
Approval of Board	Section 42 (2) read with Rule 14 (2) (7) of The Companies (Prospectus & Allotment of Securities) Rules, 2014	Check whether the approval of Board was taken for authorising the issue of securities through private placement and, the persons were identified by the Board *(maximum 200* in a Financial Year)* to whom securities shall be issued. *Note: Limit of 200 not applicable to NBFC registered with RBI & housing finance companies registered with National Housing Bank.*	Notice, Agenda and Minutes of Board Meeting		
Filling of Form MGT-14	Section 179 (3) read with section 117	Check whether the Form MGT-14 was filed to the ROC.	MGT-14 along with challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Notice of General Meeting	Section 101 read with Rule 18 of the (Management and Administration) Rules, 2014	1. Check whether a notice of 21 clear days was sent to Members for their meeting. 2. In case meeting called on shorter notice, check whether approval of members is taken.	1. Notice of general meeting 2. Proof of sending of notice 3. Approval of members		
Explanatory Statement	Section 102 read with Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 13 of The Companies (Share Capital and Debentures) Rules, 2014	Check whether an explanatory statement annexed to notice of general meeting has the requisite disclosures for the shareholders as prescribed in rules.	Explanatory Statement of the resolution		
Passing of Special Resolution	Section 42 & 62 read with Rule 13 of The Companies (Share Capital and Debentures) Rules, 2014	Check whether special resolution was approved or not by the shareholders and the allotment was made within 12 months from passing of resolution.	1. Agenda 2. Minutes		
Filling of Form MGT-14	Section 42 read with Section 117	Check whether certified true copy of the resolution along with explanatory statement in Form MGT-14 was filed with ROC before circulating letter offer (PAS-4) with identified persons.	Form MGT-14 along with challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Sending of Form Private Placement offer cum application letter	Section 42(3) read with 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014	1. Check whether Form PAS-4 was serially numbered and specifically addressed to the person to whom offer was made and should be sent to the person by writing or email within 30 days of recording of name. 2. Also check whether the content of offer letter should contain prescribed details as per Form PAS-4 format.	1. Minutes of Board Meeting 2. Form PAS-4 3. Acknowledgment of Circulation		
Maintenance of record of Private Placement Offers.	Section 42(3) read with 14(4) of the Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the company has maintained list of Private Placement offers made in PAS-5.	Private placement records in Form PAS-5		
Subscribe to Private Placement offer by Identified Person	Section 42 (4) & (6) read with 14(5) of the Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the person has applied in the same form and money was deposited by way of cheque or draft or other banking channels and not by cash in a separate bank account opened by the company for this purpose.	1. Bank Statement 2. Record of Bank 3. Application Form		
Restriction of using money till allotment	Section 42(6)	Check whether the company has not used application money for any purpose other than: (a) for adjustment against allotment of securities; or (b) for the repayment of monies where the company is unable to allot securities.	1. Board Resolution for allotment of shares to allotees 2. Bank Statement till the filing of PAS-3 pertaining to non-utilisation		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Restriction on further Issue	Section 42(5)	Check whether the company has made any further issue through private placement after completion of earlier offer.	Board Minutes		
Allotment of Securities	Section 42(6)	Check whether the company has allotted the securities within 60 days from receipt of Application money. In case of failure, ensure that the company has refunded the amount so received within 15 days. *Note: An Interest @12% p.a shall be levied from 60th day, if the company fails to refund the amount within 15 days.*	1. Resolution of Board 2. Bank Statement		
Consideration Other than Cash	Rule 13 of The Companies (Share Capital and Debentures) Rules, 2014	Where shares or other securities were to be allotted for consideration other than cash, check whether the valuation of such consideration has done by a registered valuer who submitted a valuation report to the company giving justification for the valuation.	1. Valuation Report		
Pricing in case of convertible securities	Rule 13 of The Companies (Share Capital and Debentures) Rules, 2014	Check where convertible securities were offered on a preferential basis with an option to apply for and get equity shares allotted, the price of the resultant shares pursuant to conversion has been determined as follows; i) either upfront at the time when the offer of convertible securities is made. ii) at the time, which shall not be earlier than thirty days to the date when the holder of convertible security becomes entitled to apply for shares on the basis of valuation report of the registered valuer.	1. Valuation Report 2. Offer letter		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Return of Allotment	Section 42(8) read with 14(6) of the Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether the company has filed with the registrar a return of allotment in Form PAS-3 within 15 days of allotment.	1. Acknowledgement Receipt 2. Form PAS-3		
Issuance of Share Certificate	Section 56(4)	Check whether the company has issued share certificates within 2 months of allotment.	Share Certificate issued		
Compliances under SEBI (LODR) Regulations, 2015					
In-principle approval of Stock Exchange	Regulation 28	Check whether the Listed entity has obtained in-principle approval of stock exchange in which its securities are listed.	Copy of Approval from Stock Exchange		
Prior intimation to Stock Exchange	Regulation 29	Check whether the company has given prior intimation to stock exchange at least two working days before the date of board meeting in which the proposal for specified securities is to be considered.	1. Intimation sent to Stock Exchange 2. BSE/NSE Acknowledgement		
Disclosure to Stock Exchange	Regulation 30	Check whether the company has disclosed to the stock exchange of issuance of securities through preferential issue within 30 minutes from the decision of the Board.	1. Disclosure made to Stock Exchange 2. BSE/NSE Acknowledgement		
Statement of Deviation or Variation	Regulation 32	Check whether the entity has submitted to the stock exchange statements of deviation on quarterly basis for preferential issue: (a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable;	Statement submitted to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds. *Note: Entities which have listed their securities on SME Exchange shall submit the statement half yearly.*			
Statement placed before Audit Committee	Regulation 32	Check whether the company has placed the statement before audit committee before submitting to stock exchange.	Minutes of Audit Committee		
Compliances under SEBI (LODR) Regulations 2015 for Preferential Placement for the entities which have listed its NCDs and/or NCRPs					
Prior intimation to Stock Exchange	Regulation 50(2)	Check whether the company has given prior intimation to stock exchange of at least 02 working days in advance, excluding the date of the intimation and the date of the meeting of the board of directors, about the Board meeting in which the intention to raise funds through new NCDs/ NCRPs prior to issuance.	1. Intimation given to Stock Exchange 2. BSE/NSE Acknowledgement		
Documents & intimations to Debenture Trustee	Regulation 56(1)(b)	Check whether the listed entity has given copy of all notices, resolutions and circulars relating to new issue of NCDs to Debenture Trustee at the same time as they are sent to shareholders/ holders of non-convertible debt securities.	Proof of documents sent to Debenture Trustee		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under SEBI (ICDR) Regulations 2018					
Ineligible to make Preferential Issue	Regulation 159	Check whether the identified person(s) for the preferential issue do not fall under the ambit of Regulation.	Details of Allottees		
Conditions for Preferential Issue	160	Check whether following conditions were compiled by the company making preferential issue of specified securities: (a) all equity shares issued by preferential issue were made fully paid up at the time of allotment; (b) a special resolution was passed; (c) all equity shares held by the proposed allottees in the issuer are in dematerialised form before an application seeking in-principle approval is made by the issuer to the stock exchange(s) where its equity shares are listed; (d) company was in compliance of Listing Agreement and SEBI (LODR), Regulations 2015 and any circular or notification issued by board; (e) the company had obtained the PAN of proposed allottees. (f) The issuer has made an application seeking in-principle approval to the stock exchange(s), where its equity shares are listed, on the same day when the notice has been sent in respect of the general meeting seeking shareholders' approval by way of special resolution.	1. Special Resolution 2. Disclosures made to Stock Exchange(s) 3. In-Principle Approval		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Tenure of convertible Securities	Regulation 162	1. Check whether the tenure of convertible securities did not exceed 18 months. 2. Check whether the issuer has ensured that the allotment of equity shares pursuant to exercise of the convertible securities is completed within 15 days from the date of such exercise by the allottee.	1. Offer letter and Shareholders' Resolution 2. Board Resolution		
Disclosure to Shareholders	Regulation 163 (1) & (4)	Check whether the company has made requisite disclosures in explanatory statement for the shareholders. *Note: Special resolution shall specify the relevant date on the basis of which price of the equity shares to be allotted on conversion or exchange of convertible securities is calculated.*	Notice of General Meeting and Explanatory Statements		
Certificate of Practicing Company Secretary	Regulation 163 (2)	Check whether the company has placed a certificate from practicing company secretary in its general meeting proposing the issue certifying that issue was made in accordance with these regulations. *Note: The issuer shall also host the certificate on its website and provide a link for the same in the notice for the general meeting of the shareholders considering the proposed preferential issue.*	1. Certificate of Company Secretary in Practice 2. Minutes 3. Website link for the same in the notice for the General Meeting		
Valuation of Assets (In case shares are issued other than Cash)	Regulation 163 (3)	Check whether the company has made the valuation of assets by an independent registered valuer in case the shares were issued for consideration other than cash and the valuation report was submitted to stock exchange.	1. Valuation Report 2. Intimation to Stock Exchange(s)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: Consideration other than cash shall comprise only swap of shares *Note: In case stock exchange(s) is not satisfied with the appropriateness of the valuation, it may get the valuation done by any other valuer and for this purpose it may seek any information, as deemed necessary, from the issuer.*			
Pricing of shares (In case listed for more than 90 trading days)	Regulation 164(1)	Check whether the issue price of preferential issue was higher of the following: a) the 90 trading days volume weighted average price OR b) the 10 trading days volume weighted average prices. *Note: Articles of Association of the issuer shall be considered in case the floor price arrived is higher than that determined under these regulations.*	1. Offer letter 2. Articles of Association 3. Price data		
Pricing of shares (In case listed for less than 90 trading days)	Regulation 164(2)	Check whether the issue price of preferential issue was higher of the following: a) the price at which share were issued in its IPO OR b) Average of the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the period the equity shares have been listed preceding the relevant date;	1. Offer letter 2. Articles of Association 3. Price Data		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		OR c) the average of the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the 02 weeks preceding the relevant date. *Note: Articles of Association of the issuer shall be considered in case the floor price arrived is higher than that determined under these regulations.*			
Re-calculation of issued price	Regulation 164(3)	Check whether the company has recomputed the price on completion of 90 trading days and, In case recomputed price was higher than the issued price, check whether the difference was paid by the allotees. *Note: Articles of Association of the issuer shall be considered in case the floor price arrived is higher than that determined under these regulations.*	1. Price Data 2. Offer Letter 3. Bank Statement 4. Articles of Association		
Preferential issue made to qualified institutional buyers (QIB)	Regulation 164(4)	Check whether the issue price for QIB (which were less than 5 in numbers), was not less the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date. *Note: Articles of Association of the issuer shall be considered in case the floor price arrived is higher than that determined under these regulations.*	1. Offer letter 2. Articles of Association		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Pricing of infrequently traded shares	Regulation 165	Check whether the company has taken into account the valuation parameters including book value, comparable trading multiples and such other parameters as customary for valuation of shares while issuing the shares.	Valuation Report		
Certificate from Independent registered valuer	Regulation 165 (Proviso)	Check whether a certificate has been submitted to the stock exchange, which was obtained from Independent registered valuer stating that company was in compliance of the pricing regulations.	1. Certificate from Independent registered valuer 2. Proof of submission to Stock Exchange		
Lock-in period for promoter or promoter group	Regulation 167	Check whether the specified securities allotted to promoter & promoter group should have locked in period for 18 months. *Note: i) not more than 20% shall be locked in for a period of 18 months.* *ii) Equity shares allotted in excess of 20% shall be lock in for a period of six months.* *iii) in case of convertible securities or warrants which are not listed on a stock exchange such securities shall be locked for a period of one year from the date of allotment.*	1. Offer Letter 2. Corporate action with depository 3. Shareholding pattern/ BENPOSE		
Lock in period for person other than promoter	Regulation 167(2) and (3)	Check whether securities issued under preferential issue to person other than promoter/promoter group has a lock-in period of 06 months. *Note: In case of convertible securities which were not listed, the securities shall be locked in for one year from the date of allotment.*	Offer Letter		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: Lock-in of the equity shares allotted pursuant to conversion of convertible securities other than warrants shall be reduced to the extent the convertible securities have already been locked-in.			
Lock in for equity issued under framework specified by RBI/ Resolution Plan	Regulation 167(4)	Check whether the lock in period for securities issued under framework specified by RBI/Resolution Plan has a lock in period of one year. *Note: Lock-in provision shall not be applicable to the specified securities to the extent to achieve 10% public shareholding.*	Offer Letter		
Lock-in under re-calculation of price	Regulation 167(5)	In case re-calculation of price was not paid till expiry of lock-in, check whether the equity shares have observed a continuous lock-in till such amount is paid.	1. Bank Statement 2. Benpos/ Shareholding Pattern		
Lock-in of Pre preferential allotment shareholding	Regulation 167(6)	Check whether the pre allotment shareholding of allotees has been under a lock in from relevant date up-to period of 90 trading days. *Note: In case of convertible securities/warrants which are not listed on stock exchange has been locked in from relevant date up-to period of 90 trading days from the date of allotment.*	Offer Letter		
Lock-in requirements for an allottee who has become a promoter due to change in control	Regulation 167(7)	Check whether Lock-in requirements for an allottee, who has become a promoter due to change in control consequent to the preferential issue, have been the same as those applicable to the promoters and promoter group under this regulation.	Offer Letter		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Transferability	Regulation 168	Check whether the securities allotted in preferential issue was transferred among the promoters or the promoter group or to a new promoter or persons in control of the issuer, subject to condition that lock-in provisions shall also apply for the transferee.	Share Transfer Agreement		
Payment of consideration	Regulation 169(1)	Check whether the company has received full consideration in respect of securities at the time of allotment unless, it was issued for consideration other than cash. *Note: In case they are issued under the framework of RBI/ Resolution Professional approved by scheme the consideration may be as per the scheme.*	Bank Statement		
Payment of Consideration in respect of Warrants	Regulation 169(2) & (3)	Check whether the company has received at least 25% of the consideration at the time of allotment of warrant and the balance 75% at the time of allotment of equity shares. *Note: In case warrant holder does not exercise the option for equity shares against any of the warrants held by the warrant holder, the consideration shall be forfeited.*	1. Offer Letter 2. Bank Statement		
Certificate from statutory auditor	Regulation 169(5)	Check whether the company has submitted the certificate obtained from statutory auditors to stock exchange stating that company is in compliance of sub-regulation (4) and relevant documents are maintained.	Certificate submitted to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Allotment	170(1)	Check whether the company has allotted the shares within 15 days of passing special resolution.	1. Special Resolution 2. Relaxation received from SEBI 3. Resolution plan		
Failure of Allotment	170(2)	In case of failure of allotment within 15 days from the date of special resolution, check whether a fresh special resolution was passed and the relevant date for determining the price should be taken the date of latter Special resolution.	Special Resolution passed		
Allotment in dematerialised form	170(4)	Check whether the company has allotted shares in dematerialised form only.	Corporate action with Depositories		
Compliances under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021					
Issue on private placement basis	Regulation 3(3)	Check whether any issue and listing of Perpetual Non-Cumulative Preference Shares and Perpetual Debt Instrument, has been done by banks on private placement basis.	Certification by the Compliance Officer of the Bank in this regard		
Restraining, prohibiting or debarring order by SEBI or any other regulatory authority	Regulation 4(1)	1. Check whether there is any restraining, prohibiting or debarring order against the listed entity or any of its promoters by SEBI or any other regulatory authority. 2. Check whether any of the promoters or directors is a willful defaulter or it is in default of payment of interest or repayment of principal amount in respect of debt securities issued by the listed entity to the public, if any, for a period of more than six months.	1. Information on debarment available on SEBI's website 2. CIBIL database and declaration made by the listed entity in this behalf		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
In-principle approval	Regulation 4(2)(b)	Check whether the listed entity has obtained in-principle approval from the recognized stock exchange to list its Non-Convertible Redeemable Preference Shares.	1. Application letter made to the stock exchange 2. Letter received from the stock exchange in this behalf		
Credit Rating	Regulation 4(2)(c) & (f)	1. Check whether credit rating has been obtained and same has been disclosed in the offer document. 2. Check whether the rating which has been assigned was less than AA-.	1. Details of all the credit rating received including the unaccepted one from the Credit Rating Agency and offer document		
Agreement with Depository	Regulation 4(2)(d)	Check whether the listed entity has entered into an agreement with a depository.	Copy of Agreement with the Depository		
Capital Redemption Reserve Account	Regulation 4(3)	Check whether a capital redemption reserve account has been created in accordance with the provisions of the Companies Act, 2013	Standalone Balance Sheet of the Listed Entity		
Securities for providing loan or acquisition of shares	Regulation 4(4)	Check whether the listed entity has issued securities for providing loan or acquisition of shares of any person who is part of the same group or who is under the same management.	Declaration from the Listed Entity to be taken in this regard and Balance Sheet		
Appointed of Merchant Bankers	Regulation 4(5)	Check whether the listed entity has appointed one or more merchant bankers in case of a public issue registered with SEBI.	Appointment letter		
Material Disclosures	Regulation 5	Check whether the offer document contained all the material disclosures.	Due Diligence Certificate submitted by the Merchant Banker		
Filing and hosting of draft offer document	Regulation 6(1), (2) & (6)	1. Check whether the draft offer document was filed with the designated stock exchange and SEBI and the same has been hosted on the designated stock exchange website.	1. Website of the Stock Exchange 2. Correspondence made to the Stock Exchange / SEBI/RoC		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		2. Check whether the final offer document has been filled with the ROC, SEBI and designated stock exchange.			
Due Diligence Certificate	Regulation 6(7) and Schedule II	Check whether the lead merchant banker, prior to filing of the offer document with the ROC has, furnished to SEBI a due diligence certificate as per Schedule II of the regulations.	Due Diligence Certificate submitted by the Merchant Banker		
Disclosure of minimum subscription	Regulation 13(1)	Check whether the listed entity has disclosed the minimum subscription as decided by it in the offer document.	Offer document		
Refund of application money	Regulation 13(2)	Check whether in the event of non-receipt of minimum subscription, all the application moneys received in the public issue were refunded to the applicants.	Refund orders sent in this regard		
Compliance of listing agreement	Regulation 16(2)	Check whether the listed entity has complied with the conditions of listing of NCRPs as specified in the listing agreement.	Certification/ under-taking to be taken from the Compliance Officer of the listed entity		
Compliances under Foreign Exchange Management Act, 1999 and Indian Stamp Act, 1899					
Filling of Foreign Liabilities And Assets Return (FLA)	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017	1. In case of allotment was made to Non- Resident- check whether the company has filed FLA with RBI on or before 15th July, of that year. 2. In case, the company has filed provisional FLA on the basis of un-audited financial statement, check whether the company has updated the same on or before 30th September of the year.	Audited Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Filing of FC-GPR	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017	Check whether the company has filed FC-GPR within 30 days from date of allotment to non-resident person.	1. Acknowledgement of FC-GPR filed 2. List of Allottees		
Stamp duty payment	Schedule IA read with section 21	Check whether the appropriate stamp duty on issue of shares has been paid by the company.	Stamp duty certificate or payment receipt		

9. Issue of Securities by Depository Receipts – ADR, GDR and FCCB

Checklist for Compliances regarding Issue of Securities by Depositories Receipts – ADR, GDR and FCCB

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Eligibility	Section 41 read with Rule 3 of The (Issue of Global Depository Receipts) Rules, 2014	Check whether the company was eligible in terms of the scheme and relevant provisions of the Foreign Exchange Management Rules and Regulations to issue the global depository receipts.	Scheme		
Approval	Section 41 read with Rule 4(1) of The (Issue of Global Depository Receipts) Rules, 2014	1. Check whether approval of the Board of Directors of the company has approved the issue of Global Depository Receipts. 2. Check whether company has obtained prior approval through special resolution in general meeting for issue of Global Depository Receipts unless passed under Section 62 for issue of shares underlying depository receipts.	1. Notice of Board Meeting 2. Notice and Minutes of General Meetings 3. Resolutions filed with ROC		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of overseas Depository Bank	Section 41 read with Rule 4(3) of The (Issue of Global Depository Receipts) Rules, 2014	Check whether company has appointed overseas depository bank for issuance of depository receipts and the underlying share were kept in custody of a domestic custodian bank.	Details of overseas Depository Bank		
Compliance of RBI guidelines	Section 41 read with Rule 4(4) of The (Issue of Global Depository Receipts) Rules, 2014	Check whether all the applicable provisions of the schemes or rules or the guidelines issue by RBI were compiled with before or after the issue of depository receipts.	ADR/GDR guidelines of RBI		
Appointment of professional to oversee all the compliances	Section 41 read with Rule 4(5) of The (Issue of Global Depository Receipts) Rules, 2014	Check whether company has appointed merchant banker or practicing company secretary or practicing chartered accountant or practicing cost accountant to oversee all the compliances relating to issue of depository receipts.	Appointment Documents		
Compliance Report	Section 41 read with Rule 4(5) of The (Issue of Global Depository Receipts) Rules, 2014	1. Check whether the compliance report received from such merchant banker or practicing chartered accountant or practicing cost accountant or practicing company secretary, as the case may be, has been placed before the Board meeting or committee meeting to be held immediately after closure of all formalities. 2. Further check if the committee of board of directors have one independent director in case the company was required to have independent director.	Compliance Report		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Issue of Depository Receipts	Section 41 read with Rule 5(2) of the (Issue of Global Depository Receipts) Rules, 2014	Check whether depository receipts issued against issue of new shares or sponsored against the shares held by shareholders as per directives issued by the Central Government or Reserve Bank of India.	1. SEBI Circulars- ADR/ GDR 2. SEBI Orders		
	Section 41 read with Rule 5(3) of The (Issue of Global Depository Receipts) Rules, 2014	Check whether underlying shares were allotted in the name of the overseas depository bank and against such shares the depository receipts were issued by the overseas depository bank.	Form PAS-3		
Note of the total voting rights on conversion of depository receipts into shares	Section 41 read with Rule 6 of The (Issue of Global Depository Receipts) Rules, 2014	If holders of depository receipts had converted their receipts into shares, check whether the company has taken note of the total voting rights at any general meeting taking into account of voting rights arising from such conversion.	Minutes of General Meeting		
Proceeds of issue of depository receipts	Section 41 read with Rule 7 of The (Issue of Global Depository Receipts) Rules, 2014	1. Check whether the proceeds of issue of depository receipts have been either remitted to a bank account in India or credited in Indian Bank operating abroad or any foreign bank having operations in India with an agreement that the foreign bank having operations in India shall take responsibility for furnishing all the information which may be required. 2. Check whether the proceeds of the issue of depository receipts is remitted in International Financial Services Centre (IFSC) banking unit.	Copy of Bank Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Redemption of depository receipts	Section 41 read with Rule 9 of The (Issue of Global Depository Receipts) Rules, 2014	1. Check whether there is total redemption of depository receipts. 2. Check whether the names of the overseas depository bank have been entered in the Register of Members (Section 88) of the company till the time the full redemption of Depository Receipt is done.	1. Redemption Records 2. Register of Members		

2-III SHARE CAPITAL AND DEBENTURES

Applicable Provisions and Events

Section 43 to Section 72 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

A. Share Capital

1. Transfer & Transmission of Shares
2. Issue of Share Certificates and other Securities
3. Reduction of Share Capital
4. Consolidation & Splitting of Shares
5. Buy-Back of Shares/Securities
6. Rectification of Register of Shares

B. Debentures

Issue & Redemption of Debentures

(A) SHARE CAPITAL

Transfer & Transmission of Shares

Attention Points

a. Transfer of securities of unlisted public companies can only be done in demat form (Rule 9A of The Companies (Prospectus and Allotment of Securities) Rules, 2014).

b. Transfer of securities of listed companies can only be done in demat form.

Checklist for Compliance regarding Transfer of Shares

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Articles of Association		Check whether requirements of articles of association have been complied with.	Articles of Association		
Requirements of joint venture agreement / shareholders' agreement/ other related agreement		Check whether the requirements of joint venture agreement / shareholders' agreement/ other related agreement have been complied with.	Joint venture agreement/shareholder's agreement/ other related agreement		
Proper instrument of transfer	Section 56 (1) read with Rule 11 of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the company has received a proper instrument of transfer (indemnity bond, if applicable), duly stamped, dated and executed by or on behalf of the transferor and the transferee, specifying the name, address, and occupation of the transferee has been delivered to the company, within 60 (sixty) days from the date of execution.	1. Instrument of transfer (Form SH-4) 2. Copy of Indemnity Bond		
Notice to transferee	Section 56(3) read with Rule 11(3) of the Companies (Share Capital and Debentures) Rules, 2014	1. In case of partly paid shares, check whether the company has given any notice of application to the transferee, if an application is made by the transferor alone. 2. Check whether the company has received any NOC from the transferee within 2 (two) weeks of the receipt of notice.	Form SH-5 and NOC of the Transferee		
Approval to transfer		Check whether approval to transfer of shares/securities was taken at a duly convened Board / Committee Meeting/authorised person.	Notices, agenda minutes and attendance register of Board /Committee meeting		
Updation of statutory registers		Check whether statutory registers have been updated giving the effect of such transfer of securities.	1. Register of members 2. Register of Debenture Holders 3. Register of transfer, and Register of Directors and KMP and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Maintenance of proper verifiable dated records	Second Proviso to Regulation 40(3) of SEBI (LODR) Regulations, 2015	Check whether the company has maintained proper verifiable dated records of all correspondence with the investor.	Records of all correspondence with the investor		
Restrain of transfer by statutory prohibition	Regulation 40 (4) of SEBI (LODR) Regulations, 2015	Check whether the company has complied with the statutory prohibition or any attachment or prohibitory order of a competent authority	Prohibitory order of competent authority, if any		
When the transferor(s) objects to the transfer	Regulation 40(5) of SEBI (LODR) Regulations, 2015	1. Check whether the company has received any objection to transfer from the transferor. 2. Check whether the company has received any prohibitory order of a Court of competent jurisdiction, from the transferor within 60 days of raising objection.	1. Copy of Objection 2. Copy of prohibitory order		
Additional requirements to be verified in case of transfer in Demat form (Unlisted Company)					
SEBI (Depositories and Participants) Regulations, 1996		Check whether approval of Board/ committee/ authorised person has been obtained prior to transfer of securities (In case of unlisted companies having shareholders' agreement and a private company)	Board resolution/ Shareholders' Agree-ment		

Transmission of Shares (Additional Requirements to be Checked)

Transmission request	Companies Act, 2013	1. Check whether the transmission request was received from a legal representative or legal heir of the deceased along with original requisite documents. 2. It is relevant to note that in case of registration of transmission in the name of nominee, check whether the formalities regarding transmission of shares has been completed or not.	1. Copy of transmission request Letter of Probate/letter of administration 2. Succession Certificate 3. Certified copy of Death Certificate		

			4. Specimen signature of the successors to the shares/securities 5. Copy of NOC from all legal heir(s) who do not object to such transmission or copy of family settlement deed duly notarized and executed by all the legal heirs of the deceased		
Process of transmission request	First Proviso to Regulation 40(3) of SEBI LODR Regulations, 2015	Check whether the transmission request was processed with seven (7) days of receipt documents for transmission;	Report of Company Secretary in Practice		

2. Issue of Share Certificates and other Securities

Attention Points

a. Check the payment of applicable Stamp Duty.

b. Ensure the certificates are duly signed by the signatories.

Checklist for Compliances regarding Issue of Share Certificates for other Securities

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Distinctive numbers of shares	Section 45	Check whether distinctive numbers have been consecutively allocated.	1. Register of Member 2. Register of Share certificates		
Issue and signing of share certificates	Section 46(1) read with Rule 5(1), 5(2), 5(3), 5(4), of (Share Capital and Debentures) Rules 2014	1. Check whether the share certificate issued was in Form SH-1 or not. 2. Check whether certificate specified the shares to which it relates and amount paid up thereon.	1. Minutes of Board Meeting 2. Surrendered Letter of Allotment or Fractional Coupon 3. Evidence in support if the letter of allotment is lost or destroyed such as FIR etc.		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether Board resolution authorises 02 directors or by a director and the company secretary (wherever appointed) for issue of share certificates. 4. Check whether signature of Director or Company Secretary was by facsimile mode or other prescribed means (and not by rubber stamp). 5. Check whether common seal, if any of the company, has been affixed on share certificate, as per the Articles of association. 6. Check whether particulars of every share certificate issued, has been entered in Register of Member maintained under section 88.	4. Indemnity Document 5. Counterfoil to Share Certificate 6. Register of Members		
Mandatory compliances	Section 46(2), 46(3), 46(4), 46(5) read with Rule 6 of Companies (Share Capital and Debentures) Rules 2014	1. Check whether renewal of certificate was made only on surrender of old share certificate and fee charged doesn't exceed beyond Rules. 2. Check whether Board Resolution was passed for issuing duplicate share certificate in lieu of those that were lost or destroyed. 3. Check whether company has laid procedure to write following statement: "Duplicate issued in lieu of share certificate No.." and the word "duplicate" is stamped or printed prominently on the face of the share certificate 4. Check whether the duplicate share certificate was issued:	1. Old Surrendered Certificate 2. Minutes of Board Meeting 3. Other Supporting documents evidencing lost or destroyed certificate such as FIR etc. 4. Register of renewed and duplicate Share Certificate – SH-2		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		In case of Listed Company – within 45 days In case of Unlisted Company- within 3 months, from the date of submission of complete documents with the company. 5. Check whether the particular of renewed and duplicate share certificate was entered in Register of Renewed and Duplicate Share Certificate maintained in Form SH-2 and all entries entered therein is authenticated by company secretary or person authorized by the board.			
Printing and cancellation of share certificates	Rule 7 of The Companies (Share Capital and Debentures) Rules, 2014	1. Check whether printing of Share Certificate was done on authority of Board resolution. 2. Check whether a committee of the board, if so authorized by the board or the company secretary (wherever applicable) or a director specifically authorized by Board for such purpose, is maintaining, preserving and keeping safe custody of books, certificates etc. 3. Check whether all certificates surrendered to the company were immediately cancelled by printing the word “cancelled” on it. 4. Check whether the destruction of cancelled certificates, was done under the authority of Board Resolution and in presence of person duly appointed by Board in this behalf and were destroyed after expiry of 3 (Three) years from the date on which they were surrendered.	1. Minutes of Board Meeting or Committee Meeting 2. Surrendered Share Certificate 3. Register of Renewed and Duplicate Share Certificate – SH-2		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Dispatch of certificates	Section 56(4)	1. Check whether the certificate of all securities allotted, transferred or transmitted, were despatched within: ➢ 2 months from the date of incorporation, in case of subscribers to Memorandum of association ➢ 2 months from date of allotment, in case of any allotment of shares ➢ 1 month from the date of receipt by the company of Instrument of transfer or intimation of transmission ➢ 6 months from the date of allotment in case of any allotment of debenture. ➢ 60 days in case of specified IFSC Public/ Private Company (In all cases to subscribers after incorporation, allotment, or transfer or transmission).	1. Memorandum of Association 2. Form PAS-3 3. Minutes of Board Meeting or Committee Meeting 4. Form MGT-14 5. Form SH-4 6. Intimation of transmission		
Submission of information to stock exchange in case of loss of share certificates	Regulation 39 (3)	1. In case of loss of share certificates and issue of the duplicate certificates, check whether the listed entity has submitted information regarding the same to the stock exchange within 02 days of its getting information.	1. Copy of information		

3. Reduction of Share Capital

Attention Points
Check the order passed by the Tribunal.

Checklist for Compliances regarding Reduction of Share Capital

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances of the provision of Companies Act, 2013	1.Section 66 (4) & (5) 2. Rule 6 of the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016	1. Check whether relevant meetings were convened in due compliance of the Companies Act, 2013. 2. Check whether the company has complied with due procedure as provided under the Companies Act and rules made thereunder. 3. Check whether the company has complied with such directions or terms and conditions, as directed in the Order confirming reduction of share capital. 4. Check whether INC-28 filed with the Registrar with 30 (thirty) days of receipt of certified copy of order of the Tribunal. 5. Check whether order of confirmation for reduction by the Tribunal was published in newspaper in the manner as directed by the Tribunal. 6. Check whether necessary entries in Statutory Registers were made. 7. Check whether Share Certificates were cancelled and issued in compliance of Section 46 of the Companies Act, 2013. 8. In case of listed company, check whether necessary correspondence with the Registrar and transfer agent was made. 9. Check whether necessary effect was given in Books of Accounts of the Company in pursuance of order of the Tribunal.	1. Articles of Association 2. Notice and agenda of Board Meeting 3. Minutes of Board Meeting 4. Attendance Register of Board meeting 5. Notice of General Meeting along with Explanatory Statement 6. Minutes of General Meeting 7. Attendance Register of General Meeting 8. Copy of order issued by the Tribunal (Form RSC-6) 9. e-Form INC-28 and challan 10. Certificate issued by Registrar (Form RSC 7) 11. Newspapers evidencing publication of order 12. Register of Members (Form MGT-1) 13. Register of directors and key managerial personnel and their shareholding 14. Office copy/ Counter Folio of Share Certificates 15. Books of Accounts of the relevant period 16. Such other document/s as may be deemed relevant in pursuance of the order issued by the Tribunal		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of draft scheme with the stock exchange	Regulation 11 & 37 of SEBI (LODR) Regulations, 2015	Check whether the company had filed draft scheme of arrangement for reduction of share capital with the stock exchange for obtaining observation letter or no-objection letter, prior to filing of such scheme with Tribunal.	Observation letter or No-objection letter from the stock exchange		
Disclosure to Stock Exchange	Regulation 30 SEBI (LODR) Regulations, 2015	Check whether necessary disclosure was made to the stock exchange(s).	Correspondence with the stock exchange(s)		
FEMA Compliances	1. Foreign Exchange Management Act, 1999. 2. Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. 3. Foreign Direct Investment (FDI) Policy 2020	1. Check whether adhered to the permissions required, depending upon nature of transaction i.e., whether the transaction falls under automatic or approval route. 2. Check whether the company has adhered to pricing guidelines specified by RBI. 3. Check whether Form FC-TRS filed.	1. Correspondences and approvals done with RBI 2. Form FC-TRS along with proof of submission		

4. Consolidation & Splitting of Shares

Checklist for Compliances regarding Consolidation & Splitting of Shares

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Issue of new certificates and cancellation of old certificates	Companies Act, 2013	1. Check whether new certificates were issued, if request made for transfer/ transmission made for smaller no. of shares by depositing certificates of larger no. of shares. 2. If yes, check whether old certificates were duly cancelled and destroyed.	Register of Share Certificate		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the new certificates were properly signed by two directors or by a director and the company secretary, if any. 4. Check whether the common seal was affixed to the newly issued certificates, in the presence of persons required to sign the certificate, if Articles of Association so provides.			
	Regulation 39(2) of SEBI (LODR) Regulations, 2015	Check whether the listed entity has within a period of 30 days from the date of split lodgement, issued certificates or receipts or advices, as applicable issuance of duplicates thereof or issuance of new certificates in dematerialized form.			

5. Buy-Back of Shares/Securities

Checklist for Compliances regarding Buy-Back of Shares/Securities

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Authorization in Article of Association	Section 68 (2) (a) read with section 14 and rule 33 of The Compa-nies (Incor-poration) Rules,2014	Check whether the Articles of Association authorized buy back of shares or other specified securities.	Articles of Association		
Prohibition	Proviso of section 68 (1)	Check whether the buyback was not made out of the proceeds of an earlier issue of the same kind of share/ securities.	Financial Statements		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Special resolution	Section 68 (2) (b) read with Regulation 5(i)(b) of the SEBI (Buy-Back of Securities) Regulations, 2018	1. Check whether a special resolution has been passed in general meeting, authorizing the Board to buy-back. *Note: This is not applicable in case the buyback is 10% or less of the paid up capital and free reserves of the company.*	Agenda and Minutes of General Meeting		
Board Resolution	Proviso of section 68 (2) (b) read with Proviso to 5 (i) (b) of the SEBI (Buy-Back of Securities) Regulations, 2018	In case, buy back of securities were up to 10% of total paid up equity capital & free reserves (Including Securities Premium Account), whether a board resolution was passed authorizing the buy-back.	Minutes of Board Meeting		
Maximum limit	Section 68(2)(c)	Check whether the buyback was 25% or less of the aggregate of paid up capital and free reserves.	1. Board Resolution or Special Resolution 2. Standalone and Consolidated balance sheet of the parent listed entity		
Debt equity ratio post buy-back	Section 68 (2) (d) and Regulation 4(ii) of the SEBI (Buy-Back of Securities) Regulations, 2018	1. Check whether the post buy back ratio of aggregate of secured and unsecured debt owed by the company was not more than twice the paid up capital and free reserve. 2. Check whether the shares are fully paid-up. 3. Check that which method of buyback is adopted. 4. Check with SEBI whether this ratio to be checked on standalone financials or consolidated.	Standalone and consolidated balance sheet of the parent listed entity		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Statement to be annexed to notice	Section 68 (3) read with Section 102 and rule 17 (1) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the explanatory statement was annexed to the notice of general meeting pursuant to section 102 contains the disclosures mentioned in the rule 17 (1) of the Companies (Share Capital and Debentures) Rules, 2014 in this behalf.	Notice of General Meeting and Explanatory statement		
Time limit	Proviso to clause (g) of Section 68(2)	The offer for buy back was not made within 1 year of closure of preceding offer of buy back.			
Completion of Buy Back offer	Section 68(4)	Check whether buy back was completed within a period of one year from the date of passing of the special resolution or board resolution as the case may be.			
Declaration of solvency	Section 68 (6) read with regulation 8(i)(b) of the SEBI (Buy-Back of Securities) Regulations, 2018	1. The declaration of solvency required pursuant to section 68 (6) of the Companies Act, 2013 has been filed in Form SH-9 as per Companies (Share Capital and Debentures) Rules, 2014 with ROC. 2. The declaration of solvency has been signed and verified by at least two directors, one of whom shall be the managing director of the company, if any. 3. Check whether Form SH-9 has been filed with SEBI for the declaration of Insolvency	Copy of the Acknowledgement letter received from SEBI		
Destroy of Securities	Section 68 (7)	The shares or other securities so bought back were extinguished and physically destroyed within 07 days of the completion of buy-back.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Restriction on issue of same kind of shares	Section 68 (8)	Check whether the company has not issued shares of the same kind within a period of 6 months except by way of bonus issue or discharge of subsisting obligation.			
Maintains a register of shares	Section 68 (9)	The company maintains a register of shares or other securities which have been bought back in Form SH-10 as per Companies (Share Capital and Debentures) Rules, 2014.	1. Register of Shares 2. Form SH-10		
Filing of Letter of Offer	Rule 17(2) of The Companies (Share Capital and Debentures) Rules, 2014	1. Check whether after passing of special resolution but before buy-back, the letter of offer has been filed with ROC in Form SH-8 with the requisite fee. 2. Check whether the letter of offer has been dated and signed on behalf of the board by not less than two directors of the company, one of whom shall be the managing director, where there is one.	1. Form SH-8 2. Letter of offer		
Period of open of buy-back offer	Rule 17(5) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the offer of buy-back has remained open for a period of not less than fifteen days and not exceeding thirty days from the date of dispatch of the letter of offer unless any lesser period has been agreed by the members.			
Verification	Rule 17(7) of The Companies (Share Capital and Debentures) Rules, 2014	Check whether the verification of offers and communication by the company has been made within the prescribed period.	Verification Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Return after completion of buy-back	Rule 17(13) of The Companies (Share Capital and Debentures) Rules, 2014	The company has filed a return within 30 days of completion of buy-back in Form SH-11 as per Companies (Share Capital and Debentures) Rules, 2014 with ROC and in case of a listed Company with the Securities and Exchange Board of India.	Form SH-11		
Annexure with return	Rule 17(14) of The Companies (Share Capital and Debentures) Rules, 2014	The certificate of compliance in Form SH-15 signed by 02 directors of the company including the managing director, if any, and verified by Company Secretary in Practice was annexed to the return filed with ROC in Form SH-11.	Certificate of compliance in Form SH-15		

Note- Refer Chapter-3 of this Manual for Checklist on Buy-Back under various regulation of SEBI (LODR) Regulations, 2016 and SEBI (Buy-Back of Securities) Regulations, 2018

6. Rectification of Register of Shares

Checklist for Compliances regarding Rectification of Register of Shares

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appeal to Tribunal	Section 59(1)	Check whether any appeal made for rectification of the register.	Copy of appeal		
Rectification with time limit	Section 59(2)	Check whether such approved transfer or transmission registered by the company within a period of 10 days of the receipt of the order or direct rectification of the records.	Register of Members		

(B) DEBENTURES

Issue & Redemption of Debentures (NCD)

Attention Points

a. Check special measures issued by Ministry of Corporate Affairs under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak.

b. Nothing contained in rule 18 (debentures) of the Companies (Share Capital and Debentures) Rules, 2014 shall apply to rupee denominated bonds issued exclusively to overseas investors in terms of A.P. (DIR Series) Circular No. 17 dated September 29, 2015 of the Reserve Bank of India.

Checklist for Compliances regarding Issue of Debentures (CCD)

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Approval through special resolution passed at a general meeting	Section 71(1)	1. Where the company has issued or proposes to issue debentures with an option to convert such debentures into shares, wholly or partly, check whether the issue has been authorized by a special resolution duly passed at a general meeting of the company 2. Check whether the special resolution has been filed with ROC within 30 days from the date of passing.	1. Notice, notes and minutes of Board and General Meetings 2. Audited Financial Statements 3. Particulars including terms and conditions of Debentures, issued or proposed to be issued 4. Form MGT-14 5. Registers and records		
Debentures carrying any voting rights	Section 71 (2)	Check whether the company has not issued Debentures carrying any voting rights.	Nature of Debentures		
Secured Debentures	Section 71(3) read with Rule 18(1) & 18(2) of The Companies (Share Capital and Debentures) Rules, 2014 read with section 77 read with Rule 3 of the Companies	1. Check whether the company has issued secured Debentures. 2. If yes, check whether it is in accordance with the following requirements: a. term of redemption of debentures is not more than 10 years from the date of issue; b. in case of companies engaged in setting up infrastructure projects; Infrastructure Finance Company or Infrastructure Debt Fund Non- Banking Financial Companies or such company as permitted by	1. Offer Document 2. Security Creation/ Charge Creation/ Registration Documents 3. Form CHG-9 4. Debenture Trust Deed		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
	(Regis-tration of Charges) Rules, 2014	a Ministry or Department of the Central Government or RBI or NHB or by any statutory authority may issue debentures redeemable after a period of not more than 30 years from date of issue. 3. Check whether the issue of debentures was secured by creation of charge on properties or assets of company or its holding or subsidiaries or associates companies. 4. Check whether debenture trustee was appointed before issue of prospectus or letter of offer but not later than sixty days after allotment of the debentures. 5. Check whether charge or mortgage so created was in favor of debenture trustee or not. 6. Check whether there was any charge on specific movable property of the company, or its holding company subsidiary or associate companies or otherwise. 7. Check whether charge was created only on specific immovable property of the company wherever situate, or any interest therein as no charge shall be created upon immovable property of holding company subsidiary company and associate company. 8. Check whether the written consent of the Debenture Trustee was taken before the appointment of debenture trustee and a statement to that effect shall appear in the letter of offer issued for inviting the subscription of the debentures.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		9. Check whether the person appointed as debenture trustee was eligible to appoint as debenture trustee.			
Debenture Redemption Reserve	Rule 18(7) of The Companies (Share Capital and Debentures) Rules, 2014	1. Check whether, in case of unlisted company, Debenture Redemption Reserve was ten percent of the value of the outstanding debentures. *Note: Not applicable for banking and NBFCs and housing companies.* 2. Check whether company invested or deposited before the 30th day of April in each year, amount of minimum 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year.	Financials of the Company		
Return of Allotment	Section 71 read with Rule 12(1) of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether a return of allotment in Form PAS-3 was filed with the ROC within 30 days of allotment of the debentures.	Form PAS-3		
Issue of certificates pertaining to Debenture	Section 56[4(d)]	Check whether the certificates pertaining to debenture issued have been issued within 06 months from date of allotment, unless the debentures have been issued in Dematerialized form.	1. Date of issue of Debenture Certificates 2. Counterfoils		
Debenture Redemption Reserve	Section 71(4)	Where the company has issued debentures, check if the company has created Debenture Redemption Reserve out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures.	1. Notice, notes and minutes of Board and General Meetings 2. Audited Financial Statements 3. Particulars including terms and conditions of Debentures, issued or proposed to be issued		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
			4. Form MGT-14 5. Registers and records 6. Particulars including terms and conditions of Debentures, issued		
Issue debentures by issuing a prospectus or offer document	Section 71(5)	Where the company has issued or proposes to issue debentures by issuing a prospectus or offer document to public or members of the company exceeding 500 in number, check whether the company has or is appointing on or more Debenture Trustees.	1. Notice, notes and minutes of Board and general meetings 2. Offer document or prospectus 3. Particulars of appointment of Debenture Trustees		
Secured debentures	Section 71(13) read with Rule 18(1), 18(5) of the Companies (Regis-tration of Charges) Rules, 2014	Check whether the company issued secured debentures and executed trust deed in Form SH.12 within 03 months or as near thereto as possible from date of closure of the issue or offer.	Debenture Trust Deed		
Appointment of one or more Debenture Trustees	Section 71(7) read with Rule 18(1) (C) and 18 (2) of the Companies (Regis-tration of Charges) Rules, 2014	Where the company has appointed one or more Debenture Trustees, check whether the liability of the debenture trustee was subject to such exemptions as may be agreed upon by a majority of debenture holders holding not less than three-fourths in value of the total debentures at a meeting held for the purpose.	1. Terms and conditions of Issue of Debentures 2. Notices and minutes of meetings of debenture holders 3. Debenture Trust Deed		
Partly convertible debentures	Section 71 read with Rule 18(7) (c) of the Companies (Regis-tration of Charges) Rules, 2014	In case of partly convertible debentures, check whether Debenture Redemption Reserve was created only in respect of non-convertible portion of debenture issue.	Financial statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Utilization of Debenture Redemption Reserve account	Section 71 read with Rule 18(7)(d) of the Companies (Registration of Charges) Rules, 2014	Check whether the company has utilized the amount credited in the Debenture Redemption Reserve account for any purpose other than redemption of debenture.	Bank statements		
Inspection of Debenture Trust Deed	Section 71 read with Rule 18(8) of the Companies (Registration of Charges) Rules, 2014	1. Where the company has issued secured debentures, whether the company received requests for inspection of Debenture Trust Deed by members or debenture holders. 2. If yes, was Debenture Trust Deed made available for inspection and if required was a copy provided to any member or debenture holders within 7 days of request and payment of a fee as prescribed by the Article of association.	Inspection requests and action taken		
Default in redemption of debentures	Section 71(8) and section 164(2) of the Act read with Rule 18(3)(e) of the Companies (Registration of Charges) Rules, 2014	1. Check whether company has defaulted in redemption of debentures or in payment of interest on debentures. 2. Check whether the directors of the company have incurred any disqualification. 3. Check whether there has been any appointment of nominee director due to any default in relation to debentures.	1. Audited Financial Statements 2. Action, if any taken by Debenture holders or Debenture Trustee 3. Report of Statutory Auditors forming part of Financial statements		
Insufficient Assets	Section 71(9)	Check whether at any time the Debenture Trustee has come to a conclusion that the assets of the company are insufficient or are likely to become insufficient to discharge the principal amount as and when it becomes due.	1. Terms and conditions of debentures issued by the company 2. Debenture Trust Deed 3. Audited Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
			4. Report of Statutory Auditors forming part of financial statements 5. Communication, if any from the Debenture Trustee 6. Notices and minutes of meetings of debenture holders		

2-IV ACCEPTANCE OF DEPOSITS BY COMPANIES

Applicable Provisions and Events

Section 73 to Section 76A of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Acceptance of Deposits
2. Repayment of Deposits

1. Acceptance of Deposits

Attention Points

a. In case of private companies, seek an MR for compliance of the conditions of eligibility prescribed in the June 2017 notification for the previous years.

b. Ensure to check exceptions and modification provided under notification No. GSR 464(E) dated 05th June 2015, GSR 583(E) dated 13th June 2017, GSR 08(E) dated 4 June 2017 to private companies and specified IFSC companies.

Checklist for Compliances regarding Acceptance of Deposits

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Exemptions provided	Section 73(2) (a) to (e) read with The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company was a Private Company or Unlisted Public Company or IFSC Public Company or Eligible Company.	1. Audited Financial Statements and other corporate records 2. Proof of filing Form AOC-4 and MGT-7 for previous years		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the company was meeting the conditions of applicability of June 2017 notification in relating to compliance of Section 92 and Section 137.			
Any money received, repaid which may be construed as deposit	Section 73(2) read with The Companies (Acceptance of Deposits) Rules, 2014	Check whether the company has received, repaid any money or has outstanding which may be construed as deposit, from any person.	Ledger statements relating to loans, deposits and advances received		
Amounts received is not considered as deposit	Rule 2(1) (c) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether amounts received were not considered as deposit and, company has complied with conditions thereto.	1. Audited Financial Statements 2. Form DPT-3 filed for the year under review 3. Minutes of meetings of Board and Members 4. Register of charges 5. Other records of the company including contracts and arrangements 6. Ledger statements of Directors 7. Declaration from Directors and relatives of Directors		
Terms and conditions of acceptance of deposits by companies	Section 73(2) and rule 3(3) & 4 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company has accepted deposits from its members according to provisions of Companies Act, 2013 including the limits on the deposits from members based on the status of the company. 2. Check whether shareholders' resolution has been passed for acceptance of deposit from its members.	1. Financial statements 2. Notices and minutes of meetings of Board and Members 3. Other statutory records of the company relating to deposits 4. Register of members 5. Records filed with ROC.		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
			6. Advertisement/ Circular in lieu of advertisement (DPT-1) and proof of dispatch 7. Proof of deposit of specified amount in schedule bank 8. Register of deposits		
Period of Deposit	Section 73 and 76 read with rule 3(1) of The Companies (Acceptance of Deposits) Rules, 2014	1. In case deposit was from members (received or renewed) - check whether period of deposit, if less than 6 months or more than 36 months, whether deposit was repaid on demand. 2. Check whether the company has, for the purpose of meeting any of its short-term requirements of funds, accepted or renewed any deposits repayable within 6 months from the date of such deposit or renewal, as the case may be and in such a case further check whether the following conditions have been fulfilled: (a) such deposits do not exceed 10% of the aggregate of the paid-up share capital, free reserves and securities premium account of the company, and (b) such deposits are repayable not earlier than 3 months from the date of such deposits or renewal thereof.	1. Register of Deposits 2. Minutes of Meetings of Board 3. Application received for Deposits 4. Deposit Certificate copies		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Deposits accepted in joint names	Section 73 and 76 read with rule 3(2) of The Companies (Acceptance of Deposits) Rules, 2014	Where a company has accepted deposits from its members or eligible company has accepted deposits from persons other than members, whether secured or otherwise, check whether any such deposits were in joint names of not exceeding 3 persons.	1. Register of Deposits 2. Application form for Deposits		
Maximum rate of interest or brokerage	Section 73 and 76 read with rule 3(6) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the company has not paid interest or brokerage in excess of the rates prescribed by RBI for NBFCs.	1. Master Direction-Non banking financial companies' acceptance of public deposits (Reserve Bank) Directions, 2016 2. Financial Statements 3. Notices and minutes of meetings of Board and members 4. Other Statutory Records of the company relating to deposits 5. Register of Deposits 6. Records filed with ROC 7. Ledger Statements showing interest or brokerage, paid, if any		
Right to alter terms and conditions of deposits	Section 73 and 76 read with rule 3(7) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the company has accepted deposits has reserved any right to alter terms and conditions of deposits or deposit trust deed to the prejudice or disadvantage of the depositors.	1. Notices and minutes of meetings of Board 2. Other Statutory Records of the company relating to deposits. 3. Register of Deposits 4. Deposit trust deeds 5. Advertisement or Circular in lieu of advertisement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Credit rating for deposits accepted	Section 76 read with rule 3(8) of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the eligible company obtained credit rating at least once a year. 2. Further check whether the company has filed a copy of the rating with ROC together with the return in Form DPT-3. 3. Check whether the credit rating is not below the minimum investment grade rating or other specified credit rating for fixed deposits.	1. Report obtained by the company from any of the approved credit agencies as specified for NBFCs in terms of the directions issued by RBI 2. Form DPT-3 3. Notice and minutes of meetings of Board records filed with ROC 4. Intimation to Stock Exchange		
Appointment of trustee	Section 73(2), 76 read with rule 7 of The Companies (Acceptance of Deposits) Rules, 2014	1. If the company has invited secured deposits, check the following: a) Check whether the company has appointed a trustee for the depositors; b) Check whether the trustee suffers any disqualification; c) Check whether the trustee has given his written consent for acting as such d) Check whether the company has executed a deposit trust deed in form DPT-2 at least 7 days before issuing the circular for inviting such deposits. 2. Where the company has accepted secured deposits – a) check whether the company has at any time removed the trustee before expiry of	1. Notice and minutes of meetings of Board in which trustee has been appointed 2. Consent of the Trustee 3. Declaration of the trustee that he has not suffered any disqualifications 4. Executed Deposit Trust Deed 5. Records filed with ROC 6. Register of deposits 7. Register of Charges 8. Ledger Statements of the trustee in holding, subsidiary and fellow subsidiaries		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		term and if so whether such removal has been approved with the consent of all the directors present at the meeting; and b) if the company has independent directors, check whether at least one independent director was present at such Board meeting in which the trustee has been removed.			
Meeting of the Depositors	Section 73(2) (f) and 76 read with rule 9 of The Companies (Acceptance of Deposits) Rules, 2014	Where the company has issued secured deposits and has appointed a deposit trustee, check whether the trustee for the depositors has convened a meeting of the depositors upon – (a) requisition in writing signed by at least one tenth of the depositors in value for the time being outstanding; (b) the happening of any event, which constitutes a default or which, in the opinion of the trustee for depositors, affects the interest of the depositors.	1. Notice and minutes of meetings of depositors 2. Register of Deposits 3. Declaration from trustees with regard to requisition of meeting 4. Events of defaults as the trustee may have found and notified the company as well as the depositors in the notice calling the meeting of depositors		
Signing of application form for raising deposits	Section 73 and 76 read with rule 10(1) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the acceptance/renewal of deposits was made through an application form duly signed by the depositor.	Application form for raising deposits		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration in the application form	Section 73 and 76 read with rule 10(2) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the application form contains a declaration by the intending depositor that the deposit is not being made out of any money borrowed by him from any other person.	Deposit Applications		
Nomination option	Section 73 and 76 read with rule 11 of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the application form provided the option for nomination of a person to whom his deposits shall vest in the event of death of depositor.	1. Deposit Applications 2. Register of Deposits		
Receipt of Deposit	Section 73 and 76 read with rule 12 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company has issued deposit receipts upon acceptance or renewal of a deposit within 21 days from the date of receipt of money or realization of cheque or date of renewal. 2. Check whether the deposit receipt, has been signed by an officer of the company duly authorized by the Board.	1. Sample deposit receipts and proof of dispatch of receipts 2. Minutes of the Board Meeting which authorized an officer of the company to sign and issue deposit receipts and renewal receipts		
Register of Deposits	Section 73 and 76 read with rule 14 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company which has accepted deposits has kept and maintained a separate Register of Deposits. 2. Check entries therein have been duly authenticated by director or secretary of the company or by any other officer authorized by the Board.	1. Notices and minutes of meetings of board and members 2. Register of Deposits		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		3. Check whether the company has been maintaining the Register for a period of not less than 8 years from the financial year in which the latest entry has been made in that Register.			
Form DPT-3	Section 73 and 76 read with rule 1(3) and 2(1) (c) and 16 of The Companies (Acceptance of Deposits) Rules, 2014	Where the company has accepted any deposits from its members or certain company has accepted deposits from other than members, by inviting or otherwise, whether secured or not, check whether the company has filed a return in Form DPT-3 with ROC on or before the 30th June of every year containing information therein as on 31st March of that year duly audited by the auditor of the company.	Return of Deposits/ Form DPT-3 with challan		

2. Repayment of Deposits

Checklist for Compliances regarding Repayment of Deposits

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Deposit Repayment Reserve (DRR)	Section 73 and 76 read with rule 13 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company, on or before the time prescribed, created a deposit in a scheduled bank towards deposit repayment reserve of an amount which at no time falls below 20% of the amount of its deposits maturing during the following financial year. 2. Check whether such deposit has made, on or before the 30th day of April each year.	1. Board Resolution 2. Proof of deposits of the scheduled bank 3. Computation of the amount of its deposits maturing during the following financial year 4. Bank Statement 5. Computation of Deposit Repayment Reserve		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		3. Check whether the amount deposited in deposit repayment reserve account utilized only for the purpose of repayment of deposits and not for any other purpose.	6. Audited Financial Statements 7. Register of Deposits 8. Form DPT-3		
Repayment accordance with the terms and conditions agreed	Section 73(3) read with 76	Check whether the company has repaid every deposit accepted along with interest in accordance with the terms and conditions agreed between the depositors.	1. Register of deposits 2. Ledger statements of deposits and interest paid		
Approached to Tribunal	Section 73(4)	Check whether any depositor has approached the Tribunal for directing the company for repayment.	1. Board Minutes 2. Order passed by concerned Hon'ble National Company Law Tribunal bench and also the compliance thereof		
Premature repayment	Section 73 and 76 read with rule 15 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether company makes a premature repayment of deposits, on the request of the depositor after the expiry of a period of six months from the date of such deposit but before the expiry of the period for which such deposit was accepted. 2. If yes, check whether the rate of interest payable on such deposit be reduced by 1% from the rate which the company would have paid had the deposit been accepted for the period unless the repayment is made for complying with the provisions of act.	1. Letters of request from premature payment 2. Ledger statements for Interest and deposits 3. Register of deposits		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Financial statements	Rule 2[1(c)] and 16A (1 &2) of The Companies (Acceptance of Deposits) Rules, 2014	Check whether the company has disclosed in its financial statements about the money received from directors or relatives.	Financial statements		
Overdue deposits	Section 76A read with rule 17 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company has overdue deposits. 2. Check whether the company has paid penal interest at the rate of 18% per annum for overdue period [irrespective of whether such deposits are secured or unsecured, matured and claimed but remaining unpaid].	1. Audited Financial Statements 2. Notices and minutes of meetings of Board and Members 3. Other statutory records of the company relating to deposits 4. Register of deposits 5. Records filed with ROC		
Deposit prior to the commencement of the Companies Act, 2013	Section 74 read with rule 20 of The Companies (Acceptance of Deposits) Rules, 2014	1. Check whether the company has accepted any deposit prior to the commencement of the 2013 Act and further check if any amount out of those deposits are outstanding out of those deposits. 2. Check whether the company has filed the statement in Form DPT-4. 3. Check whether the NCLT has granted extension of time in relation to repayment of those deposits.	1. Audited Financial Statements 2. Notices and minutes of meetings of Board and members 3. Other statutory records of the company relating to deposits 4. Register of deposits 5. Records filed with ROC		

2-V REGISTRATION OF CHARGES

Applicable Provisions and Events

Section 77 to Section 87 of the Companies Act, 2013 read with rules made thereunder for the following events are covered in this chapter:

1. Registration, Modification, Satisfaction, Rectification of Charges

Attention Points

a. In case of multiple banking arrangements, attention should be given to terms and conditions of all the banks involved to ascertain the status of the charge.

b. Ensure that the company has adhered to the prescribed timelines.

c. Check disclosures under Schedule-III for Unregistered Charges.

d. Attention is to be paid to the timelines for registration of charges as no provision is given under the Act for filing it after the timelines, not even with additional fees or by condonation of delay.

Checklist for Compliances regarding Registration, Modification, Satisfaction, Rectification of Charges

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Creation of Charge	Section 77 read with Rules 3 and 4 of The Companies (Registration of Charges) Rules, 2014	1. Check whether a charge was created on any property or assets or any of its undertakings, whether tangible or otherwise of the company either in or outside India. 2. Check whether the charge was created within the time period.	1. Form CHG-1(for other than debenture) 2. Form CHG-9 (for debenture) 3. Other Instrument (contract) creating charge such as Lien document, Hypothecation Deed, Mortgage Deed, Pledge Deed, etc. 4. Minutes of Board and shareholder's meetings, if applicable 5. Bank Sanction Letters 6. Ledgers of Borrowings 7. Financial Statements		
In case of failure to register the charge	Section 78 read with Rule 3 of The Companies (Registration of Charges) Rules, 2014	1. Where the company has failed to register the charge within the prescribed period, check whether the charge-holder has created a charge. 2. Check whether the Company has reimbursed the amount of any fees or additional fees or ad valorem fees paid by the Charge Holder to the Registrar for the purpose of registration of charge in	1. Form CHG-1 with challan 2. Form CHG-9 with challan 3. Other Instrument (contract) creating charge such as Lien document, Hypothecation Deed, Mortgage Deed, Pledge Deed, etc. 4. Bank Sanction Letters 5. Ledgers of Borrowings 6. Financial Statements		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		case of failure by the Company to register the Charge within time.			
Section 77 to apply in certain matters	Section 79 read with Rule 3 of The Companies (Registration of Charges) Rules, 2014	Check whether the company has created charge in the following cases: (a) Where it has acquired any property which was subjected to charge; (b) Where there was any change in the terms and conditions or the extent or operation of any charge of any borrowing between the charge holder and the company.	1. Form CHG-1 (for other than debenture) 2. Form CHG-9 (for debentures) along with instrument (contract) creating charge 3. Form CHG-3 issued by ROC (modification of charge) as per Rule 4 4. Instrument of modification of Charge such as Modification letter, Lien document, Hypothecation Deed, Mortgage Deed, Pledge Deed, etc. 5. Certificate of Registration of Charge issued by ROC		.
Company to report satisfaction of charge	Section 82 read with Rule 8 of The Companies (Registration of Charges) Rules, 2014	Check whether the company has repaid or satisfied in full the charge registered within the period of 30 days or within a period of 300 days on payment of prescribed additional fees.	1. Form CHG-4 along with challan 2. Proof of Satisfaction of Charge such as No dues letter, No Objection Certificate, Release Deed, etc 3. Form CHG 5 (Memorandum of Satisfaction of Charge)		
Intimation of appointment of receiver or manager	Section 84 read with Rule 9 of The Companies (Registration of Charges) Rules, 2014	1. Check whether any person has obtained an order for appointment of a receiver. 2. Check whether the appointment of receiver or manager having power because of the instrument or order has been filed with the ROC within 30 days of such appointment.	1. Form CHG-6 2. Copy of order or instrument of such appointment		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Register of charges	Section 85 read with Rule 10 of The Companies (Registration of Charges) Rules, 2014	Check whether the company has maintained register of charges at their registered office in the prescribed format and was duly authenticated.	1. Form CHG-7 2. Board Resolution		.
Instrument creating the charge	Proviso of Section 85(1)	Check whether the Company has maintained copies of instruments creating the charge.	Copies of Instruments creating the Charge such as Lien document, Hypothecation Deed, Mortgage Deed, Pledge Deed, etc.		
Open for inspection	Section 85 read with Rule 11 The Companies (Registration of Charges) Rules, 2014	Check whether the company has kept the register of charges and the instrument of charges open for inspection during business hours by any Member or Creditor without any fees and any other person on payment of prescribed fees.	Register of Charges (pursuant to Section 85) along with instrument creating or satisfying the charge.		

2-VI MANAGEMENT AND ADMINISTRATION

Applicable Provisions and Events

Section 88 to Section 122 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Register of Members
2. Significant Beneficial Ownership
3. General Meetings
4. Annual Return

1. Register of Members

Attention Points

a. The register of members is required to be kept and maintained permanently by all companies

b. In case when shares of the company are in dematerialised form, register maintained by RTA should give mandatory details of MGT-1.

c. Where the number of members of the company are 50 or more, the company must keep and maintain an index to the register of members or as the case may be the register of other securities.

Checklist for Compliances regarding Register of Members

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Maintenance of Register of Members	Section 88 read with Rule 3, 4, 5 and 6 of The Companies (Management and Administration) Rules, 2014	1. Check whether the company has maintained a register of members in Form MGT-1 for each class of shares if it has issued different class of shares. 2. In case of company not having share capital, check the company maintains a register of members in according to provisions of rule 3(2) in Form MGT-1. 3. Check whether the entries are made in the register of members within 7 days after Board of Directors or its committee approves allotment or transfer of shares, debentures or other securities. 4. Check whether the register of members is kept in the registered office of the company. 5. If no, check whether a special resolution has been passed in the general meeting approving the register of members to be kept at any other place within the city, town or village in which the registered office is situated or any other place in which more than 1/10th of the total members resides. 6. Check whether there has been any intimation to the company on change of name of any of the members due to death, insolvency transfer to IEPF and if the company has received any order from SEBI or any competent Authority.	1. Register of Members (Form MGT-1) 2. Index to Register of Members 3. Minutes of Meetings of Board and General Meetings 4. Form PAS-3 5. Form SH-4 6. Form MGT-14 7. Order of SEBI or any other court or Tribunal or competent authority such as IEPF		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		7. If yes, check whether necessary reference of such order or change has been indicated in the register of members.			
Maintenance of separate Register of debenture holders or security holders	Section 88 read with rule 3 and 4 of The Companies (Management and Administration) Rules, 2014	1. Check whether the company issues or allots debentures or any other security. 2. If yes, check whether the company has maintained a separate Register of debenture holders or security holders for each type of debentures or other securities in Form MGT- 2.	1. Register of members (Form MGT-2) 2. Memorandum and Articles of Association 3. Notice, notes and minutes of Board and General Meetings 4. Form MGT-14 5. Audited Financial Statements 6. Board's report 7. Register of Charges 8. Form CHG-1 9. Form CHG-09 10. Form CHG-10		
Entries in case of buyback, issue of sweat equity, transmission	Section 88 read with rule 5(3) of The Companies (Management and Administration) Rules, 2014	1. Check whether there has been any event of forfeiture, buyback, issue of sweat equity, transmission etc. during the year. 2. If yes, check whether the entries thereto have been made within 7 days from date of such event in the register of members or in the respective folder, if any.	1. Notice, notes and minutes of Board and General Meetings 2. Form MGT-14 3. Audited Financial Statements 4. Board's Report		
Entry of pledge in Register of members	Section 88 read with rule 5(7) and (8) of The Companies (Management and Administration) Rules, 2014	1. Where promoters have pledged (or hypothecation, charge or lien on their securities) their shares or other securities in the company whether in connection with any joint venture entered into by the company with any other company or otherwise, check	1. Register of members 2. Details of the shares pledged in the website of the stock exchanges		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		if particulars of such pledge have been duly entered in the register of members within 15 days of such pledge or hypothecation or charge or lien.			
Foreign Register	Section 88 read with rule 7 and 8 of The Companies (Management and Administration) Rules, 2014	1. Check whether the company has maintained Foreign Register in Form MGT-1. 2. If yes, check whether the same is so authorized by the articles of association of the company. 3. Check whether the company file a notice of situation of office in Form MGT-3 within 30 days from the date of the opening of any foreign register with the Registrar.	1. Articles of Association 2. Foreign Register 3. Form MGT-3		

2. Significant Beneficial Ownership

Attention Points

a. Auditor should check whether the Form MGT-6 has been filed by the nominee of holdings company, in order to claim the status Wholly Owned Subsidiary.

b. In case of new company, it is advisable to file Form MGT-4, 5 and 6 for the subscribers' nominee in order to claim the status of Wholly Owned Subsidiary.

c. In case of specified IFSC company – in sub-section (6) of section 89, for the words "thirty days" read as "sixty days"

d. In case of Government company - Section 89 shall not apply.

Checklist for Compliances regarding Significant Beneficial Ownership

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
(A) Declaration in respect of Beneficial Interest in any Share					
Declaration in case of not holding beneficial interest	Section 89(1)	Check whether the company has received any declaration from member who was not holding beneficial interest in the company in form MGT-4.	Form MGT-4		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration in case of holding beneficial interest	Section 89(2)	Check whether the company has received any declaration from member who was holding beneficial interest in the company in Form MGT-5.	Form MGT-5		
Note of declaration	Section 89(3)	Check whether the company has taken note of declaration of any change in beneficial interest.	Form MGT-5		
Note of any change in beneficial interest	Section 89(6)	Check whether the company has taken note of any change in beneficial interest and filed with the registrar within 30 days in Form MGT-6.	Form MGT-6		
B. Register of significant beneficial owners in a company					
Declaration for holding beneficial interests	Section 90 (1) read with rule The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holds beneficial interests, of 10% or more , in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of section 2, made a declaration to the company, specifying the nature of his interest and other particulars and any change thereof, in Form BEN-1 as prescribed in rule 2A and 3 of The Companies (Significant Beneficial Owner) Rules , 2018.	Form BEN-1		
Maintenance of the interest	Section 90 (2) and rule 5 of The Companies (Significant Beneficial Owners) Rules, 20l8.	1. Check that company was maintaining registers of the interest declared by individuals under sub-section (1) and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the company	1. Form BEN-3		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		and such other details in Form BEN-3 as referred to in rule 5 of The Companies (Significant Beneficial Owner) Rules, 2018.			
Register open for inspection	Section 90 (3) and rule 5 of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the register maintained under sub-section (2) is opened for inspection by any member of the company on payment of such fees as may be prescribed.	Form BEN-3		
Filing of return of significant beneficial owners	Section 90 (4) and rule 4 of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the company has filed a return of significant beneficial owners and changes therein with the Registrar containing names, and other details as may be prescribed within such time, in such form and company manner in Form BEN-2. *Note : Change in beneficiary position could be pursuant to acquisition or disposal by the SBO or could be from the dilution of shareholding of SBO due to increased/ decrease in overall capital of the company or pursuant to any form of agreement.*	Form BEN-2		
Steps to identify who is a significant beneficial	Section 90 (4A) and rule 2A of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the company has taken necessary steps to identify who was a significant beneficial owner in relation to the company.	1. Register of members 2. Form BEN-4		
Issue of Form BEN-4 to all its shareholders	Section 90 (5) and rule 2A of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the company has issued Form BEN-4 to all its shareholders who are holding shares more than 10%.	Form BEN-4		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Opportunity before any action	Section 90 and rule 7 of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the company has given sufficient opportunity before taking any action under rule-7.	Form BEN-4		
Necessary Information	Section 90 (6) and rule 2A of The Companies (Significant Beneficial Owners) Rules, 20l8.	Check whether the information required by the notice under sub-section 5 is to be given by the concerned person within a period not exceeding thirty days of the date of the notice.	Form BEN-4		
Closing of Register	Section 91(1)	Check whether the Register of members or the Register of debenture holders or the Register of other security holders is closed for any period or periods not exceeding in the aggregate 45 days in each year, but not exceeding thirty days at any one time.	Notice of closure of register		
Notice of closure of register	Section 91(1)	Check whether the previous notice of at least 07 days has been given by the company.	Notice of closure of register		
Advertise-ment or publication of notice	Section 91(1)	Check whether the notice has been given by way of an advertisement at least one in a vernacular newspaper and one in English language in an English newspaper within the jurisdiction in which the registered office of the company is situated and also published the notice on the website as required in rule.	Website of the company		
Disclosure of significant beneficial ownership in the shareholding pattern	SEBI Circular dated December 07, 2018	Check whether the company discloses the SBO in their latest shareholding pattern under regulation 31 of SEBI (LODR) Regulation, 2015 in the format prescribed in the circular.	Shareholding Pattern		

3. General Meetings [including Secretarial Standard (SS-2)]

Attention Points

a. The provisions of section 98 and sections 100 to 111 (both inclusive) shall not apply to a One Person Company (OPC).

b. In case of section 8 company, in clause (1) of Sub-section (1) of Section 101, length of notice is 14 days.

c. In case of private company and specified IFSC Public company, in clause (1) of Sub-section (1) of Section 101, check articles of association for length of notice.

Checklist for Compliances regarding General Meetings

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Holding of Annual General Meeting	Section 96 (1) of Companies Act, 2013 and Regulation 44(5) of SEBI (LODR) Regulations, 2015	Check whether annual general meeting was held: a. Within 9 months from the end of the financial year in case of first annual general meeting. b. Within 6 months (excluding extension of time) from the end of the financial year in case of subsequent annual general meeting. c. Within 15 months (excluding extension of time) from the date of the previous annual general meeting. d. In case company falls under top 100 listed entities by market capitalization, determined as on March 31st of every financial year, check whether it held annual general meetings within a period of five months from the date of closing of the financial year.	1. Notice and Minutes of Annual General Meeting 2. Minutes of last Annual General Meeting 3. List of 100 listed entities by market capitalization		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval of the Registrar for extension	Section 96 (1) third proviso	Check whether the approval of the Registrar obtained for extension of time for holding annual general meeting beyond 6 months period.	Form GNL-1 filed with the ROC and the extension order by the ROC		
Meeting during business hours	Section 96 (2)	Check whether annual general meeting has been called during the business hours viz between 9 a.m. to 6 p.m. *Note: Not applicable for meetings held through Video conferencing*	Notice and Minutes of Annual General Meeting		
Day other than the National Holiday	Section 96 (2)	Check whether annual general meeting was held on a day which is other than the national holiday.	Notice and Minutes of Annual General Meeting		
Place of Meeting	Section 96 (2)	Check whether annual general meeting has been convened at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate.	Notice and Minutes of Annual General Meeting		
Place of meeting in case of unlisted companies	Section 96 (2)	In case of unlisted companies, if annual general meeting was held at any other place, check whether prior consent of all the members has been obtained	List of shareholders and consent from each member		
On order of Tribunal	Section 97	Check whether Tribunal has called or direct calling annual general meeting of the company.	1. Minutes of the meeting 2. Copy of order of the Tribunal		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Direction of Tribunal	Section 97	Check whether any ancillary or consequential direction given by Tribunal to be complied with.	1. Minutes of the meeting 2. Copy of order of the Tribunal		
On order of Tribunal	Section 98	Check whether Tribunal has ordered meeting to be called under Section 98.	1. Minutes of the meeting 2. Copy of order of the Tribunal		
Extra-ordinary general meeting	Section 100 (1) read with rule 17 (6) of The Companies (Management and Administration) Rules, 2014	1. Check whether any extra-ordinary general meeting was called by the Board of Directors. 2. Check whether notice of meeting has been sent to all members within 03 days from valid requisition received by company for calling extra-ordinary general meeting.	1. Minutes of the Board Meeting 2. Notice of the Extraordinary General Meeting		
Place of extra-ordinary general meeting	Section 100 (1) Proviso	1. Check whether extra-ordinary general meeting was held within India. *Note: Not applicable to wholly owned subsidiary of a company incorporated outside India*.	1. Minutes of the Board Meeting 2. Notice of the Extraordinary General Meeting		
Extra-ordinary general meeting on request of members	Section 100 (2)	1. Check whether any extra-ordinary general meeting has been requisitioned by members on any day except national holiday. 2. If yes, check whether they satisfied the requirement of number specified in Section 100(2).	1. Register of Members 2. Copy of Requisition		
Signature	Section 100(3)	Check whether requisition set out the matter to be discussed at meeting and signed by requisitionist.	Copy of Requisition		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Calling of extra-ordinary general meeting within timeline	Section 100(3)	Check whether Board within 21 days from the date of receipt of a valid requisition in regard to any matter, proceeded to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition.	1. Notice of the Meeting 2. Minutes of the Meeting		
Calling of meeting by requisitionist	Section 100(5)	Check whether on failure of Board to call meeting, the meeting called by requisitionist has been called in the same manner as called by Board. *Note: Requisitionist need not append explanatory statement to the notice.*	1. Notice of the Meeting 2. Minutes of the Meeting		
Authority	Para 1.1 of Secretarial Standard 2	Check whether general meeting has been convened by or on authority of the Board.	Notice of the Meetings		
Notice for meeting	Section 101 (1)	Check whether general meeting of the company has been called by giving not less than clear twenty-one days' notice either in writing or through electronic mode.	Notice of the Meeting		
Consent for shorter notice	Section 101(1) Proviso	Where meeting has been called as shorter notice, check whether requisite consent has been obtained.	1. Notice of the Meeting 2. Copy of Consents		
Notice specified the place, date, day of the meeting	Section 101(2)	Check whether notice of a meeting specified the place, date, day and the hour of the meeting and contained a statement of the business to be transacted at such meeting.	Notice of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Dispatch of notice	Section 101(3) and Para 1.2.1 of Secretarial Standard 2	Check whether notice of the meeting of has been given to – (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member; (b) the auditor or auditors of the company; and (c) every director of the company (d) secretarial auditor (e) debenture trustee, if any.	Proof/Record of dispatch of Notice		
Notice on website of the company	Para 1.2.3 of Secretarial Standard 2	In case of company having website, check whether notice was hosted on website of the company till conclusion of the meeting.	Management Representation		
Notice of adjourned meeting	Para 15.2 of Secretarial Standard 2	Where a meeting was adjourned sine die or 30 days or more, check whether a clear 21 days' notice as provision of the Companies Act, 2013 and Secretarial Standard 2 was given.	1. Notice of adjourned meeting 2. Record of dispatch of notice		
Notice of adjourned meeting	Para 15.3 of Secretarial Standard 2	Where a meeting was adjourned for less than 30 days, check whether the company has given not less than 03 days' notice as per Secretarial Standard 2.	1. Notice of adjourned meeting 2. Record of dispatch of notice		
Annexure of special business item with notice	Section 102(1)	Check whether statement setting out the material facts concerning each item of special business to be transacted at a general meeting has been annexed to the notice calling such meeting.	Notice of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Time and place in notice for inspection of documents	Section 102(1) (3)	Where any item of business referred to any document, which was to be considered at the meeting, check whether the time and place where such document can be inspected has been specified in the statement under sub-section (1).	Notice of the Meeting		
Nature of the meeting/ explanatory statement with the notice	Para 1.2.5 of Secretarial Standard 2	1. Check whether the notice clearly specified the nature of the Meeting and the business to be transacted thereat. In respect of items of special business, each such item was in the form of a resolution and was accompanied by an explanatory statement which set out all such facts as would enable a member to understand the meaning, scope and implications of the item of business and to take a decision thereon. 2. In respect of items of ordinary business, resolutions are not required to be stated in the notice except where the Auditors or Directors to be appointed are other than the retiring Auditors or Directors, as the case may be.	Notice of the Meeting		
Quorum	Section 103(1)	Check whether requisite quorum was present.	1. Minutes of the Meeting 2. Attendance Slips		
Presence of quorum	Section 103(2)	Where quorum was not present within half-an-hour from the time appointed for holding a meeting of the company, check whether meeting was adjourned or cancelled as required by Section 103(2).	Minutes of the meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Presence of quorum	Para 3.1 of Secretarial Standard 2	Check whether quorum was present throughout the meeting.	Minutes of the Meeting		
Election of chairperson as per the provision of articles of association	Section 104(1)	Check whether articles of association contained provision for election of chairperson and same was complied with.	1. Articles of Association 2. Minutes of the Meeting		
Election of chairperson by members personally present	Section 104(1)	Where articles of association do not contain provision for election of chairperson, check whether members personally present elected one of themselves to be chairperson on show of hands.	1. Articles of Association 2. Minutes of the Meeting		
Election	Section 104(2)	Check whether election was demanded and conducted as per Section 104(2).	Minutes of the meeting		
Proxy	Section 105(1) and Rule 19 of Companies (Management and Administration) Rules, 2014	Check whether any person was appointed as proxy to act on behalf of members exceeding fifty or holding in the aggregate more than ten percent of the total share capital of the company carrying voting rights.	Register of Proxies		
Voting by proxy	Section 105(2)	Check whether notice calling meeting of the company which has a share capital, or the articles of which provide for voting by proxy at the meeting, provided with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member.	Notice calling Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Instruments appointing proxy	Section 105(6)	Check whether instruments appointing proxy were in writing and authenticated as per Section 105(6).	Instruments appointing proxies		
Stamping of instruments appointing proxy	Para 6.3 of Secretarial Standard 2	Check whether instrument of proxies was duly stamped as per applicable law.	Instruments appointing proxies		
Entry in register of proxy	Para 6.9 of Secretarial Standard 2	1. Check whether proxies received by the company have been chronologically recorded in the register kept for the purpose. 2. Check whether reason for rejection of proxy recorded in remarks column.	Register of Proxies		
Provisions of articles of association	Section 106(1)	Check whether the articles of association of a company provided that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the company has exercised any right of lien and same was complied with.	1. Articles of Association 2. Minutes of the Meeting		
Voting	Section 107 (1)	Check whether a resolution put to the vote of the meeting, unless a poll was demanded under Section 109 or the voting was carried out electronically, was decided on a show of hands.	Minutes of the Meeting		
Declaration of results	Section 107 (2)	Check whether chairperson declared result of each resolution put to vote.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Right to vote	Section 108 and Rule 20 (3) of Companies (Management and Administration) Rules, 2014	1. Check whether the company has listed its equity shares on a recognised stock exchange or has not less than 1000 members. 2. If yes, Check whether it provided to its members facility to exercise their right to vote on resolutions proposed to be considered at a general meeting by electronic means. *Note: Not applicable to Nidhi, or an enterprise or institutional investor referred to in Chapter XB or Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.*	1. Listing status 2. Register of Members		
Dispatch of notice	Rule 20 (4) (i) of The Companies (Management and Administration) Rules, 2014	Check whether the notice of the meeting was sent to all the members, directors and auditors of the company either (a) by registered post or speed post; or (b) through electronic means, namely, registered e-mail ID of the recipient; or (c) by courier service	Proof of dispatch of notice		
Notice on website of the company	Rule 20 (4) (ii) of The Companies (Management and Administration) Rules, 2014	Check whether the notice was also placed on the website, if any, of the company and of the agency forthwith after it is sent to the members.	Management Representation		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Electronic voting	Rule 20 (4) (iii) of The Companies (Management and Administration) Rules, 2014	Check whether the notice of the meeting clearly stated – (A) that the company is providing facility for voting by electronic means and the business may be transacted through such voting; (B) that the facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting; (C) that the members who have cast their vote by remote-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.	Notice of the Meeting		
Notice indicating process and manner for voting	Rule 20 (4) (iv) of The Companies (Management and Administration) Rules, 2014	Check whether the notice – (A) indicated the process and manner for voting by electronic means; (B) indicated the time schedule including the time period during which the votes may be cast by remote e-voting;	Notice of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(C) provided the details about the login ID; (D) specified the process and manner for generating or receiving the password and for casting of vote in a secure manner.			
Publication of Notice	Rule 20 (4) (v) of The Companies (Management and Administration) Rules, 2014	Check whether the notice as required by Rule 20(4) (v) was published in English Newspaper and Vernacular Language Newspaper.	Copies of relevant newspapers		
Appointment of scrutiniser	Rule 20(4) (ix) of The Companies (Management and Administration) Rules, 2014	Check whether Board of Directors appointed one or more scrutiniser, who were Chartered Accountant in practice, Cost Accountant in practice, or Company Secretary in practice or an Advocate, or any other person who was not in employment of the company and a person of repute who, in the opinion of the Board could scrutinise the voting and remote e-voting process in a fair and transparent manner.	1. Minutes of the Board Meeting 2. Copy of appointment letter issued to scrutinizer		
Voting	Rule 20 (4) (xi) of The Companies (Management and Administration) Rules, 2014	Check whether Chairman allowed voting, at the general meeting, at the end of discussion on the resolutions on which voting was to be held.	1. Minutes of General Meeting		
Counting of votes and declaration of results	Rule 20 (4) (xii) of The Companies (Management and Administration) Rules, 2014	Check whether counting of votes was done and results declared as required by Rule 20(4)(xii).	1. Report of the scrutinizer 2. Copy of results declared		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Register to record the assent or dissent received	Rule 20 (4) (xiv) of The Companies (Management and Administration) Rules, 2014	Check whether the scrutiniser has maintained a register either manually or electronically to record the assent or dissent received, mentioning the particulars of name, address, folio number or client ID of the members, number of shares held by them, nominal value of such shares and whether the shares have differential voting rights.	Relevant Register		
Disclosure on website after declaration of results	Rule 20 (4) (xvi) of The Companies (Management and Administration) Rules, 2014	Check whether the results declared along with the report of the scrutiniser was placed on the website of the company, if any, and on the website of the agency immediately after the result was declared by the Chairman.	1. Management representation 2. Data on website		
Poll	Section 109(3)	Check whether a poll demanded for adjournment of the meeting or appointment of Chairman of the meeting was taken forthwith.	1. Management Representation 2. Minutes of the Meeting		
Poll Demand	Section 109(4)	Check whether a poll demanded on any question other than adjournment of the meeting or appointment of Chairman was taken not later than forty-eight hours from the time when the demand was made.	1. Management Representation 2. Minutes of the meeting		
Postal Ballot	Section 110 and rule 22 of The Companies (Management and Administration) Rules, 2014	Check whether postal ballot was conducted in compliance with Section 110 and Rule 22.	1. Notice of Postal Ballot 2. Copy of Draft Resolution 3. Copies of Relevant Newspaper 4. Scrutinizer Report Register maintained by scrutinizer		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Request for Circulation of Resolution	Section 111	Check whether company has received any requisition for circulation of resolution from the members.	Management Representation		
Requisition	Section 111	Check whether requisition was made by such number of members as required under Section 100.	Copies of Requisition received		
Circulation of Resolution	Section 111	Where a valid requisition was received, check whether the members' resolution was circulated in compliance with Section 111.	1. Record of Circulation of Resolution 2. Notice of the Meeting		
Special Resolution	Section 114(2)	Check whether the intention to propose the resolution as a special resolution was duly specified in the notice calling the general meeting or other intimation given to the members of the resolution.	1. Notice of the Meeting		
Special Notice	Section 115	1. Check whether articles of association provide for any matter which require special notice. 2. Check whether company has moved any resolution which requires special notice under articles of association or under the provisions of the Companies Act, 2013.	1. Articles of Association 2. Copy of the Notice		
Resolutions requiring Special Notice	Section 115 and rule 23 of the Companies (Management and Administration) Rules, 2014	Check whether the intention to move such resolution was given to the company by such number of members holding not less than 01% of total voting power or holding shares on which such aggregate sum not exceeding 5,00,000 rupees has been paid.	1. Copy of requisition to move resolution 2. Document evidencing capital structure of the company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Maintenance of Minutes Books	Section 118 and the rule 25 of The Companies (Management and Administration) Rules, 2014	1. Check whether a distinct minute book was maintained for general meetings of the members. 2. Check whether minutes of proceedings of each meeting entered in the minutes books along with the date of such entry within thirty days of the conclusion of the meeting. 3. Check whether each page of minutes book has initials or signed and the last page of the record of proceedings of each meeting is dated and signed. 4. Check whether in case of every resolution passed by postal ballot, a brief report on the postal ballot conducted including the resolution proposed, the result of the voting thereon and the summary of the scrutinizer's report entered in the minutes book of general meetings along with the date of such entry within thirty days from the date of passing of resolution. 5. Check whether minutes book is permanently maintained at the registered office.	Minutes Book of General Meeting		
Particulars in Minutes	Para 17.2.1.1 and Para 17.2.1.2 of Secretarial Standard 2	1. Check whether minutes contain at the beginning name of the company, serial number of the meeting, day, date, venue and time of commencement of the meeting.	1. Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether minutes contain the names of the directors and the company secretary present at the meeting.			
Specific content in minutes	Para 17.2.2 of Secretarial Standard 2	Check whether specific content was mentioned in the minutes or not.	Minutes of the Meeting		
Record in the minutes book and signature of minutes	Para 17.2.2.2 of Secretarial Standard 2	Check whether in respect of Resolutions passed by e-voting or postal ballot, a brief report on the e-voting or postal ballot conducted including the Resolution proposed, the result of the voting thereon and the summary of the scrutiniser's report shall be recorded in the Minutes Book and signed by the Chairman or in the event of death or inability of the Chairman, by any Director duly authorised by the Board for the purpose, within thirty days from the date of passing of Resolution by e-voting or postal ballot.	Minutes Book		
Report on Annual General Meeting	Section 121 and rule 31 of The Companies (Management and Administration) Rules, 2014	1. In case of listed public company, check whether the report on annual general meeting was filed in Form MGT 15 within thirty days of conclusion of such meeting.	Copy of Form MGT 15 along with challan		
		2. Check whether the report was signed and dated by the Chairman of the meeting or in case of his inability to sign, by any two directors of the company, one of whom was the Managing director, if there was one and company secretary of the company.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Publish annual report on the website of the company	Regulation 34 of SEBI (LODR) Regulations, 2015	Check whether the listed entity has submitted to the stock exchange and publish on its website a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders.	Record of correspondence with Stock Exchange		
Revised copy of Annual Report	Regulation 34 of SEBI (LODR) Regulations, 2015	Check whether in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes was sent not later than 48 hours after the annual general meeting.	Record of correspondence with Stock Exchange		
Sharing documents and information with shareholders	Regulation 36 of SEBI (LODR) Regulations, 2015	Check whether listed company has complied with requirement of Regulation 36 with respect to sharing documents and information with shareholders.	Record of correspondence with Shareholders		
Conclusion of its general meeting	Regulation 44(3) of SEBI (LODR) Regulations, 2015	Check whether the listed company has submitted to the stock exchange, within two working days of conclusion of its general meeting, details regarding the voting results in the format specified by the Board.	1. Correspondence with Stock Exchange 2. Management Representation		
Live webcast of the proceedings of the annual general meetings	Regulation 44(6) of SEBI (LODR) Regulations, 2015	In case company falls under top 100 listed entities, check whether it provided one-way live webcast of the proceedings of the annual general meetings.	Management Representation		

4. Annual Return

Attention Point

Keeping in view the above developments in general and latest amendment of 5th March, 2021, in particular along with its immediate applicability, it can be concluded that, from Financial Year 2020-21 onwards, there is no requirement of preparing Form MGT-9 (irrespective of the fact whether the company has a website or not).

Checklist for Compliance regarding Annual Return

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of annual return in Form MGT-7/ MGT7A with the ROC	Section 92(1), (2) and (4) read with rule 11 and 12 of The Companies (Manage-ment and Ad-ministration) Rules, 2014	1. Check whether the company has filed the Annual Return in Form MGT-7 with the ROC within 60 days from the annual general meeting. 2. Check whether, in case of one person company and small company the company, has filed the Annual Return in Form MGT-7A with the ROC within 60 days from the annual general meeting (from financial year 2020-21 onwards). 3. If the annual general meeting is not held, check whether the company has filed the Annual return in Form MGT-7/7A with the ROC within 60 days from the date on which the annual general meeting should have been held together with the statement specifying the reasons for not holding the annual general meeting. 4. Where company falls under the category of applicable Public Company or is Listed Company, check whether the company has filed along with Form MGT-7 and certificate in Form MGT-8 duly certified by a Company Secretary in Practice.	1. Copy of the MCA receipt and copy of the filed Form MGT-7 2. Copy of the MCA receipt and copy of the filed Form MGT-7A in case of one person company and small company 3. Latest Audited Financial Statements 4. Form MGT-8, if any		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Hosting of annual return on the website of the company	Section 92(3)	1. Where the company (other than IFSC Public and IFSC Private Companies) has a website, check whether a copy of the Annual Return, so filed with the ROC as on date, was hosted in the website of the company and the link of the same was given in the Board's Report.	1. Website of the company		

2-VII DECLARATION AND PAYMENT OF DIVIDEND

Applicable Provisions

Section 123 to Section 127 of the Companies Act, 2013 read with rules made thereunder.

Attention Points

a. In case of Banking Company check whether the provisions of RBI Circular No. RBI/2021-22/23 DOR. ACC.REC.7/21.02.067/2021-22 dated April 22, 2021 have been complied with / adhered to.

b. Clause 43A of SEBI (LODR) – Dividend Distribution Policy – The top (1000) listed entities based on market capitalization (calculated on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed [on the website of the listed entity and a web-link shall also be provided in their annual reports].

c. Transfer of amount to free reserves is only a matter of policy of the company. It is not a statutory requirement.

d. As per notification dated 5th June, 2015 **–** (i) Second proviso of Section 123(1) shall not apply in case of Government Company in which the entire paid-up share capital is held by the Central Government, or by any Stale Government or Governments or by the Central Government and one or more State Governments or by one or more Government Company.

(ii) Section 123(4) shall not apply in case of Government Company in which the entire paid-up share capital is held by the Central Government, or by any Stale Government or Governments or by the Central Government and one or more State Governments or by one or more Government.

(iii) Section 123(5) shall apply in case of Nidhi Company subject to the modification that any dividend payable in cash may be paid by crediting the same to the account of the member, if the dividend is not claimed within 30 days from the date of declaration of the dividend.

(iv) Section 127 shall apply in case of Nidhi Company subject to the modification that where the dividend payable to a member is one hundred rupees or less, it shall be sufficient compliance of the provisions of the section, if the declaration of dividend is announced in the local language in one local newspaper of wide circulation and announcement of the said declaration is also displayed on the notice board of the Nidhi's for at least 03 months.

Checklist for Compliances regarding Declaration and Payment of Dividend

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration of dividend	Section 123	1. Check whether the Board of Directors of the company or the company at annual general meeting has declared and disclosed interim or final dividend at any time during the financial year.	1. Notice and minutes of Board Meeting 2. Notice and Minutes of General Meeting 3. Resolutions		
Declaration and payment as per provisions of act	Section 123(1)(a) and (b) and proviso	1. Check whether dividend has been declared and paid by the company for the financial year, only as per provisions of act. 2. Check whether the company has computed profits as per the provisions of the act. 3. Check whether the company has, before declaration of final/interim dividend in the financial year, transferred such percentage of profits, as considered appropriate to the reserves of the company. 4. Check whether company has declared dividend only after carried over previous losses and depreciation not provided in previous year(s) were set off against profits of the company of the current year.	1. Audited Financial Statements 2. Minutes of Meetings 3. Dividend register, if any 4. Form AOC-4 and AOC-4 (XBRL) 5. Ledger Statement of the company 6. Other records containing particulars of dividends declared, paid, remaining unpaid or unclaimed		
Depreciation	Section 123(2)	Where the company has paid dividends out of profits of relevant financial year or previous financial years remaining undistributed, check whether depreciation has been provided in accordance with provisions of Schedule II.	1. Audited Financial Statements 2. Form AOC-4 and AOC-4 (XBRL) 3. Ledger statement of the company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Interim Dividend	Section 123(3) and proviso	1. Check whether the company has declared interim dividend- 2. If yes, check whether it was paid only: (i) During any financial Year; or (ii) During the period from closure of financial year till holding of the annual general meeting. 3. Check whether interim dividend has been paid only out of: (i) Surplus of profit & loss account; or (ii) Out of profits of the financial year for which such interim dividend is sought to be declared; or (iii) Out of profits generated in any financial year till the quarter preceding the date of declaration of the interim dividend. 4. Check whether the company declaring interim dividend has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration.	1. Audited Financial Statements 2. Notice and minutes of Board Meeting in which declaration of interim dividend was considered 3. Form AOC-4 and AOC-4 (XBRL) 4. Ledger statement of the company		
Deposit of amount in a separate account	Section 123(4)	Check whether the company has deposited with a scheduled bank, amount of dividend, including any interim dividend, in a separate account within 5 days of declaration of such dividend.	Ledger statement of bank account in which dividend has been credited, in the books of the company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Registered shareholder	Section 123(5)	Check whether payment of dividend was made to the registered shareholder or to his order or banker.	Requisite orders or instructions received from shareholder		
If fails to comply with the provisions of section 73 and 74	Section 123(6)	Check whether company which failed to comply with the provisions of section 73 and 74 has not, so long as such failure continued, declared any dividend on its equity shares.	Register of Deposits		
Transfer of unpaid or unclaimed dividend to a special account	Section 124(1)	Check whether the company has transferred within a period of 07 days from the date of expiry of 30 days from the date of declaration of dividend to the shareholder, the unpaid or unclaimed dividend to a special account opened with any scheduled bank called the Unpaid Dividend Account.	Ledger account statement of Unpaid Dividend Account in the books of the company		
Details in statement	Section 124(2)	1. Check whether the company has prepared a statement, containing details such as names, last-known address and the unpaid dividend to be paid to each person, within a period of 90 days from the transfer to Unpaid Dividend Account. 2. Check whether the company has a website. 3. Check whether such statement prepared, has been uploaded on the website of the company as well as any other website approved by the Central Government for this purpose.	1. Statement containing details of unpaid dividend 2. Statement uploaded on the website of the company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Interest toward benefit of the members	Section 124(3)	Check whether the company, has ensured that the interest accruing, due to non-transfer of unpaid or unclaimed amount to Unpaid Dividend Account, was towards the benefit of the members of the company, in proportion to the amount remaining unpaid to them.	1. Audited Financial Statements 2. Books of account 3. Bank account statement		
Claim after transfer to special account	Section 124(4)	Check whether any person has claimed any amount of dividend transferred to Unpaid Dividend Account by the company.	Mail correspondences/ copies of requests received by the company		
Transfer of unclaimed or unpaid dividend to IEPF Fund	Section 124(5) read with rule 5(8) of the IEPF Authority y (Accounting, Audit, Transfer and Refund) Rules, 2016	Where the company has unclaimed or unpaid dividend remaining in its Unpaid Dividend Account for a period of 07 years, check whether the company has transferred such amounts (the dividend remaining unpaid or unclaimed in the Unpaid Dividend Account), together with interest thereon, if any, to the IEPF Fund.	1. Records of moneys remitted to IEPF authority along with all supporting documents maintained by the company as per Rule 5(6)(c) of the IEPF Authority Rules 2. Form No. IEPF -1 3. Form No. IEPF-2 4. Records published on company's website		
Declaration of dividend out of reserves	Rule 3 of The Companies (Declaration of Payment of Dividend) Rules, 2014	Check whether all conditions stipulated therein were complied with for declaration of dividend in the event of inadequacy or absence of profits.	Board Resolution		
Payment of dividend or interest or redemption or repayment	Regulation 12 of SEBI (LODR) Regulations, 2015	1. Check whether listed entity used any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I, for the payment of the following: (a) dividends; (b) interest; (c) redemption or repayment amounts.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether listed entity, where the amount payable as dividend exceeds one thousand and five hundred rupees, the 'payable-at-par' warrants or cheques were sent by speed post.			
Intimation of Record date	Regulation 42 of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity intimated the record date for the declaration of dividend to all the stock exchange(s) where it was listed or where stock derivatives were available on the stock of the listed entity. 2. Check whether the listed entity has recommended or declared all dividend and/ or cash bonuses at least 5 working days (excluding the date of intimation and the record date) before the record date fixed for the purpose. 3. Check whether the listed entity has ensured the time gap of at least 30 days between two record dates.	1. Resolutions 2. Intimation sent to Stock Exchange		
Declaration of Dividend	Regulation 43	1. Check whether the listed entity has formulated, declared and disclosed the dividend on per share basis only. 2. Check whether the listed entity has ensured that it has not forfeited any unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.	1. Resolutions 2. Proof of annulment, if any		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Contents of Policy	Regulation 43A(2) proviso	1. Check whether the listed entity falling under top 1000 as per market capitalization (calculated as on March 31 of every financial year), has declared dividend on the basis of parameters in addition to clauses (a) to (e) of regulation 43A(2) or has changed such additional parameters or the dividend distribution policy contained in any of the parameters. 2. If "yes", then check whether the same has been disclosed along with the rationale for the same in its annual report and on its website.	1. Resolution 2. Amended Policy document		
Record Date for Non-Convertible Securities	Regulation 60 of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity has fixed a record date for purposes of payment of interest and dividend. 2. Check whether the listed entity has given the notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognized stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date.	1. Copy of the notice of record date 2. Intimation sent to Stock Exchange		
Dealing with unclaimed non-convertible securities and benefits accrued thereon	Regulation 61A	1. Check whether the listed entity has forfeited unclaimed interest/dividend/redemption amount. 2. Check whether the listed entity has transferred the amount to an escrow account to be opened by the listed entity in any scheduled bank within 07 days from the date of expiry of the period of 30	1. Register, if any 2. Other records containing particulars of dividends declared, paid or remaining 3. Financial Statements 4. Details of Escrow Account 5. Resolution passed		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		days if the interest/dividend/ redemption amount has not been claimed within thirty days from the due date of interest/ dividend / redemption payment. 3. Check whether the listed entity has transferred the amount of escrow account that remains unclaimed for 07 years to the 'Investor Education and Protection Fund'.			
Transfer to IEPF Fund	Rule 5(1) of The IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	Check whether any amount together with interest after 07 year required to be transferred to IEPF Fund has been transferred within 30 days of it become due along with statement in Form IEPF-1.	1. Form IEPF-1 2. Statement of Escrow Account		
	Rule 6(2) of The IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	Check whether the Board has authorised the Company Secretary or any other person to sign the necessary documents for the purposes of effecting transfer of such shares.			
Intimation to shareholders before transfer of shares to IEPF	Rule 6(3) of The IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	1. Check whether the company informed the shareholders at latest available address regarding transfer of shares three months before the due date of transfer of shares. 2. Check whether the company simultaneously published a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID – Client ID are available on their website duly mentioning the website address.	1. Copy of intimation sent to shareholders 2. Copy of Publication		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Payment	SEBI Circular	1. Check whether the payment of dividend to security holders holding securities in physical form was as per SEBI Circular dated November 3, 2021 read with December 14, 2021.			

IEPF Compliances			
Any amount in the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of 7 years from the date of transfer of such amount to the Unpaid Dividend Account, along with interest accrued, if any, shall be transferred to the Investor Education and Protection Fund.			
Form	**Compliances**	**Timelines**	**Date of Filing**
IEPF-1	Any amount which remains unclaimed for 7 consecutive years is required to be credited by the company to IEPF Fund. Also it shall be remitted online along with statement in form IEPF-1.	This amount has to be credited in the fund within 30 days of it becoming due.	
IEPF-1A	IEPF-1A, allows companies to fill out investors detail in Excel template, for all kind of transfer either made through INV-1, challans or Form-1.	60-day time limit from date notification of amended rule. (20th Aug, 2019)	
IEPF-2	1. Statement of unpaid or unclaimed amount.	Within 60 days from AGM or due date whichever is earlier.	
	2. Appointment of nodal officer and deputy nodal officer.	In matter related with nodal/deputy nodal officer the form is filed within 7 days.	
	3. Updating/cessation details of nodal officer and deputy nodal officer.		
IEPF-3	Company or bank need to transfer shares or dividend under Section 125 to IEPF, but in certain situations because of order of Court, Tribunal or any Statutory authority, if the company/bank does not transfer the same shall details has to be filed by them in form-3.	Within 30 days of end of financial year.	
IEPF-4	Pursuant to Rule 6(5), IEPF-4 has to be filed for filing statement to transfer shares and transfer of benefit under Rule 6(8). When shares are due for transfer to fund the Company will intimate depository by way of corporate action, where shareholders have account for transfer in favour of authority. After receiving such information the depository will transfer shares in favour of DEMAT account of authority.	Within 30 days from informing depository.	

IEPF-5	Unlike all other forms which are filed by Company, IEPF-5 is filed by shareholders whose shares, unclaimed dividend, redemption proceeds of preference shares, Application money refund, etc. has been transferred to the Fund.	This is an event formed that has to be filed by shareholder.	
IEPF 7	Company has to give details of amount remitted to Bank account of funds which include: 1. Dividend on shares which has been transferred to IEPF. 2. Proceeds recovered from delisting Companies in regard to shares transferred to IEPF. 3. Any proceeds received on winding up of Company in regard to shares transferred to IEPF. 4. Other conditions as prescribed.	Filed within 30 days from the date of remittance of the fund.	

2-VIII ACCOUNTS OF COMPANIES

Applicable Provisions and Events

Section 128 to Section 138 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Books of Accounts
2. Board's Report
3. Corporate Social Responsibility
4. Internal Audit

1. Books of Accounts

Attention Point

Financial year commencing on or after the 1st day of April, 2023, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. Secretarial auditor may ensure that there are adequate documents/systems entered and this provision is compiled by the company.

Checklist for Compliance regarding Books of Accounts

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Books of Account, etc., to be kept by company	Section 128 (1)	1. Check whether books of accounts and other relevant books and papers and financial statements have been kept at the registered office.	1. A note on the accounting system by the head of finance 2. Form AOC-5		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether books of accounts and other relevant books and papers of branches are kept at the registered office. 3. Where the company is not maintaining its books of accounts at its registered office check whether the company has notified the same within 7 days thereof to the Registrar in the prescribed manner.			
Manner of books of accounts to be kept in electronic mode	Rule 3 The Companies (Accounts) Rules, 2014	1. Where the books of accounts were maintained in electronic form, check whether the company takes care of prescribed safeguards such as having proper storage and retrieval facilities, entry logs, possibility to convert electronic records into printed papers and sufficient back up facilities. 2. Check whether the company using only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. (Applicable f or the financial year commencing on or after the 1st day of April, 2023]	1. Contract entered between the company and the service provider maintaining the servers 2. Sampling method can be used to verify the requisites safeguards while maintaining books of accounts electronically		
Particulars of intimation to the Registrar	Rule 3(6) of The Companies (Accounts) Rules, 2014	1. Check whether the company has intimated to the Registrar on an annual basis at the time of filing of financial statement- (a) the name of the service provider;	Form AOC-4 (XBRL)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) the internet protocol address of service provider; (c) the location of the service provider (Wherever applicable); (d) where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider.			
Past record of books of accounts	Section 128(5)	1. Check whether the books of accounts was maintained in good condition for a period of 08 financial years. 2. Check whether any investigation under chapter XIV, ordered by the Central Government required the company to maintain its books of accounts for more number of years and if so, check whether the company complies with such orders.	1. Management representation 2. Order of Central Government, if any *Note: Random verification could be done to be satisfied about this.*		
Format of financial statements	Section 129(1)	Check whether the financial statements have maintained the format prescribed in the Schedule III.	1. Financial statements 2. Board's report 3. Auditor's Report		
Compliances of other act, if applicable	Section 129 Third Proviso	1. Check whether the company was governed by any other act. 2. If yes, check whether it complied with the form in which the financial statements need to be prepared under that act.	1. Memorandum of Association 2. Articles of Association 3. Financial Statements 4. Auditors Report 5. Sector specific regulations		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Consolidated financial statements	Section 129(3) read with rule 5 and 6 of The Companies (Accounts) Rules, 2014	1. Check whether the company has a subsidiary or associate company or a joint venture. 2. If yes, whether the company has prepared consolidated financial statements and a separate statement containing the salient features of the financial statements of its subsidiary or subsidiaries / associate company / joint venture in Form AOC-1. 3. Check whether the consolidation of financial statements of the company is in accordance with the provisions of Schedule III of the act.	1. Form AOC-1 2. Boards report 3. Financial Statement and Consolidated Financial Statement		
Manner of Consoli-dation of Accounts	Proviso to rule 6 of The Companies (Accounts) Rules, 2014	In case of company having subsidiaries, if consolidated financial statements were not prepared, check whether the following conditions were fulfilled: (i) Check whether company was a wholly-owned subsidiary, or was a partially-owned subsidiary of another company. (ii) Check whether all its other members, including those not otherwise entitled to vote, had been intimated in writing. (iii) Check whether none of the members have objected for not presenting the consolidated financial statements.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iv) Check whether the Company is unlisted and not proposed for listing within or outside India (v) Check whether its ultimate holding company or intermediate holding company has filed the consolidated financial statements with the Registrar which are in compliance with the Applicable Accounting Standards.			
Re-opening of books of accounts	Section 130	Check whether any statutory authority has ordered for re-opening of books of accounts.	Order of Court or NCLT		
Revision of the financial statements	Section 131	1. Check whether there was any voluntary revision of the financial statements or Board's report after making application to the Tribunal. a. Was a copy of the order passed by the NCLT has been filed with the Registrar? b. Were the detailed reasons for revision of such financial statement or Board's report disclosed in the Board's report in the relevant financial year in which such revision was made? c. Ensure that such revised financial statements or reports shall not be prepared or filed more than once in a financial year	Copy of the order passed by the Tribunal		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the copies of the previous financial statements or reports have been sent out to members or delivered to the Registrar or laid before the company in General meeting, If yes, then the revision must be confined to; only to the shortcomings or corrections as per the provisions of section 129 or section 134 and the making of any necessary consequential alteration.			
Board Approval	Section 134(1)	Check whether Board has duly approved the financial statements, including consolidated financial statements, and whether they have been duly signed by persons authorized in that behalf.	1. Minutes of Meeting of the Board where the Financial Statements was approved 2. Financial Statements 3. Form MGT-14 4. Board's Report of the previous year		
Signature	Section 134 (1)	Check whether financial statements were signed by the following: a. Chairperson of the company authorised by the Board b. Chief Executive Office c. Chief Financial Officer and d. Company Secretary OR a. Any two Directors (one of whom shall be Managing Director, if any) b. Chief Executive Office c. Chief Financial Officer and d. Company Secretary	1. Copy of the Financial Statements 2. Form AOC-4/AOC-4 XBRL		

2. Board's Report

Attention Points

a. If any information listed in section134 (3) is provided in the financial statement, the company may not include such information in the report of the Board of Directors. Notification dated 4th January, 2017. (Specified IFSC unlisted public company & private company respectively).

b. Ensure to check exceptions/modification provided for Government company, Specified IFSC Public Company vide Notification dated 5th June, 2015 and 4th January, 2017.

Checklist for Compliances regarding Board's Report

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Contents in Board's Report	Section 134(3), read with rule 8 of The Companies (Accounts) Rules, 2014 and Standard 9 of Secretarial Standard 1	1. Check whether the Board's report contains the following: (1) Summary of financial performance based on standalone financial statements; (2) Highlights of performance and financial position of each subsidiaries/ associates/ joint venture companies and their contribution to the overall performance of the company during the period under report; (3) State of company's affairs; (4) Material changes and commitments if any, affecting the financial position of the company during the year; (5) Change in nature of business; (6) Amount if any, which the company proposes to carry any reserves; (7) Amount, if any, which the Board recommends as dividend pay-out;	Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(8) Name of the companies which have become or ceased as subsidiaries/ associates/ joint venture companies during the year; (9) Details of deposits and deposits accepted not in compliance with Chapter V; (10) Particulars of loans/ guarantees/investments under section 186; (11) Details of directors, KMP, appointed / ceased during the year; (12) Number of meetings of the Board; (13) Vigil Mechanism / Whistle Blower Policy; (14) CSR policy and details of initiatives by the committee; (15) Risk management policy; (16) Particulars of contracts or arrangements with related parties as per Form AOC-2; (17) Conservation of energy, technology absorption and foreign exchange earnings and outgo; (18) Web address, if any, where annual return (Form MGT-7) referred to in sub-section (3) of section 92 is uploaded;			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(19) Details of material orders of courts, Tribunals, authorities, Regulators imposing penalties on the company; (20) Directors responsibility statement; (21) Statement on compliance with Secretarial Standards; (22) Explanation or comments by the Board on every qualification / reservation / adverse remark / disclaimer by statutory auditor in his report; (23) Explanation or comments by the Board on every qualification, Reservation, adverse Remark, disclaimer by secretarial auditor in his report; (24) Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.			
Contents in Board's Report	Section 134(3)(e) and (p)	Check whether the Boards report contains: (a) Company's policy on attributes for directors' appointment and remuneration criteria for directors, key managerial personnel and other employees as provided under 178(3);	Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) Formal annual evaluation of Board on its own performance and that of its committees and individual directors. *Note- Applicable for all companies except Government companies and private companies*			
Contents in Board's Report	Section 134(3)(q), (d) read with rule 8, Section 177(8), Section 197	1. Check whether Board's report contains: (a) statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year; (b) the details in respect of adequacy of internal financial controls with reference to the financial statements; (c) a disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained; (d) a statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013];	1. Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(e) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year; (f) the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof; (g) statement on declaration of Independence given by Independent Directors under Section 149(7) of the Act; (h) Composition of Audit Committee; (i) where the Board has not accepted any of the recommendations of the said committee, reasons for Board not accepting any recommendation of Audit Committee; and (j) Details of managerial remuneration. *Note*: *Applicable for all companies except Government companies and private companies*			
Directors' Responsibil-ity Statement	Section 134(5)	1. Check whether the Directors' Responsibility Statement states declarations that - (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;	1. Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period; (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; (d) the directors had prepared the annual accounts on a going concern basis; and (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Circulation and publication of signed copy of every financial statement	Section 134(7)	1. Check whether the signed copy of every financial statement including consolidated financial statement, if any, is issued, circulated or published along with a copy each of- (a) any notes annexed to or forming part of such financial statement; (b) the auditor's report; and (c) the Board's report.	1. Proof of Dispatch		
Corporate Social Re-sponsibility	Section 135 read with rule 8 of The Com-panies (Cor-porate Social Responsibility Policy) Rules, 2014	Check whether the Board's report disclosed the composition of the Corporate Social Responsibility Committee, annual report on Corporate Social Responsibility and report of impact assessment, if any.	Board's Report		
Corporate Social Re-sponsibility	Section 135 (5) read with 2nd proviso	Check whether the company fails to spend the required amount? If Yes: Ensure that the Board shall in its report made under clause (o) of section 134(3) specify the reasons for not spending such amount.			
Right of member to copies of Audited Financial Statement	Section 136(1)	1. Check whether copy of the financial statement, including consolidated financial statement, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, requiring approval at general meeting, has been sent at least 21 days before the date of the meeting of the company (a) to every trustee for the Debenture-holder of any debentures issued by the company, and (b) all persons other than such member or trustee, being the person so entitled.	1. Proof of Dispatch 2. Financial Statement and other documents to be annexed thereto		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Where financial statement and annexures thereto have been sent less than 21 days prior to the annual general meeting, check if consent of members to the requisite level has been obtained			
Copies of the documents for inspection	Section 136 (1) second proviso	1. Check whether the copies of the documents made available for inspection at its registered office during working hours for a period of 21 days before the date of the meeting. 2. Also check whether a statement containing the salient features of such documents in Form AOC-3 or copies of the documents, as the company may deem fit, is sent not less than twenty-one days before the date of the meeting unless the shareholders ask for full financial statements, to every member of the company and to every trustee for the holders of any debentures issued by the company.	Form AOC-3		
Filing of financial statement with Registrar	Sec-tion137(1) read with Rule 13 of The Com-panies (Accounts) Rules, 2014	1. Check whether the company has filed the adopted financial statement with the ROC within thirty days of the date of annual general meeting or with additional fee in Form AOC-4 and consolidated financial statements, if any. 2. In case of financial statements were not adopted at annual general meeting or adjourned annual general meeting, check whether the company has filed the provisional financial statement with the ROC within thirty days of the annual general meeting or with additional fee. (First Proviso)	Form AOC-4/Form AOC-4 CFS along with attachments		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. In case of One Person Company check whether the financial statement are filed within 180 days from the closure of the financial year. (Third Proviso) 4. Check whether the company has any foreign subsidiary. If yes, whether the company has attached the accounts of the foreign subsidiary while filing the financial statement with the ROC. (Fourth Proviso)			
Reason for not held annual general meeting	Section 137 (2)	Where the company has not held annual general meeting, check whether reasons for the same has been attached to the form.	Form AOC-4 along with attachments and Form AOC-4 CFS		
Internal Audit	Section 138 read with rule 13 of The Companies (Accounts) Rules, 2014	1. Check whether the company is one which must have an internal audit done of its functions and activities. 2. Check whether the Audit Committee, where applicable, or the Board has in consultation with the internal auditor, formulated the scope, functioning, periodicity and methodology of conducting the audit. 3. Check whether the internal auditor report to the audit committee or board periodically.	Minutes of the Audit Committee Meeting		
Disclosure to the stock exchange and on website	Regulation 34 of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity has submitted to the stock exchange and has published on its website: (a) a copy of the annual report; (b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes sent not later than 48 hours after annual general meeting.	1. Copy of Disclosures 2. Website of the Company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the annual report contains the following: (a) audited financial statements and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable. (b) consolidate financial statements audited by its statutory auditors; (c) cash flow statement; (d) directors report; (e) management discussion and analysis report -either as a part of directors report or addition thereto; (g) business responsibility and sustainability report in the format as specified by the Board. (with effect from the financial year 2022–23, the top one thousand listed entities based on market capitalization) Provided further that the remaining listed entities including the entities which have listed their specified securities on the SME Exchange, may voluntarily submit such reports. *Note: Market capitalization shall be calculated as on the 31st day of March of every financial year.* 3. Check whether the annual report contains any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Copies of annual report and information to shareholders	Regulation 36 of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity have sent the annual report to the holders of securities, not less than twenty-one days before the annual general meeting as specified in sub-regulation (1) of Regulation 36. 2. Check whether the listed entity has made disclosure to the stock exchanges in XBRL format. 3. Check whether the notice sent to shareholders includes the disclosures related to appointment or re-appointment of statutory auditor a. Proposed fees payable in case of appointment and material change in fees in case of re appointment. b. Basis of recommendation. 4. Check whether the shareholders are provided with the information mentioned in sub-regulation (4) of Regulation 36 regarding appointment of a new director or re- appointment of a director.	1. Annual Report 2. Resolution for appointment/ re-appointment of statutory auditor 3. Notice of Annual General meeting and explanatory statement therewith		

ANNEXURE: LIST OF INFORMATION TO BE INCLUDED IN THE BOARD REPORT

Legal reference	Information to be included	Remarks
Section 134 (3) (a) of the Companies Act, 2013	The web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed].	
Section 134 (3) (b) of the Companies Act, 2013	Number of meetings of the Board.	

Legal reference	Information to be included	Remarks
Section 134 (3) (a) of the Companies Act, 2013	Directors' Responsibility Statement covering the following points: (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period; (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; (d) the directors had prepared the annual accounts on a going concern basis; (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.	
Section 134 (3) (ca) of the Companies Act, 2013	Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.	
Section 134 (3) (d) of the Companies Act, 2013	A statement on declaration given by independent directors under sub-section (6) of section 149.	
Section 134 (3) (e) of the Companies Act, 2013	In case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178.	
Section 134 (3) (f) of the Companies Act, 2013	Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made— (i) by the auditor in his report; and (ii) by the company secretary in practice in his secretarial audit report.	
Section 134 (3) (g) of the Companies Act, 2013	Particulars of loans, guarantees or investments under section 186	

Legal reference	Information to be included	Remarks
Section 134 (3) (h) of the Companies Act, 2013 read with rule 8 (2) of the Companies (Accounts) Rules, 2014	Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in form AoC-2.	
Section 134 (3) (i) of the Companies Act, 2013	The state of the company's affairs.	
Section 134 (3) (j) of the Companies Act, 2013	The amounts, if any, which it proposes to carry to any reserves.	
Section 134 (3) (k) of the Companies Act, 2013	The amount, if any, which it recommends should be paid by way of dividend.	
Section 134 (3) (l) of the Companies Act, 2013	Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.	
Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014	The conservation of energy, technology absorption, foreign exchange earnings and outgo in the following manner: (A) Conservation of energy- (i) the steps taken or impact on conservation of energy; (ii) the steps taken by the company for utilising alternate sources of energy; (iii) the capital investment on energy conservation equipments; (B) Technology absorption- (i) the efforts made towards technology absorption; (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof. (iv) the expenditure incurred on Research and Development. (C) Foreign exchange earnings and Outgo- The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	

Legal reference	Information to be included	Remarks
Section 134 (3) (n) of the Companies Act, 2013	A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.	
Section 134 (3) (o) of the Companies Act, 2013	The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year.	
Section 134 (3) (p) of the Companies Act, 2013	In case of- a. Listed entities and b. Public Company with paid up share capital of Rs.25 crores or more as at end of preceding financial year- A statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.	
Rule 8(1) of Companies (Accounts) Rules, 2014	Highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report.	
Rule 8(5) of Companies (Accounts) Rules, 2014	Financial summary or highlights.	
Rule 8(5) of Companies (Accounts) Rules, 2014	Changes in the nature of business	
Rule 8(5) of Companies (Accounts) Rules, 2014	Details of Directors or key managerial personnel who were appointed or have resigned during the year.	
Rule 8(5) of Companies (Accounts) Rules, 2014	A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year.	
Rule 8(5) of Companies (Accounts) Rules, 2014	The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.	
Rule 8(5) of Companies (Accounts) Rules, 2014	The details relating to deposits, covered under Chapter V of the Act,- (a) accepted during the year; (b) remained unpaid or unclaimed as at the end of the year; (c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- (i) at the beginning of the year; (ii) maximum during the year; (iii) at the end of the year	
Rule 8(5) of Companies (Accounts) Rules, 2014	The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	

Legal reference	Information to be included	Remarks
Rule 8(5) of Companies (Accounts) Rules, 2014	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.	
Rule 8(5) of Companies (Accounts) Rules, 2014	The details in respect of adequacy of internal financial controls with reference to the Financial Statements.	
Rule 8(5) of Companies (Accounts) Rules, 2014	A disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.	
Rule 8(5) of Companies (Accounts) Rules, 2014	A statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.	
Rule 8(5) of Companies (Accounts) Rules, 2014	The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.	
Rule 8(5) of Companies (Accounts) Rules, 2014	The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.	
Proviso to sub-section (3) of section 67 of the Act read with rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014	Where the voting rights are not exercised directly by the employees in respect of shares to which the scheme mentioned under the section relates: (a) the names of the employees who have not exercised the voting rights directly; (b) the reasons for not voting directly; (c) the name of the person who is exercising such voting rights; (d) the number of shares held by or in favour of, such employees and the percentage of such shares to the total paid up share capital of the company; (e) the date of the general meeting in which such voting power was exercised; (f) the resolutions on which votes have been cast by persons holding such voting power; (g) the percentage of such voting power to the total voting power on each resolution; (h) whether the votes were cast in favour of or against the resolution.	
Sub-section (1) of section 131	When there is voluntary revision of the financial statements and the Board report, the detailed reasons for revision of such financial statement or report.	
Sub-section (1) of section 204	Secretarial Audit Report.	

Legal reference	Information to be included	Remarks
Sub-section (3) of Section 204	The Board of Directors, in their report u/s 134(3) shall explain in full any qualification or observation or other remarks made by the company secretary in practice in his report.	
Sub-section (2) of section 135	Composition of CSR Committee.	
Sub-section (1) of section 168	The fact of resignation of the Director.	
Sub-section (8) of section 177	Composition of an Audit Committee.	
Sub-section (8) of section 177	Where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons thereof.	
Sub-section (10) of section 177	The details of establishment of vigil mechanism, if applicable.	
Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.	Annual report on CSR containing particulars specified in Annexure 1 or Annexure II as applicable.	
Sub-section (2) of section 188	The justification for entering into such contract or arrangement with related parties as mentioned in Section 188 (1).	
Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.	Impact assessment report to be attached, if applicable.	
Rule 8(13) of Companies (Share Capital and Debentures) Rules, 2014	In case of Sweat equity issue, details of such issue of sweat equity namely: a. The class of directors or employees to whom sweat equity shares were issued; b. The class of shares issued as sweat equity shares; c. The number of sweat equity shares issued to the directors, KMPs or other employees showing separately the number of such shares issued to them , if any for consideration other than cash and the individual names of allottees holding one percent or more of the issued share capital; d. The reasons or justification for the issue ; e. The principal terms and conditions for issue of sweat equity shares , including pricing formula; f. The total number of shares arising as a result of issue of sweat equity shares; g. The percentage of the sweat equity shares of the total post issued and paid up share capital;	

Legal reference	Information to be included	Remarks
	h. The consideration (including consideration other than cash) received or benefit accrued to the company from the issue of sweat equity shares; i. The diluted EPS pursuant to the issuance of sweat equity shares.	
Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014	In case of issue of ESOS, details of Employees Stock Option Scheme (ESOS) : a. Options granted; b. Options vested; c. Options exercised; d. The total number of shares arising as a result of exercise of option; e. Options lapsed; f. The exercise price; g. Variation of terms of options; h. Money realized by exercise of options; i. Total number of options in force; j. Employee wise details of options granted to; i) Key Managerial Personnel; ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of the options granted during that year; iii) Identified employees who were granted option , during any one year equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of the grant.	
Rule 2 (1) (c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014 read with Proviso 1	Details of money accepted from the director of the company or relative of the director of the private company.	
Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014	In case of issue of shares under Differential Voting Rights: (a) the total number of shares allotted with differential rights; (b) the details of the differential rights relating to voting rights and dividends; (c) the percentage of the shares with differential rights to the total post issue equity share capital with differential rights issued at any point of time and percentage of voting rights which the equity share capital with differential voting right shall carry to the total voting right of the aggregate equity share capital;	

Legal reference	Information to be included	Remarks
	(d) the price at which such shares have been issued; (e) the particulars of promoters, directors or key managerial personnel to whom such shares are issued; (f) the change in control, if any, in the company consequent to the issue of equity shares with differential voting rights; (g) the diluted Earning Per Share pursuant to the issue of each class of shares, calculated in accordance with the applicable accounting standards; (h) the pre- and post-issue shareholding pattern along with voting rights in the format specified under sub-rule (2) of rule 4.	
Schedule V of the Companies Act-Part II, Section II	In case of Remuneration payable by companies having no profit or inadequate profit, under the heading "Corporate Governance", if any, (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors; (ii) details of fixed component. and performance linked incentives along with the performance criteria; (iii) service contracts, notice period, severance fees; and (iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	
Secretarial Standards-SS-1 Para 9	Statement on compliance of applicable Secretarial Standards.	
Regulation 32 of SEBI (Listing Obligations and Disclosure) Requirements, 2015	An explanation for the variation specified in sub-regulation (1).	
Regulation 34 (2) of SEBI (Listing Obligations and Disclosure) Requirements, 2015	Management discussion and analysis report - either as a part of directors' report or addition thereto.	
Schedule V, Part E of SEBI (Listing Obligations and Disclosure) Requirements, 2015	Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed.	
Regulation 34 (2) of SEBI (Listing Obligations and Disclosure) Requirements, 2015	Business Responsibility Report, if applicable.	

Legal reference	Information to be included	Remarks
Schedule V, Part C of SEBI (Listing Obligations and Disclosure) Requirements, 2015	Corporate Governance Report.	

3. Corporate Social Responsibility

Attention Point

Ensure to check exceptions/modification provided for Specified IFSC Public Company and Specified IFSC Private Company vide Notification dated 5th June, 2015 and 4th January, 2017.

Checklist for Compliances regarding Corporate Social Responsibility

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Corporate Social Responsibility Committee	Section 135(1)	1. Check whether company during the immediately preceding financial year had net worth of rupees 500 crore or more, or turnover of rupees 1000 crore or more or a net profit of rupees 05 crore or more. 2. If yes, check whether company has constituted a Corporate Social Responsibility Committee of the Board. 3. Check number of directors and independent director in the Corporate Social Responsibility Committee. Where the amount to be spent by a company under sub-section (5) does not exceed 50 lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.	1. Financial Statements		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Detail in Board's report Corporate Social Responsibility Committee	Section 135(2)	1. Check whether the Board's report under sub-section (3) of section 134 has disclosed the composition of the Corporate Social Responsibility Committee	1. Board's Report		
Responsibility of CSR Committee	Section 135(3) read with rule 5 of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check whether the Corporate Social Responsibility Committee has – (i) formulated and recommended to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company (in areas or subject, specified in schedule VII); (ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and (iii) monitor the Corporate Social Responsibility Policy of the company from time to time.	1. Corporate Social Responsibility Policy 2. Minutes of Corporate Social Responsibility Meeting		
Approval and disclosure of policy	Section 135(4) read with rule 9 of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check whether the Board of the company has approved the Corporate Social Responsibility Policy. 2. Check whether the Board has disclosed the contents of such Policy in its report. 3. Check whether the company has disclosed the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.	1. Corporate Social Responsibility Policy 2. Board's Report 3. Website of the Company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Minimum 2% amount	Section 135(5) read with rule 7 of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check whether the company has spent at least two percent (2%) of the average net profits of the company made during the 03 immediately preceding financial years. 2. If the company has not completed the period of 03 financial years since its incorporation, during such immediately preceding financial years. 3. Check whether the company has given preference to the local area and areas around the company where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. 4. In case company fails to spend at least two percent (2%) amount, check whether the Board has, in its report made under clause (o) of sub-section (3) of section 134, specified the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. 5. Check whether the company has done set off the excess amount against the requirement to spend under this sub-section.	1. Financial Statements of last 03 years 2. Board's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
On-going project amount	Section 135(6)	1. Check whether the company has transferred the amount pursuant to any ongoing project which remained unspent, to a special account to be opened by the company in that behalf called the Unspent Corporate Social Responsibility Account, within a period of thirty days from the end of the financial year. 2. Check whether such amount in the Unspent corporate social responsibility Account is spent by the company in pursuance of its obligations towards the CSR Policy within a period of Three Financial years from the date of such transfer, failing which the company shall transfer the same to fund specified in schedule VII, within a period of 30 days from the date of completion of the third Financial Year.			
CSR Imple-mentation	Rule 4 of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check whether the company has implemented the CSR activities by itself or through implementing agencies as specified under this rule. 2. If implemented through implementing agencies, check whether the implementing agency has registered itself with the Central Government by filing the form CSR-1 electronically with the Registrar. 3. Check whether the Board of a company has satisfied itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management has certified the same.	1. CSR Annual Report 2. Copy of the Registration Certificate, if received from implanting partner		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Annual Action Plan	Rule 5 (2) of The Companies (Corporate Social Responsibility Policy) Rules, 2014	Check whether the CSR Committee has prepared the annual action plan which includes- (i) list of approved CSR projects; (ii) manner of execution of CSR projects; (iii) the modalities of utilisation of funds and implementation schedules; (iv) monitoring and reporting mechanism; (v) impact assessment, if any.	1. Annual Action Plan 2. Minutes of CSR Committee		
CSR Expenditure	Rule 7 of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check that the administrative overheads has not exceeded five percent of total CSR expenditure of the company for the financial year. 2. Check whether any surplus arose out of the CSR activities. 3. If yes, then whether the company has ploughed back into the same project or transferred to the Unspent CSR Account or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.			
CSR Reporting	Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014	Check whether the Board's Report of a company included an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.	Board Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Impact Assessment	Rule 8(3) of The Companies (Corporate Social Responsibility Policy) Rules, 2014	1. Check whether the average CSR obligation in the 03 immediately preceding financial years of the company of ten crore rupees or more. 2. If more than 10 crore rupees then check whether the company has undertaken an impact assessment, through an independent agency, of their CSR projects having outlays of 01 crore rupees or more. 3. Check further that the independent agency has completed the impact assessment. 4. Check whether the reports of impact assessment has been placed before the Board and has been annexed to the annual report on CSR. 5. Check whether the expenditure of impact assessment not exceeding 5% of the total CSR expenditure for that financial year or 50 lakh rupees, whichever is less.	1. Financial Statements of last three years 2. Board's Report 3. Impact Assessment Report 4. CSR Expenditure Ledger		
Form CSR-2	Rule 12 (1B) of The Companies (Accounts) Rules, 2014	1. Check whether the company has furnished a report on Corporate Social Responsibility in Form CSR-2 to the Registrar as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be. *Note: CSR-2 for the financial year 2020-2021 and 2021-2022 will be filed separately after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.*	1. Form CSR-2 2. Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be		

4. Internal Audit

Attention Point

Form MGT-14 is not required to be filed in case of private limited companies as per notification dated 05.06.2022.

Checklist for Compliances regarding Internal Audit

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Companies Required to Appoint Internal Auditor	Section 138 read with rule 13 of The Companies (Accounts) Rules, 2014	1. Check whether the company is one which must have an internal audit done of its functions and activities. 2. Check whether the Audit Committee, where applicable, or the Board has in consultation with the internal auditor, formulated the scope, functioning, periodicity and methodology of conducting the audit. 3. Check whether the internal auditor report to the audit committee or board periodically. 4. Check whether there is any change in the scope of internal auditor.	Minutes of the Audit Committee Meeting		
Resolutions and Agreements to be Filed	Section 117 and 179(3) read with Companies (management and administration) Rules, 2014	1. Check whether requisite form has been filed by the company. 2. Check whether internal auditor was appointed in the Board Meeting.	Form MGT-14 (In case of Public Company)		
Consent from internal auditor		Check whether consent from internal auditor was taken for being eligible for appointment.	Consent Letter		
Remedial action by Board of Director		Check whether the Board of Director has taken the remedial actions upon the observations given by the Internal Auditor in his previous report.	1. Follow-up Report 2. Audit Committee Minutes		

Appointment on recommendation of audit committee		Check whether appointment of internal auditor has been recommended by audit committee.			

2-IX AUDIT & AUDITORS

Applicable Provisions and Events

Section 139 to Section 148 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Appointment, Removal & Resignation of Auditors

Attention Points

a. Ensure to check exceptions/modification provided for Specified IFSC Public Company and Specified IFSC Private Company vide notification dated 4th January, 2017.

b. Ensure to check exceptions/modification provided for private company vide notification dated 5th June, 2015.

c. Limited review report and audit report of listed can only be issued by the Chartered Accountant holding valid peer review certificate. Refer to Reg 33(d) of SEBI(LODR), 2015.

Checklist for Compliances regarding Appointment, Removal & Resignation of Auditors

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Preliminary check points	Section 139	Check whether the provisions related to the following has been observed: a. Name and particulars of statutory auditor(s) b. Tenure of appointment/ reappointment c. Date of Audit Committee meeting, if any d. Date of Board meeting e. Date of annual general meeting /extra-ordinary general meeting.	1. Minutes of Audit Committee, if any 2. Minutes of Board Meeting 3. Minutes of Annual General Meeting/ Extraordinary General Meeting 4. Form ADT-1 along with its challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of Auditors	Section 139(6)	1. Check whether the company was newly incorporated. If yes, check whether the Board of Directors of the company had appointed the 01st auditors of the company within a period of 30 days of registration and whether the tenure of such auditor was fixed up to the conclusion of 01st annual general meeting of the company. 2. Check whether the Board informed the members of the fact of its default if the first auditors have not so been appointed with 30 days. 3. Check whether the members appointed the auditors within 90 days at an extra- ordinary general meeting for such auditors to hold office till the conclusion of First annual general meeting of the company. 4. Check whether the company filed the Form ADT-1 with the ROC notifying the appointment of first auditor(s) within 15 days of such appointment.	1. Notice and minutes of the Board meeting 2. Notice and minutes of extra-ordinary general meeting 3. Consent and Certificate of the Auditor(s) 4. Form ADT-1 along with its challan		
Appointment, written consent and information of appointment	Section 139(1)	1. Check whether the company has appointed its auditors during the year. 2. Check whether a written consent seeking willingness to be appointed/Reappointed obtained before such appointment/ reappointment has been obtained.	1. Notice and minutes of Audit Committee, if any 2. Notice and minutes of Board meeting 3. Notice and minutes of extra-ordinary general meeting/annual general meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether a certificate stating that the proposed auditor satisfied the criteria on eligibility, qualification or disqualification provided in section 141 before such appointment /reappointment was obtained. 4. Where the company has appointed more than one auditor or audit firm, check whether consent and certificate of meeting criteria referred to in section 141 of the Companies Act, 2013 has been obtained from each of those auditors / audit firms. 5. Check whether on the date of appointment of an audit firm, whether any of its partners has been a partner of the firm the tenure of which has just expired, in case of companies covered under section 139(2) of the Companies Act, 2013. 6. Check whether the company has informed the concerned auditor about his / its appointment / reappointment and also has filed a notice of such appointment in Form ADT-1 to the concerned ROC within 15 days of the meeting in which the auditor has been appointed.	4. Consent and certificate of the auditor(s) 5. Form ADT-1 along with its challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		6. Check whether the company has informed the concerned auditor about his / its appointment / reappointment and also has filed a notice of such appointment in Form ADT-1 to the concerned ROC within 15 days of the meeting in which the auditor has been appointed.			
Terms for appointment and reappointment	Section 139(2) & (4) read with rule 6 of The Companies (Audit and Auditors) Rules, 2014	1. Check whether the appointment of auditor(s) – whether an individual or an audit firm – it was only for a term of 5 consecutive years. 2. Check whether if the appointment under audit was "reappointment", – (a) in case of individual that the person has not been appointed for more than one term of 5 consecutive years; (b) in case of an audit firm, check whether the firm has not been appointed for more than two terms of 5 consecutive years.	1. Notice and minutes of Audit Committee, if any 2. Notice and minutes of Board Meeting 3. Notice and minutes of annual general meeting 4. Consent and Certificate of the Auditor(s) 5. Form ADT 1 along with its challan		
Rotation of auditors of auditing firm	Section 139(3)	1. Check whether the company has appointed an audit firm with a mandate that audit partners must be rotated and if so verify if rotation as per terms has taken place. 2. Check whether the company has appointed an audit firm with a mandate that audit shall be conducted by more than one auditor and if so verify if joint auditors have been appointed.	1. Notice and minutes of Audit Committee, if any 2. Notice and minutes of Board Meeting 3. Notice and minutes of annual general meeting 4. Consent and Certificate of the Auditor(s) 5. Form ADT-1 along with the challan.		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Rotation of auditors before re-appointment	Section 139(4) read with Rule 6 of The Companies (Audit and Auditors) Rules, 2014	Check whether the company has complied with the rotation of auditors while considering re-appointment of auditors after expiry of every term of 5 consecutive years.	1. Notice and minutes of Audit Committee, if any 2. Notice and minutes of Board Meeting 3. Notice and minutes of annual general meeting 4. Consent and Certificate of the Auditor(s) 5. Form ADT-1 along with its challan.		
Appointed auditor(s) by Comptroller and Auditor-General of India	Section 139(5)	1. Check whether the Comptroller and Auditor-General of India has appointed auditor(s) within 180 days of the commencement of the financial year for auditor(s) to hold office until the conclusion of the annual general meeting, in case of: a. Government Company; or b. Company owned or controlled directly or indirectly by the Central Government or any State Governments or partly by each Central Government and State Governments.	1. Communication/ appointment letter of appointment from Comptroller and Auditor-General 2. Notice and minutes of the Board meeting 3. Notice and minutes of the annual general meeting 4. Form ADT-1 along with its challan		
Appointed auditor(s) by Comptroller and Auditor-General of India	Section 139(7)	1. Check whether the Comptroller and Auditor-General has appointed first auditor(s) within 60 days from the date of registration of the company, in the case of newly incorporated company covered under Section 139(5). 2. In case Comptroller and Auditor-General has failed to appoint auditors within 60 days as aforesaid, check whether the Board has made appointment of first auditors within the next 30 days.	1. Communication/ appointment letter of appointment from Comptroller and Auditor-General 2. Notice and minutes of the Board meeting 3. Notice and minutes of the extra-ordinary general meeting 4. Form ADT-1 along with its challan.		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. If Board has defaulted in making appointing first auditors, check whether the Board has informed the members of the company and check whether members have appointed the first auditors at an extra-ordinary general meeting within 60 days of receipt of information of default on the part of the Board of Directors. 4. Check whether in all the above cases, if the appointment has been made for such auditor(s) to hold office until the conclusion of the 01st annual general meeting			
Casual Vacancy	Section 139(8)	Check whether any casual vacancy in the office of an auditor — (i) in the case of a company other than a company whose accounts were subject to audit by an auditor appointed by the Comptroller and Auditor-General of India, has been filled by the Board of Directors within 30 days; (ii) if such casual vacancy is as a result of the resignation of an auditor, such appointment has been approved by the company at a general meeting convened within 03 months of the recommendation of the Board and he held the office till the conclusion of the next annual general meeting;	1. Minutes of audit committee meeting, if any 2. Minutes of Board Meeting 3. Minutes of general meeting 4. Letter/correspondence from CAG 5. Form ADT 1 6. Form ADT 3		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iii) in the case of a company whose accounts are subject to audit by an auditor appointed by the Comptroller and Auditor-General of India, has been filled by the Comptroller and Auditor-General of India within 30 days: (iv) in case the Comptroller and Auditor-General of India did not fill the vacancy within the said period, the Board of Directors filled the vacancy within next 30 days.			
Check point while reappointment	Section 139(9)	1. Check whether the auditor(s) has not incurred any disqualification and has not expressed his unwillingness for reappointment and no special resolution has been passed at the annual general meeting for appointing some other auditors or resolving that said auditor(s) have not been re-appointed, in case of reappointment of existing auditors at an annual general meeting.	1. Notice and minutes of Audit Committee meeting, if any. 2. Notice and minutes of Board Meeting 3. Notice and minutes of annual general meeting 4. Consent and Certificate of the Auditor(s) 5. Form ADT-1 along with the challan. 6. Certificate from the auditors		
Continuation of existing auditor	Section 139(10)	1. Check whether at the end of every annual general meeting, an auditor has been appointed or reappointed, unless the term is already in existence. 2. Where annual general meeting fails to appoint or re-appoint auditors, for whatever reasons, check whether the existing auditor's continuation with company was valid.	1. Minutes of meeting of the Audit Committee 2. Minutes of Board Meeting 3. Notice and Minutes of Annual General Meeting 4. Correspondence with the existing auditor(s)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Recommenda-tion of the Audit Committee	Section 139(11) read with Rule 3 of The Companies (Audit and Auditors) Rules, 2018	In all cases where the company has constituted an Audit Committee, check whether all the appointment or re-appointment even in the case casual vacancy before appointment the Board of Directors has taken into consideration the recommendation of the Audit Committee of the Board.	1. Minutes of meeting of the audit committee 2. Minutes of Board Meeting		
Removal of auditor before expiry of their term	Section 140(1) read with rule 7 of The Companies (Audit and Auditors) Rules, 2018.	1. Check whether an auditor appointed under section 139 was removed from his office before expiry of their term of office. 2. If yes, check whether an intimation given to the auditor proposing their removal. 3. Check whether the auditor was given a reasonable opportunity of being heard. 4. Check whether the company made an application in Form ADT-2 to Central Government/ Regional director seeking approval for removal. 5. Check whether such application been filed within 30 days of passing board resolution. 6. Check whether the company held the extra ordinary general meeting within 60 days of receipt of approval of the Central Government / Regional Director concerned of the MCA for passing the special resolution to approve removal of auditor.	1. Notices, agenda, notes on agenda and minutes of Audit Committee meeting of the Board 2. Approval of Central Government 3. Notice and minutes of Board and of general meeting 4. Form ADT-2 5. Form MGT-14		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Resignation by auditor or audit firm	Section 140(2)	1. Check whether the auditor or audit firm has resigned during the year under audit. 2. Check whether the auditor has within 30 days from the date of resignation, filed statement in prescribed Form ADT-3 with (a) the Company; and (b) Registrar of Companies, and (c) CAG, if applicable.	1. Resignation letter 2. Statement in Form ADT-3 3. Minutes of Audit Committee of the Board 4. Minutes of the meeting of the Board of Directors 5. Notice and minutes of EGM		
Change of auditor	Section 140(4)	1. Check whether the company has passed resolution at the AGM appointing as auditor a person other than retiring auditor, or providing expressly that retiring auditor have not been re-appointed, except where retiring auditor has completed his term of 5/10 years. If yes, check: (a) Whether special notice was given, (b) Copy of resolution was served on retiring auditor, (c) Representation, if any, from retiring auditor was circulated to members or filed with registrar, (d) In case of default in circulation of representation, it was read out in AGM, and (e) Order from Tribunal, if any, was obtained for not circulating representation	1. Copy of special notice 2. Copy of representation 3. Proof of circulation to members 4. Proof of filing with ROC, if applicable 5. Minutes of AGM 6. Order of Tribunal, if any		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disqualification during the year	Section 141(4)	1. Check whether the auditor or partners of the audit firm has incurred any disqualification during the year under audit and as a result any vacancy has arisen. 2. If so, check whether the Board has taken the steps to fill up the casual vacancy.	1. Documents / corre-spondence notifying the disqualification 2. Minutes of meeting of the Audit Committee, if any, and of Board of Directors 3. Form ADT-1		
Remuneration of auditors	Section 142 (1)	1. Check whether Auditor's remuneration has been fixed in general meeting or in the manner as determined in the general meeting except in the case of first auditor, where Board is authorized to fix the remuneration of auditors.	1. Minutes of Audit Committee meeting, if any 2. Minutes of Board Meeting 3. Notice and Minutes of Annual General Meeting		
Remuneration inclusive of all expenses	Section 142(2)	Check whether remuneration fixed for auditors was inclusive of all expenses if any, incurred by the auditor in connection with the audit of the company and any facility extended to him and has not included remuneration for other services.	1. Minutes of Audit Committee 2. Minutes of Board Meeting 3. Notice and Minutes of Annual General Meeting 4. Letter of Engagement with Auditors		
Complaint or remarks from the auditors	143(1) read with proviso	Check whether there was any complaint or remarks from the auditors that they did not get necessary access to the books of account and vouchers of the company, whether kept at the registered office of the company or at any other place and such information and explanation as he may have considered necessary for the performance of his duties as auditor.	1. Enquiry with the Auditors/ Management 2. Independent Auditor's Report 3. Directors' Report 4. Response by Management on Remarks		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the auditor(s) got access to the records of its subsidiaries and associate companies in so far as it relates to the consolidation of its financial statements.			
Reporting	Section 143(2) read with Rule 11 of The Companies (Audit and Auditors) Rules, 2014	1. Check whether the Auditor(s) have reported on each of the items specified in clauses (a) to (f) of section 143(1). 2. Check whether the auditor has mentioned in his report that the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention. (In respect of financial years commencing on or after the 1st April, 2022)	Report of the Auditor(s)		
CARO Rules	Section 143(3) read with CARO	Check whether the company was a CARO exempt company.	1. Audited Financial Statements 2. Other relevant records of the company		
Auditor not to render certain services	Section 144	Check whether auditor(s) appointed provided any non-audit services or other services those not approved by the Board of Directors or the audit committee as the case may be.	1. Approval of the Board 2. Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Auditor to sign Audit Reports	Section 145	Check whether audit report was duly signed or certified by the auditor of the company appointed	Auditors Report		
Auditors to attend General Meeting	Section 146	1. Check whether all notices of, and other communications relating to, any general meeting has been forwarded to the auditor of the company. 2. Check whether auditor or his authorised representative (must also be qualified to be an Auditor) has attended general meetings of the company unless exempted by the Company.	1. Proof of dispatch of notice/ copy of emails 2. Proof of attendance of auditor in General Meeting		
Disclosure to Stock Exchange(s)	Scheduled III of SEBI (LODR) Regulations, 2015	Check whether the listed entity has informed stock exchanges(s) on appointment/ resignation along with detailed reasons for resignation of auditor, as given by the said auditor/ or any change in auditors appointed, as soon as possible but not later than 24 hours of receipt of such reasons from the auditor.	Copy of Disclosures made to Stock Exchange(s)		
Fees & Basis for recommendation	Regulation 36 (5) of SEBI (LODR) Regulation,2015	Check whether the notice sent to shareholders for an annual general meeting, where the statutory auditor(s) was/were proposed to be appointed/ re-appointed included the following disclosures as a part of the explanatory statement to the notice: A) Proposed fees payable to the statutory auditor(s) along with terms of appointment	Notice & Explanatory Statement of Annual General Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change; B) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.]			
Terms of Appointment	SEBI Circular dt: October 18, 2019	1. Check whether the terms of appointment of statutory auditor mentioned that statutory auditor have complied with SEBI Circular dated: October 18, 2019 at the time of tendering resignation.	1. Engagement Letter		

2-X APPOINTMENT AND QUALIFICATION OF DIRECTORS

Applicable Provisions and Events

Section 149 to Section 172 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Appointment of Directors
2. Appointment & Re-appointment of Independent Directors
3. Vacation, Resignation and Removal of Directors
4. Appointment of Additional Director, Alternate Director, Casual Vacancy of Directors
5. Register of Directors and Key Managerial Personnel and their Shareholding

1. Appointment of Directors

Attention Points

a. Ensure to check exceptions/modification provided vide Notification dated 5th June, 2015 4th January, 2017, 13th June 2015 and other applicable exemption notifications.

b. RBI Guidelines for NBFCs and NHBs- ensure that company has obtained prior approval of RBI, in case there is change of 1/3 or more directors on Board.

c. Articles of Association, JV Agreements, Shareholders' agreements, Bye laws etc to be checked for any specific provision on qualification, structure, appointment, voting powers and other Board processes.

Checklist for Compliances regarding Appointment of Directors

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Company to have minimum and maximum directors	Section 149(1) and proviso read with rule 3 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether the company has required number of minimum directors in terms of provisions of the section. 2. Check whether maximum number of directors are within the prescribed limit of fifteen (15). Not required to be checked in case of government company and Section 8 company. 3. Where the company has more than 15 (fifteen) directors, check whether special resolution was passed for appointment beyond the limit. 4. Check whether the company has appointed woman director in compliance of the relevant section. 5. Check whether the casual vacancy, if any, in office of the woman director has been filled in compliance of relevant provision. 6. In case of newly incorporated company, check whether the woman director was appointed, if applicable, within a period of six months from the date of its incorporation.	1. Register of Directors and Key Managerial and their shareholding 2. Minutes of Board Meetings and General Meetings 3. Form DIR-12, MGT-14 (if applicable) and MR-1 (in case of Managing Director and Whole time Director) along with respective challan 4. Form MGT-7 along with challan and Board's report of the previous financial year for taking into consideration composition of the Board at beginning of the financial year 5. Signatory details of the company from MCA		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Resident Director	Section 149(3)	Check whether the company has at least one resident director who has stayed in India for a total period not less than 182 days during the financial year.	1. Management representation letter 2. Passport of all directors		
Independent Directors on Board	Section 149 (4) and read with rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether the company has required number of independent directors and the intermittent vacancy if any, has been filled in compliance of applicable provisions. 2. Check the independency of independent directors.	1. Register of Directors and Key Managerial Personnel and their shareholding 2. Minutes of Board Meetings and general meetings 3. Form DIR-12 along with challan 4. Form MGT-7 along with challan and Board's report of the previous financial year for taking into consideration composition of the Board at beginning of the financial year 5. Signatory details of the company from MCA		
Appointment of director elected by Small Shareholders by listed companies	Section 151 read with Rule 7 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	Check whether the appointment, if any, of director elected by small shareholders was in compliance of applicable provisions.	1. Notice intending such appointment received from shareholders, if any 2. Required statement from proposed director 3. Declaration from proposed director 4. Minutes of Board Meeting and general meeting 5. Form DIR-12, DIR-2, DIR-8 and MBP-1 6. Register of Directors and Key Managerial Personnel and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of Directors	Section 152 read with Rule 8 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Where articles of association is silent in respect of first directors, check whether the subscribers to the memorandum were considered as first directors. 2. Check whether appointment of directors during the year under review was approved at general meeting (except where the act provides such power to board). 3. Check whether the person appointed as director during the year under review had valid DIN prior to such appointment. 4. Check whether the proposed director has provided his consent to hold the office in the prescribed format (i.e., Form DIR-2) and the such consent was filed within 30 days of the appointment. 5. Check whether declaration in respect of non-disqualification was received from directors appointed during the year under review, prior to such appointment.	1. Articles of Association 2. Register of Directors and Key Managerial Personnel and their shareholding 3. Minutes of General Meeting 4. "Enquire DIN Status" service of the MCA. 5. Form DIR-8 6. Form DIR-2 6. Form DIR-12 along with its challan		
Obligation to indicate director identification number	Section 158	Check whether DIN was mentioned in all return, information or particulars required to be furnished under the act where such return, information or particulars relate to the director or contain any reference of any director.	Returns filed by the company during the year under review.		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Right of persons other than retiring directors to stand for directorship	Section 160 read with Rule 13 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether notice signifying candidature of a person for directorship was received at least 14 days before the general meeting. 2. Check whether the requisite amount of Rupees 1,00,000 was deposited along with the aforesaid notice. (Not required to be checked in such cases as provided in proviso to Sub-section-1). 3. Check whether members were informed of aforesaid notice at least 7 days before the general meeting. 4. Where the company maintains website, check whether the aforesaid notice was published thereat. 5. Check whether the deposit was refunded (a) upon election of the proposed candidate as a director or (b) upon getting more than twenty-five percent of total valid votes.	1. Notice signifying candidature for directorship 2. Proof evidencing deposit of rupees 1,00,000 rupee (copy of cheque, bank statement, etc.) 3. Notice issued to members of the company 4. Website of the company, if any 5. Proof evidencing refund of deposit, if applicable (copy of cheque, bank statement, etc.)		
Disqualifi-cations for appointment of D\director	Section 164 read with Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014	1. Check whether before every appointment or re-appointment, signed form DIR-8 was received from the concerned director. 2. Check whether the appointed director was not having any the disqualifications provided under section 164 of the act.	1. Declaration from director in form DIR-8 2. Website of the regulators		
Number of Directorships	Section 165 read with regulation 17A of SEBI (LODR) Regulations, 2015	Check whether appointment of directors was within permissible limit with regard to maximum number of directorship in public and private companies and as per regulation 17A of SEBI (LODR) Regulations, 2015.	1. Register of Directors and Key Managerial Personnel and their Shareholding 2. Website of the regulators		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under SEBI (LODR) Regulations, 2015 for Appointment of Directors					
Appointment of Director	Regulation 17	1. Check whether the listed entity has optimum combination of executive and non-executive directors with at least 01 woman director and not less than 50% of the board of directors comprise of non-executive directors. 2. Check whether the listed entity has not appointed a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect. 3. Check whether the appointment was confirmed by the shareholders at the next general meeting or within a time period of 03 months from the date of appointment, whichever is earlier.	1. Notice of Extra Ordinary General Meeting/ Postal Ballot 2. Proceedings of General Meeting 3. Scrutinizer Report 4. Submission of voting results to Stock Exchange 5. Register of Directors		
Intimation to Stock Exchange(s)	Regulation 30 read with SEBI Circular September 09,2015	Check whether the company has given intimation to stock exchange(s) within 24 hours of the appointment with a brief profile of such director and contents as mentioned in the said circular.	1. Intimation to Stock Exchange(s) 2. Acknowledgement of intimations		
Documents & information to shareholders	Regulation 36	Check whether the company has given required information through the explanatory statements with the notice of general meeting and postal ballot.	1. Explanatory Statement to notice of General Meeting/ Postal Ballot		
Declaration	BSE/ NSE Circular dated June 20, 2018	Check whether the company has given declaration to the effect that the appointed director is not barred from accessing capital market.	1. Declaration from such director 2. Intimation to Stock Exchange		

Check the Status of disqualification through SEBI, MCA, RBI websites and other sources :

1. CIBIL Records
2. SEBI Website
3. RBI Website
4. Stock Exchange Website
5. MCA Portal

2. Appointment & Re-appointment of Independent Directors

Attention Point

Ensure to check exceptions/modification provided vide Notification dated 5th June, 2015 and 4th January, 2017, 13th June, 2015 and other applicable exemption notifications

Checklist for Compliances regarding Appointment & Re-appointment of Independent Directors

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Independent Directors	Section 149(4), 149 (5), 149 (6), 149(7) read with rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether the company has minimum number of independent directors in terms of applicable provisions. 2. Check eligibility of independent director in terms of applicable provisions. 3. Check whether declaration of independency was submitted by the independent directors in terms of Section 149(7) at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.	1. Minutes of Nomination and Remuneration Committee of the Board, if any, Board meeting and General Meeting 2. Form DIR-12 along with challan 3. Declaration of independence 4. Register of Directors and Key Managerial Personnel and their shareholding 5. Website of the Company- Terms and conditions of appointment of ID		
Code of Conduct	Section 149(8) read with Schedule IV	1. Check whether the independent directors of the company have adhered to the code of conduct as specified in the Schedule IV.	1. Code of conduct specified in the Schedule IV		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Stock Option/ Remuneration	Section 149(9) read with section 197 and 198 and Schedule V	1. Check that no stock option was given to the independent director. 2. If remuneration, reimbursement of expenses, profit commission, etc. was paid, check whether the same was in compliance of section 197 and section 198 and Schedule V.	1. Minutes of Nomination and Remuneration Committee, if any, Board meeting and General Meeting 2. Remuneration Ledger 3. Books of Accounts		
Tenure of Independent directors	Section 149(10), (11)	1. Check whether tenure of the independent directors was in terms of applicable provisions. 2. In case of reappointment of an independent director for the second term, check whether the special resolution has been passed by members at general meeting.	1. Report of the Board evaluation 2. Minutes of Board meeting 3. Website of the Company- Terms and conditions of appointment of ID 4. Minutes of General Meeting 5. Form MGT-14 along with challan		
Explanatory Statement	Section 152(5)	1. In case of appointment of independent directors, check whether the explanatory statement under section 102 has been annexed to the notice of the meeting along with the opinion of the board. 2. Check whether the company has issued the appointment letter to the independent directors and the terms and conditions of the same has been placed on the website of the company.	1. Notice and Minutes of General Meeting 2. Letter of Appointment 3. Website of the Company		
Number of Directorships	Section 165 read with regulation 17A of SEBI (LODR) Regulations, 2015	1. Check whether appointment of directors was within permissible limit with regard to maximum number of directorship in public and private companies and as per regulation 17A of SEBI (LODR) Regulations, 2015.	1. Register of Directors and Key Managerial Personnel and their Shareholding 2. Website of the regulators		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under SEBI (LODR) Regulations, 2015					
Criteria	Regulation 16	1. Check whether the independent director was fulfilling the criteria given under regulation 16.	1. Declaration of Independence		
Special Resolution for the appointment/ re-appointment of independent	Regulation 25 (2A)	1. Check whether the company has approved special resolution for the appointment/ re-appointment of independent directors.	1. Form MGT-14 2. Form DIR-12 3. Notice of General Meeting/Postal Ballot		
Maximum Age & Tenure for regularization	Regulation 17	1. Check whether the listed entity has not appointed a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect in which case explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. 2. Further Check whether the explanatory statement stated that performance evaluation of Independent Director was done or not before re-appointment for second term. 3. Check whether the appointment was confirmed by the shareholders at the next general meeting or within a time period of 03 months from the date of appointment, whichever is earlier.	1. Notice of Extra Ordinary General Meeting/ Postal Ballot 2. Proceedings of General Meeting 3. Scrutinizer Report 4. Submission of voting results to Stock Exchange 5. Register of Directors		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: Appointment or a re-appointment of a person who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders and the explanatory statement annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment. *Note: An independent director who resigned or was removed from the board of directors of the listed entity have been replaced by a new independent director by listed entity at the earliest but not later than 03 months from the date of such vacancy.*			
Intimation to Stock Exchange(s)	Regulation 30 read with SEBI Circular September 09,2015	Check whether the company has given intimation to stock exchange(s) within 24 hours of the appointment with a brief profile of such director and the contents as mentioned in the said circular.	1. Intimation to Stock Exchange(s) 2. Acknowledgement of intimations		
Documents & information to shareholders	Regulation 36	Check whether the company has given required information through the explanatory statements with the notice of general meeting and postal ballot.	1. Explanatory Statement to notice of General Meeting/ Postal Ballot.		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration	BSE/ NSE Circular dated June 20, 2018	Check whether the company has given declaration to the effect that the appointed director was not barred from accessing capital market.	1. Declaration from such Director 2. Intimation to Stock Exchange		

3. Vacation, Resignation and Removal of Directors

Attention Points

a. Ensure to check exceptions/modification provided vide Notification dated 5th june, 2015, 4th January, 2017, 13th June 2015 and other applicable exemption notifications

b. Ensure to check agreement/contract, if any, entered by the company with director/s and relevant clause of shareholders' agreement, joint venture agreement, etc., if any, executed by the company.

c. RBI Guidelines for NBFCs and NHBs- ensure that company has obtained prior approval of RBI, in case there is change of 1/3 or more directors on Board.

Checklist for Compliance regarding Vacation, Resignation and Removal of Directors

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Directors liable to retire by rotation	Section 152 (6) and (7)	1. Unless the articles of association provide, check whether Board of Directors of the company consisted requisite number of directors liable to retire by rotation. 2. Check whether at the annual general meeting held during the year under review, requisite number of director/s retired.	1. Articles of Association 2. Minutes of Annual General Meeting 3. Register of Directors and Key Managerial Personnel and their shareholding		
Vacation of office of director	Section 167	Check whether there was any vacancy in office of director of the company during the year under review.	1. Minutes of Board Meeting 2. Management Representation Letter		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Resignation of director	Section 168 read with rule 15 and 16 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether Board took note of the resignation letter submitted by director. 2. Check whether Form DIR-12 was filed with MCA. 3. Check whether the effective date of resignation was considered - as date on which the resignation letter was received by the company or the date, if any, specified by the director in the notice, whichever is later. 4. Check whether the information about the resignation was posted on the website of the company, if any.	1. Resignation letter and proof showing date of receipt of the same 2. Minutes of Board Meeting 3. Form DIR-12 and challan 4. Form DIR-11 and challan (if filed) 5. Signatory details from MCA portal 6. Website of the company, if any		
Removal of directors	Section 169(1)	1. Check whether ordinary resolution was passed by the company. 2. Check whether the director removed by the company was not appointed by the Tribunal under section 242. 3. In case of removal of an independent director who was re-appointed for second term, check whether special resolution was passed by the company. *Note: Nothing contained in this sub-section shall apply where the company has availed itself of the option given to it under section 163 to appoint not less than two thirds of the total number of Directors according to the principle of proportional representation.*	1. Minutes of General Meeting 2. Form DIR-12 filed for appointment as well as removal of the Director along with challan 3. In case of independent director, minutes of general meeting wherein such appointment was made 4. In case of removal of Independent Director, Form MGT-14 along with Challan 5. Register of Directors and Key Managerial Personnel and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Special notice for removal of director	169 (2)	Check whether special notice was received for removal of director and the same was in compliance of section 115 of the Companies Act, 2013.	Special Notice along with proof evidencing receipt of same		
Special Notice to removing director	169(3)	Check whether copy of the Special Notice was sent to the director who was proposed to be removed for seeking his representation.	Proof evidencing sending of Special Notice to the director who was proposed to be removed		
Representa-tion	169(4)	1. Check whether any representation was received from the director who was proposed to be removed. 2. Check whether copy of the aforesaid representation was sent to such members of the company whom notice of the general meeting was sent.	1. Representation received against removal of director along with proof evidencing receipt of the same 2. Proof evidencing sending of the aforesaid representation to members of the company		
Special notice for appointment of another director	169(5)	Check whether special notice was received for appointment of another director in place of the director who was proposed to be removed.	Special Notice along with proof evidencing receipt of same		
Period to hold office	169 (6)	Check whether the director appointed in place of the removed director held office only till the date up to which his predecessor would have held office if he had not been removed.	Minutes of general meeting/ Board Meeting wherein another director was appointed in placed of the removed director		
Filling of casual vacancy	169(7)	Check whether the casual vacancy caused by removal of director was filled in accordance with this sub-section.	1. Minutes of Board Meeting and General Meeting 2. Form DIR-12 along with challan 3. Register of Directors and Key Managerial Personnel and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure	Regulation 30 read with Schedule III, Part A, Para A, Point 7 read with SEBI Circular September 9, 2015	Check whether disclosure was given to stock exchange in specified format.			
Compliances under SEBI (LODR) Regulations, 2015					
Obligations with respect to independent directors	Regulation 25	1. Check whether the removal of an independent director of a listed entity, was subject to the approval of shareholders by way of a special resolution 2. Check whether the vacancy of independent director was replaced by a new independent director by listed entity at the earliest but not later than 03 months from the date of such vacancy. *Note: the requirement of replacement by a new independent director shall not apply where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal.*	1. Notice of General Meeting/Postal Ballot 2. Minutes of Board Meeting 3. Minutes of General Meeting 4. Form MGT-14 5. Form DIR-12		
Disclosure to Stock Exchange(s)	Regulation 30 read with Schedule III Part-A and SEBI Circular September 09,2015	Check whether the company has filed intimation to stock exchange(s) for the resignation along with resignation letter and the contents as mentioned in the said circular.	Intimation letter with resignation letters		

4. Appointment of Additional Director, Alternate Director, Casual Vacancy of Directors

Attention Points

a. Ensure to check exceptions/modification provided vide Notification dated 5th June, 2015, 4th January, 2017, 13th June 2015 and other applicable exemption notifications

b. Ensure to check agreement/contract, if any, entered by the company with director/s and relevant clause of shareholders' agreement, joint venture agreement, etc., if any, executed by the company.

c. RBI Guidelines for NBFCs and NHBs- ensure that company has obtained prior approval of RBI, in case there is change of 1/3 or more directors on Board.

Checklist for Compliances regarding Appointment of Additional Director, Alternate Director, Casual Vacancy of Directors

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of Additional Director	Section 161(1)	1. Check whether articles of association authorizes Board to appoint additional director. 2. Check whether the person appointed as additional director was not someone who had failed to get appointed as a director in general meeting. 3. Check whether the additional director held office only up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.	1. Articles of Association 2. Minutes of Board Meeting 3. Minutes of Annual General Meeting 4. Form DIR-12 along with challan 5. Register of directors and key managerial personnel and their shareholding 6. Form DIR-2, DIR-8 and MBP-1		
Appointment of Alternate Directors	Section 161(2) and Regulation 25 of SEBI (LODR), Regulations, 2015	1. Check whether the articles of association enables Board for appointment of alternate directors and check if anyone has been appointed as an alternate director to any other director (original director) of the company in view of the original director going out of India for more than 3 months.	1. Articles of Association 2. Minutes of Board Meeting 3. Form DIR-12 alongwith challan 4. Register of directors and key managerial personnel and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the person appointed as director was holding/holds any alternate directorship for any other director in the company or holding directorship in the same company 3. Check whether alternate director, appointed for independent director, fulfils criteria for independence. *Note: As per regulation 25 of SEBI (LODR) Regulations, 2015 - No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.* 4. Check whether the period of an alternate director to hold office. It cannot be longer than that permissible to the director in whose place he has been appointed.	5. Declaration of independence from alternate director 6. Management representation letter 7. Form DIR-2, DIR-8 and MBP-1		
Appointment of Nominee Director	Section 161(3)	If the company has director appointed as a nominee director of any institution or any company or body corporate, check whether the same was not contrary to anything contained in the articles of association and it was in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government company.	1. Nomination document received by the company from the nominating authority 2. Minutes of Board Meeting 3. Form DIR-12 along with challan 4. Register of directors and key managerial personnel and their shareholding 5. Management Representation Letter 6. Form DIR-2, DIR-8 and MBP-1		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval by members in the immediate next general meeting	Section 161(4)	Check whether appointment of directors by board to fulfil casual vacancy was subsequently approved by members in the immediate next general meeting.	Minutes of General Meeting		
Appointment of directors to be voted individually	Section 162	Check whether appointment of directors was made through single resolution.	Minutes of General Meeting		
Option to adopt princi-ple of propor-tional repre-sentation for appointment of directors	Section 163	1. Check whether articles of association provided for appointment of directors in accordance with the principle of proportional representation. 2. If yes, check whether such appointment was done in compliance of applicable provisions.	1. Articles of Association 2. Minutes of Board Meeting and General Meeting		
Number of Directorships	Section 165 read with regulation 17A of SEBI (LODR) Regulations, 2015	Check whether appointment of directors was within permissible limit with regard to maximum number of directorship in public and private companies and as per SEBI (LODR) Regulations, 2015.	Register of Directors and Key Managerial Personnel and their shareholding		
Regularization of Directors	Reg. 17[1C] and regulation 25(5)	1. Check whether the approval of shareholders for appointment of a person on the Board of Directors or as a manager was taken at the next general meeting or within a time period of 03 months from the date of appointment, whichever was earlier. 2. Check whether an independent director who resigned or was removed from the board of directors			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		of the listed entity has been replaced by a new independent director by listed entity at the earliest but not later than 03 months from the date of such vacancy. *Note: If the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.*			

5. Register of Directors and Key Managerial Personnel and their shareholding

Attention Point

Ensure to check exceptions/modification provided vide Notification dated 5th June, 2015, 4th January, 2017, 13th June 2015 and other applicable exemption notifications.

Checklist for Compliances regarding Register of Directors and Key Managerial Personnel and their Shareholding

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Maintenance of Register	Section 170 (1) read with rule 17 The Companies (Appointment and Qualifications of Directors) Rules, 2014	Check whether the company has maintained at its registered office, a register containing such particulars as mentioned in the applicable provisions.	Register of directors and key managerial personnel and their shareholding		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of Form DIR-12 for change in Directorship	Section 170 (2) read with rule 18 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	Check whether the company has filed with the Registrar within 30 days, a return containing the prescribed particulars for every change in directorship of the company.	1. Minutes of Board Meeting and General Meeting 2. Form DIR-12 and Challan		
Members' right to inspect	Section 171	1. Check whether any requisition for copy of the Register maintained under section 170 was received by the company from any of its members, if yes, check whether the same was provided.	1. Copy of Requisition 2. Proof of providing copy of Register to the Member		

2-XI MEETING OF BOARDS & ITS POWERS

Applicable Provisions and Events

Section 173 to Section 195 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Loans to Directors
2. Loans & Investments by Company
3. Related Party Transactions
4. Board & Committee Meetings
5. Contribution to Charitable Funds
6. Political Contributions

1. Loans to Directors (Section 185)

Attention Points

Notification dated 5th June, 2015, 4th January, 2017, 13th June 2015 and other applicable exemption notifications.

Checklist for Compliances regarding Loans to Directors

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances under Companies Act, 2013					
Loan to directors directly or indirectly	Section 185 (1)	1. Check whether the company has not directly or indirectly advanced any loans to its directors or any other person in whom the director is interested or given any guarantee or provided any security in connection with any loan taken by him or such other person. (Other than to its wholly owned subsidiary company). Any other person in whom director is interested. *Note:* *Interested director means;* *(a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;* *(b) any firm in which any such director or relative is a partner;* *(c) any private company of which any such director is a director or member;* *(d) any body corporate at a general meeting of which not less than twenty five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors together; or* *(e) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.*	1. List of Related Parties as per Section 2(76), Ind-AS and Regulation 23 of SEBI LODR Regulations 2. Disclosure of Interest of Directors and KMPs (MBP- 1) 3. Financial Statement of company 4. Ledger Statements 5. Statement of Utilisation of Loans granted to Subsidiaries 6. Minutes of Audit Committee and Board of Directors 6. Statement of Related Party Transactions 8. Register of Loans, Investments and Guarantees 9. Register of Charges to ensure that no security has been provided for other entities covered in Section 185 10. Demat Statement to verify investments pledged by the Company 11. MRL from the Company that no loan has been given indirectly to any Director or no security or guarantee has been provided indirectly in connection with a loan taken by director 12. List of Contingent Liabilities showing the guarantees provided by the Company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
			13. ODI Filing in case of loans/ guarantees provided to the overseas entities 14. Form MBP-1 15. Agreements or arrangements entered into by the company giving right to its Board of Directors or its director(s) to give directions or instructions to such other body corporate, including its Articles of Association 16. Composition of board of directors of borrowing company		
Advance to Managing or Whole Time Director	Section 185(3)	1. If the loan was advanced to a Managing or Whole Time Director, check whether it was as a part of the conditions of service extended by the company to all its employees or pursuant to any scheme approved by the members by a special resolution. 2. Check whether the terms of the loan granted to Managing/ Whole-Time Director were consistent with the Company's Scheme or Policy for granting of loans to its employees.	1. Scheme or Policy of the Company for granting of loans to its employees 2. Statement of Related Party Transactions 3. Special Resolution passed by members with relevant Form MGT-14.		
Any other Person	Section 185(2)	1. Check whether the transaction relating to Loan, Guarantee, Advances, directly or indirectly has been entered by the company with "Any other person in whom the director is interested" covered under section 185 of the Companies Act, 2013. 2. If yes, whether the company has complied with Section 185 read with other applicable provisions of Companies Act, 2013 including passing of Special resolution.	1. In case of listed companies – Copies of Corporate Governance Report showing the loans / guarantees given to promoter entities submitted to Stock Exchanges on half yearly basis 2. Minutes of the Audit Committee and Board meeting 3. Form MGT-14 along with the challan		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check the explanatory statement has included the required details.			
Exempted loans etc.	Section 185 (3)	If any loan advanced, guarantee or security given or provided was exempted from applicability of section 185, check whether conditions on which exemption was provided was fulfilled.	1. Minutes of the relevant meetings 2. MRL from the Company		
Loan and investment by company	Section 186	1. Check whether company has defaulted in repayment of any subsisting term loan taken from any financial institution. 2. If yes, then whether approval of such financial institution has been obtained before giving loan or guaranty or providing securities or making investments.			
		3. Check whether board resolution approving the grant of loan, guaranty or security or making investment, was approved unanimously by all the directors present at the meeting.			
Loan transaction with Related Party	Section 188	1. Check whether loan transaction was entered in to with any related party. 2. If yes, whether shareholder resolution under Section 188 was passed.	Copy of Resolution		
Disclosure	Regulation 30 read with Schedule III, Part A, Para B Point 11	Check whether if listed entity has given guarantee, disclosures were given to stock exchange.	Intimation to the stock exchange		

2. Loans and Investments by Company

Attention Point

Check exemption provided to Government companies, Specified IFSC Public Companies under MCA Notification dated 5th June, 2015, 4th January, 2017, 13th June 2015 and other applicable exemption notifications.

Checklist for Compliances regarding Loans and Investments by Company

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Investment through Investment companies	Section 186	Check whether the Company has made investment through Investment companies.	1. Financial Statements 2. Annual Return 3. Financial Statements of Investee Company 4. Minutes of Board Meeting 5. Form MGT-14		
Return disclosing number of layers		Check whether the company has filed with the Registrar a return in Form CRL-1 disclosing number of layers of subsidiaries in excess of the layers.	1. Form CRL-1 2. Form AOC-1 annexed to the Financial Statements		
Change in layer of subsidiaries	Rule (2) of the Companies (Restriction on Number of Layers) Rules, 2017	1. Check whether there was subsequent change in the layer of subsidiaries. 2. If yes, whether the same was in compliance with rule (2) of the Companies (Restriction on Number of Layers) Rules, 2017.	Form CRL-1		
Loan and Guarantee	Section 186 (2) & (3)	1. Check whether the company has extended any loan, Guarantee or has made investment in the securities of other person or body corporates. 2. If yes, whether same was exceeding 60% of paid-up share capital, free reserves and securities premium account or 100% of free reserves and securities premium account of the company.	1. Latest Audited Financial Statements 2. Resolution passed by shareholders with relevant MGT-14 3. Resolution passed by Board of Directors with relevant MGT-14 4. Financial Statement of company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. If yes, whether same has been previously authorized by a special resolution passed in a general meeting.	5. Statement of Utilisation of Loans granted to Subsidiaries 6. Minutes of Audit Committee and Board of Directors 6. Ledger Statement of Related Party Transactions 8. Register of Loans, Investments and Guarantees 9. Register of Charges to verify the securities provided by the company on behalf of other entities 10. Demat Statement to verify investments pledged by the Company 11. MRL from the Company that no loan has been given indirectly to any Director or no security or guarantee has been provided indirectly in connection with a loan taken by director 12. List of Contingent Liabilities showing the guarantees provided by the Company 13. ODI Filing in case of loans/guarantees provided to the overseas entities 14. Annexure-IV submitted to Stock Exchanges in case of loan granted to a promoter or an entity belonging to promoter group		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure	Section 186 (4)	Check whether the company has disclosed in the financial statement of the company, the full particulars of the loans given, investment made or guarantee given or security provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security.	Financial Statements		
Approval of Public financial institutions	Section 186(5)	1. Check whether company has defaulted in repayment of any subsisting term loan taken from any financial institution. 2. If yes, check whether approval of such financial institution has been obtained before giving loan or guaranty or providing securities or making investments where the loans advanced etc. are more than the prescribed limits.	Approval of Public financial institutions		
Unanimous approval of the Board	Section 186 (5)	Check whether board resolution approving the grant of loan, guaranty or security or making investment, was approved unanimously by all the directors present at the meeting.			
Rate of Interest	Section 186 (7)	Check whether the loan was not provided on an interest rate lower than the prevailing yield of respective period of Loan.	1. Loan Agreement and terms of loan 2. G-Sec Rates at the time of grant of loans		
Default in the repayment of any deposits accepted	Section 186 (8)	Check whether the company was in default of the repayment of Deposit.	1. Register of Deposits 2. DPT-1 Return		
Maintain a Register	Section 186 (9)	Check whether the company has maintained the register in form MBP - 2 containing particulars of the loan and investment made by the company	Register MBP-2		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Entries in Register	Rule 12 of the Companies (Meetings of Board and its Powers) Rules, 2014	1. Check whether the investments of the company were held in the name of the company. 2. If no, check whether the company has maintained the register in form MBP-3 chronologically and the particulars of investments in shares or other securities beneficially held by the company but which were not held in its own name and the company have recorded the reasons for not holding the investments in its own name and the relationship or contract under which the investment was held in the name of any other person.	1. Register MBP-2 2. Register in Form MBP-3 3. Form MGT-4/5 filed by the Company for the shares not held in its own name along with Agreement, if any		
Authentica-tion	Rule 12 (4) of the Companies (Meetings of Board and its Powers) Rules, 2014	Check whether the entries in the register were authenticated by the company secretary of the company or by any other person authorized by the Board for the purpose.	1. Register of Investments 2. Board Resolution authorising such other person		

3. Related Party Transactions

Checklist for Compliance regarding Related Party Transactions

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Contract or arrangement which requires consent of the Board of Directors	Section 188(1) read with Rule 15(1) and 15(2) of The Companies (Meetings of Board and its Powers) Rules, 2014	1. Check whether the company has entered into any contract or arrangement with any related party which required consent of the Board of Directors either due to any policy of the company on related party transactions or on account of any provision in the Articles of Association or because the transaction was not in the ordinary course of business or because it was not a transaction on an arm's length basis.	1. Financial Statements 2. List of Related parties 3. Minutes of Meetings of Audit Committee of the Board 4. Notices, Notes on Agenda, and Minutes of Meetings of the Board of Directors		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. If there was any such requirement, check if such contract or arrangement has entered after obtaining requisite consent of the Board of Directors. 3. Check whether the agenda of the Board meeting at which the resolution seeking consent has been placed discloses the information / particulars stated in Rule.15(1) of the Rules. 3. Check whether any director who was interested in any such contract or arrangement has disclosed his interested and abstained from being present during the discussions on the subject matter of the resolution relating to the contract or arrangement. 4. Where such contract or arrangement has been entered into without the requisite consent of the board, check if the same has at least been ratified by the Board of Directors at a meeting of the Board within 3 months from the date of such contract or arrangement or whether any such contract or arrangement has been voided by the Board.	5. Register of Contracts and Arrangements 6. Disclosures made by Directors 6. Policy of the Company on Related Party Transactions 8. Agenda of the Audit Committee and Board Meeting 9. Form MBP-1 10. Minutes of Audit Committee Meeting and Board Meeting 11. Audit Committee and Board Meeting Minutes 12. Related Party Statements placed before the Audit Committee on a quarterly basis 13. Articles of Association		
Contract or arrangement with any related party	Section 188(1) read with Rule 15(3) (3) of The Companies (Meetings of Board and its Powers) Rules, 2014	1. Check whether the company has entered into any contract or arrangement with any related party which requires approval of shareholders either due to any policy of the company on related party transactions or on account of any provision in the Articles of Association or because it is of a value or more than the value prescribed under Rule 15(3)(3) of the Rules being not in the ordinary course of business nor on an arm's length basis.	1. Financial Statements 2. List of Related parties 3. Minutes of Meetings of Audit Committee of the Board 4. Notices, Notes on Agenda, and Minutes of Meetings of the Board of Directors 5. Notices, Explanatory Statement annexed to the Notice, and Minutes of General Meetings		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. If there was any such requirement, check whether such contract or arrangement has entered after obtaining requisite approval of shareholders. 3. Check whether the explanatory statement annexed to the Notice of the General Meeting had furnished the requisite particulars as stated in Rule 15(3). 4. Check whether any shareholder who was disentitled to vote had voted on such resolution. 5. Where such contract or arrangement has been entered into without the requisite approval of the shareholders, check if the same has at least been ratified by the shareholders within 3 months from the date of such contract or arrangement or whether any such contract or arrangement has been voided by the shareholders. *Note: The requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval*	6. Register of Contracts And Arrangements 7. Disclosures made by Directors		
Omnibus Approval	Section 188(1), and 177(4) read with Rule 15 of Rules	1. Check whether the prior approval of the Audit Committee was provided as part of omnibus approval or otherwise for the transactions listed in Section 188(1) being at arm's length and ordinary course of business.	1. Minutes of Audit Committee, Board Meeting and General Meeting 2. Article of Association 3. Form MBP-4		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Where the transactions are not on arm's length basis or not in ordinary course of business, whether approval was granted by Board of Directors. 3. Check whether the transactions undertaken not being in ordinary course of business are ultra vires the Articles of the company. 4. Check whether agenda of Board Meeting contained the specific disclosures relating to the details of contract or arrangement with a related party as per Rule 15(1).			
Omnibus Approval	Section 177(4) read with rule 6A	1. Check whether audit committee has granted omnibus approval after verifying all conditions specified under rule 6A for granting omnibus approval. 2. Check whether there was any material modification/ change in already approved RPTs. 3. If yes, then whether approval of audit committee was taken for such amendment.	Minutes of the Audit Committee		
Disclosure of transactions in the Board report	Section 188(2)	Check whether transactions entered into as per 188 (1) read with 134(3)(h) have been disclosed in the Board report along with justification for entering into such contracts.	1. Form AOC 2 for upcoming Financial Year end 2. Board's report		
Related Party Transaction	Section 188(3)	Check whether any RPT was entered by a Director or Employee without obtaining prior approval of Audit committee or Board or general meeting.	1. Minutes of Audit Committee, Board and General Meetings 2. Confirmation from CS or CFO 3. Financial Statements		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. If yes, check whether the said transaction was subsequently ratified by the Audit committee or Board of Director or shareholders within 3 months of entered into RPT. 3. If not ratified, was the transaction deemed voidable and whether the director or employee concerned was required to indemnified the company against any loss incurred w.r.t such related party transaction.			
Proceeding for Related Party Transaction	Section 188(4)	Check whether the company has proceeded against the Director or employee who entered into RPT in contravention of the provisions of the act where recovery of loss to the Company as a result of such transactions was initiated.	1. Declaration from CS or CFO 2. Minutes of Audit Committee and Board Meetings		
Related Party Transactions	Regulations 2(1)(zb), 2(1)(zc) and Regulation 23 of SEBI (LODR), Regulations, 2015 read with SEBI Circular November 22,2021, March 30,2022 & April 8,2022	1. Check whether the company has identified Related parties and Related party transactions as per Regulation 2(1) (zb) & Regulation 2(1)(zc) of SEBI (LODR), Regulations, 2015 respectively. 2. Check whether the listed entity has complied with regulation 23 and requisite circulars as mentioned.	1. Regulation 23(9) Disclosure on Stock Exchange		
Compliances under SEBI (LODR) Regulations, 2015					
Related Party Transactions (RPT) - RPT Policy Formulation	Regulation 23(1)	1. Check whether the listed entity has formulated a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.	1. Policy Document 2. Website of the Company where policy is placed		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Criteria for Materiality	Regulation 23(1A)	1. Check whether any transaction involving payments made to a related party with respect to brand usage or royalty has been considered material on the basis of following criterion: transaction to be entered into individually or taken together with previous transactions during a financial year, exceed 1000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.	1. Register of Related Party Transactions 2. Ledger statements		
Approval	Regulation 23(2)	1. Check whether all related party transactions and subsequent material modifications have been prior approved by the audit committee (independent members' directors only). 2. Check whether audit committee has defined what material modifications is and also check whether the same is included as a part of "policy on materiality of related party transactions and on dealing with related party transactions".	1. Minutes of the Meeting of the Audit committee		
Omnibus Approval	Regulation 23(3)	1. Check whether the audit committee has granted any omnibus approval for related party transactions proposed to be entered into by the listed entity. 2. If yes, then check whether the audit committee has laid down criteria which was in line with the RPT Policy.	1. Minutes of the Meeting of the Audit Committee 2. Minutes of the Board to check the criterial of omnibus approval 3. RPT policy		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether omnibus approval was in respect of transactions of a repetitive nature. 4. Check whether audit committee has satisfied itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity. 5. Check whether such omnibus approval specified: name the related party, nature of transaction, period of transaction, maximum amount of transactions, indicative base price / current contracted price and the formula for variation in the price if any and such other conditions. 6. Check whether the audit committee has grant omnibus approval in respect of transactions where need for related party transaction cannot be foreseen and aforesaid details are not available, in excess of rupees 1,00,00,000 per transaction. 7. Check whether the audit committee has, at least on a quarterly basis, reviewed the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. 8. Check whether a fresh omnibus approval after expiry of 01 year from the date of previous approval was taken.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Prior Approval and Voting for approval of transactions	Regulation 23(4)	1. Check whether the listed entity has taken prior approval for all material related party transactions and subsequent material modifications thereunder. 2. Check whether all related parties (whether related to transaction or not) have abstained from voting for approval of such transactions.	1. Minutes of the General Meeting 2. Report of the scrutiniser		
Treatments Transactions prior to LODR	Regulation 23(8)	Check whether all existing material related party contracts or arrangements entered into prior to 01st April, 2022 and which have continued beyond such date have been placed for approval of the shareholders in the 01st General Meeting subsequent to notification of these regulations.	Minutes of the General Meeting		

Note: Kindly refer checklist of Compliances under SEBI (LODR) Regulations, 2015

4. Board & Committee Meetings

Attention Point

Ensure to check the exceptions/modifications provided in case of Section 8 company, Government Company and Specified IFSC Company.

Checklist for Compliances regarding Board & Committee Meetings

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Meetings of Board	Section 173(1)	Check that the company held its 01st meeting in 30 days of incorporation and a minimum number of 04 meetings of its Board of Directors during the year in such a manner that there was gap of not more than 120 days between two consecutive meetings of the Board.	1. Minutes of Board Meetings 2. Annual Return 3. Board's Report 4. Corporate Governance Report in case of Listed Company forming part of Annual Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
			5. Quarterly Corporate Governance Report filed with Stock Exchanges, in case of Listed companies 6. Sitting Fee Details from Ledger		
Meeting through elec-tronic mode	Section 173 (2) of the 2013 Act read with Rule 3 of the Companies (Meeting of board and its Powers), Rules, 2014read with SS 1 [1.2.2]	1. Check whether the Board meeting or Adjourned board meeting held through electronic mode. 2. If Yes, Check whether the Company has complied with the provision of Rule 3 of Companies (Meeting of board and its Powers), Rules, 2014.	1. Notice & agenda of the Board Meeting/ Adjourned meeting 2. Recording of the Board Meeting/ Adjourned meeting 3. Minutes of the Board Meetings/ Adjourned meetings		
Notice of the meeting	Section 173 (3) read with SS-1	1. Check whether the notice in writing was sent to every director at his address registered with the company either by hand delivery or by post or by electronic means at least seven days prior to the meeting. 2. In case meeting of the Board was called by giving not less than seven days' notice check whether at least 01 independent director, if any, was present at the meeting. 3. In case of absence of independent directors from such a meeting of the Board, check whether decisions taken at such a meeting were circulated to all the directors and are ratified by at least 01 independent director, if any.	1. Articles of Association 2. Proof of dispatch of Notice 3. Attendance Register 4. Confirmation of circulation of draft minutes from Independent Directors		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		4. Where there is no independent director in the company, check whether the decisions were ratified by a majority of the Directors, unless such decisions were approved at the Meeting itself by a majority of Directors only.			
Quorum	Section 174 (1), 174(3) and SS 1 [3.1, 3.2, 3.4.1] Regulation 17(2A) of the Listing Regulations	1. Check whether the quorum for a meeting of the Board of Directors of a company was present, i.e., one third of its total strength or two directors, whichever was higher, and the participation of the directors by video conferencing or by other audio-visual means was also counted for the purpose of quorum. *Note: The quorum for every meeting of the board of directors of the top 1000 listed entities with effect from April 1, 2019 and of the top 2000 listed entities with effect from April 1, 2020 shall be one-third of its total strength or three directors, whichever is higher, including at least 01 independent director.*	1. Minutes of Board Meeting 2. Attendance Sheet of Board Meeting 3. Recording of Meeting		
Resolution passed by circulation	Section 175(2) read with SS 1 [6.4]	Check whether the resolution passed by circulation was noted by the Board at a subsequent Board meeting, and the text thereof with dissent or abstention, if any, was recorded in the minutes of such meeting.	1. Minutes of Board meeting 2. Minutes of Circular Resolution 3. Result of Resolution by Circulation		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure in form MBP-1	Section 184(1) read with Rule 9 the Companies (Meeting of board and its Powers), Rules, 2014	1. Check whether every director has disclosed in Form MBP -1 at the: a) First meeting of the Board in which he participates after appointment and b) First meeting of the Board in every financial year or c) Whenever there is any change in the disclosures already made. 2. Check whether the MBP 1 Forms were kept at the registered office and preserved for a period of 8 years from the end of the financial year to which it relates 3. .Check whether changes in disclosure submitted by the Director were placed at the meeting held immediately after the date of the notice of change.	1. Form MBP 1 2. MCA Director Details & Interest in other Entities 3. Minutes of the Board Meeting		
Interest Di-rector	Section 184(2)	1. Check whether disclosure of interest has been made by interested directors in terms of the provisions of section 184(2) of the Companies Act, 2013. 2. Check whether interested directors had abstained from participation in agenda items in which respective directors had been interested. 3. Check whether interested directors had gone out of the meeting room while discussion on agenda items on which respective director is interested (applicable in respect of items covered under section 188(1) of the Companies Act, 2013.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Secretarial Standard	SS-1	1. If the company provided audio-visual facility, check whether notice of the meeting informed the directors regarding the option available to them to participate through video conferencing mode or other audio-visual means, and also provided necessary information to enabled the directors to participate through video conferencing mode or other audio-visual means. 2. Check whether the video conferencing was recorded and kept under safe custody.	1. Copy of notice of Board Meeting 2. Emails or other com-munications received from Directors 3. Recordings of Board Meetings 4. MRL about safe keeping of Recordings of Board Meetings		
Leave of absence	SS-1	Check whether the leave of absence was granted to director of the Company only when a request for such leave has been communicated to the Company Secretary or to the Chairman or to any other person authorized by the Board to issue Notice of the Meeting.	1. Request for leave of absence 2. Minutes of the Meeting 3. Attendance register/ Attendance sheet		
Compliances of secretarial standards	ICSI secretarial standards	Check whether the company observed secretarial standards with respect to conduct of Board Meetings.	Separate checklist for SS is provided in the other Chapter and the same can be referred		
Meetings of Audit Committee					
Formation of Audit Com-mittee	Section 177(1), and (2) read with Rule 6 of the rules & rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014	1. Check where the company falls under any of the following categories: (i) A listed company; (ii) All public companies with a paid up capital of 10 crore rupees pr more on the date of last audited financial statements;	1. Financial Statement of immediately preceding financial year and details of outstanding borrowings as at period of review 2. Minutes of Board Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iii) All public companies having turnover of one hundred crore rupees or more on the date of last audited financial statements; (iv) All public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more on the date of last audited financial statements. 2. If yes, check whether the Board of directors have constituted an Audit Committee and a Nomination and Remuneration Committee of the Board. 3. Check whether the Audit Committee has been properly constituted and vacancies if any have been duly filled up.	3. Quarterly corporate governance report filed with stock exchanges in case of listed companies 4. Corporate Governance Report in case of listed companies		
Composi-tion of Audit Committee	Section 177 (2) read with regulation 18(1)(a) & (b) of SEBI (LODR) Regulations, 2015	1. Check that the audit committee consists of a minimum of 03 directors with a majority of independent directors. 2. In case of listed company two-third of the members of audit committee shall be independent directors. 3. Check whether the Board's report disclosed the composition of an audit committee. 4. Check whether, in case of a listed entity having outstanding SR equity shares, the audit committee comprised of only independent directors.	Corporate Governance report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Financial literacy of Audit Committee members	Regulation 18(1)(c) of SEBI (LODR) Regulations, 2015	Check whether all the members of audit committee were financially literate and at least 01 member has accounting or related financial management expertise.	1. Minutes of the meeting 2. Documents pertaining to qualification /expertise		
Presence of Chairperson of Audit Committee at AGM	Regulation 18(1)(d) of SEBI (LODR) Regulations, 2015	Check whether the chairperson of the audit committee was an independent director and he/she was present at Annual general meeting to answer shareholder queries.	Minutes of the meeting		
CS as Secretary	Regulation 18(1)(e) of SEBI (LODR) Regulations, 2015	Check whether the Company Secretary acted as the secretary to the audit committee.	Minutes of the meeting		
Frequency of Meetings	Regulation 18(2)(a) of SEBI (LODR) Regulations, 2015	Check whether the audit committee met at least 4 times in a year and not more than 120 days elapse between 2 meetings.	Minutes of the meeting		
Quorum of Audit Committee Meeting	Regulation 18(2)(b) of SEBI (LODR) Regulations, 2015	Check whether the quorum of audit committee meeting was either be 2 members or 1/3 of the members of the audit committee, whichever is greater, with at least 2 independent directors	Minutes of the meeting		
Review of role of Audit Committee	Regulation 18(3) of SEBI (LODR) Regulations, 2015	Check whether the role of the audit committee and the information to be reviewed by the audit committee was as specified in Part C of Schedule II.	Agenda papers and Minutes of the Meeting		
Terms of reference	Section 177(4) and Para 3.4 of SS-1	1. Check whether Audit committee has worked in accordance with the terms of reference specified in writing by the Board. 2. Check whether the quorum was specified by the Board for such Committee.	1. Terms of reference of Audit Committee specified by Board in writing 2. Minutes of Audit Committee Meetings		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Act of Audit Committee	Section 177(4) (ii)	Check whether the Audit committee reviewed and monitored the auditor's independence and performance, and effectiveness of audit process.	Minutes of the Audit Committee Meeting		
Act of Audit Committee	Section 177(4) (iv) & Fourth proviso to Section 177(4) (iv) and First proviso to Section 177(4) (iv) read with Rule 6A of the Rules	1. Check whether the Audit Committee has approved related party transactions [other than a transaction between a holding company and its wholly owned subsidiary company and a transaction, other than those referred to in Section 188] and further check whether if it has approved on an omnibus basis, whether those transactions meet the criteria for being eligible to be approved on an omnibus manner. 2. In case of listed companies, check whether the details relating to Related Party transactions entered into by the company pursuant to each omnibus approval has been placed before the audit committee at least on quarterly basis.	1. Committee Meetings 2. Financial Statement of the Company for the upcoming financial year end 3. Minutes of Audit Committee Meetings 4. Form MBP-4		
Approval	Regulation 23(2) of SEBI (LODR) Regulations, 2015	1. Check whether all related party transactions and subsequent material modifications have been prior approved by the audit committee (independent members' directors only). 2. Check whether audit committee has defined what material modifications is and also check whether the same is included as a part of "policy on materiality of related party transactions and on dealing with related party transactions".	1. Minutes of Audit Committee Meetings 2. Policy on Related party transactions		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Recommen-dation to the Board of Direc-tors for the transactions with related parties	Second Proviso to Section 177(4) (iv)	Check whether the audit committee had made any its recommendation to the Board of Directors for the transactions with related parties, other than those referred in Section 188 of the Companies Act, 2013, and where Audit Committee has not approved the transaction, it had made its recommendations to the Board.	1. Minutes of Audit committee meeting 2. Notice & Agenda of the Meeting 3. Minutes of Board Meetings		
Omnibus Approval	Regulation 23(3) of SEBI (LODR) Regulations, 2015	1. Check whether the audit committee has granted any omnibus approval for related party transactions proposed to be entered into by the listed entity. 2. If yes, then check whether the audit committee has laid down criteria which is in line with the RPT Policy. 3. Check whether omnibus approval is in respect of transactions of a repetitive nature. 4. Check whether audit committee has satisfied itself regarding the need for such omnibus approval and that such approval was in the interest of the listed entity. 5. Check whether such omnibus approval specifies: name the related party, nature of transaction, period of transaction, maximum amount of transactions, indicative base price / current contracted price and the formula for variation in the price if any and such other conditions.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		6. Check whether the audit committee has grant omnibus approval in respect of transactions where need for related party transaction cannot be foreseen and aforesaid details are not available, in excess of rupees one crore per transaction. 7. Check whether the audit committee has, at least on a quarterly basis, reviewed the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given. 8. Check whether a fresh omnibus approval after expiry of 01 year from the date of previous approval was taken.			
Vigil Mecha-nism -For-mulation of Mechanism	Regulation 22	1. Check the Board periodically reviewed the systems and processes followed by the company. 2. Check whether such systems and processes were adequately commensurate with its size and operations of the company. 3. Check whether the company has compliance management framework to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and that such systems and processes were operating effectively. 4. Check whether the terms of reference (in addition to other items) of audit committee ensures overseeing the vigil mechanism of the company.	Minutes of Audit Committee and Board of Directors		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Secretarial Standards	SS-1	Check whether every meeting of Audit committee was conducted in accordance with ICSI Secretarial Standard-1 on Meetings of the Board of Directors.	1. Audit Committee Minutes and Notice & Agenda of the Meeting 2. Recordings of the Audit Committee Meetings		
Nomination and Remuneration Committee and Stakeholders Relationship Committee					
Composition of Nomination and Remuneration Committee (NRC)	Section 178 (1) read with Regulation 19(1) of SEBI (LODR) Regulations, 2015	1. Check whether the board of directors have constituted NRC comprising of the following: (a) at least 3 directors; (b) all directors of the committee being non-executive directors; and (c) at least 2/3rd of the directors being independent directors.	Minutes of the Meeting		
Chairperson of NRC	Regulation 19(2) of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity ensured that Chairperson of NRC was an independent director. 2. Check whether the chairperson of the listed entity, (whether executive or non-executive), where appointed as a member of NRC did not chair such Committee.	Minutes of the Meeting		
Quorum of NRC	Regulation 19(2A) of SEBI (LODR) Regulations, 2015	Check whether the quorum for a meeting of NRC was either 2 members or 1/3rd of the members of the committee, whichever was greater, including at least 1 independent director in attendance.	Minutes of the Meeting		
Presence of Chairperson of NRC at Annual GeneralMeeting	Regulation 19(3) of SEBI (LODR) Regulations, 2015	Check whether the chairperson of NRC was present at the annual general meeting, to answer the shareholders' queries.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Frequency of Meetings	Regulation 19(3A) of SEBI (LODR) Regulations, 2015	Check whether the NRC met at least once in a year.	Minutes of the Meeting		
Role of NRC	Regulation 19(4) of SEBI (LODR) Regulations, 2015	Check whether the role of NRC is as specified as in Part D of the Schedule II.	Minutes of the Meeting		
Disclosure of policy	Section 178 (3) and (4)	1. Check whether the Board's report disclosed the remuneration policy relating to the remuneration of directors, key managerial personnel and other employees and the evaluation criteria of independent directors. 2. Check whether such policy has been be placed on the website of the Company, if any.	Website of the Company		
Remunera-tion of Key Managerial Personnel	Section 178 (3) of SEBI (LODR) Regulations, 2015	Check whether the remuneration to KMPs was as per the remuneration policy framed by the company.	1. Remuneration Policy 2. Board Resolution 3. Financial Statements		
Composition of Stakehold-ers Relation-ship Commit-tee (SRC)	Section 178 (5) read with Regulation 20 (1) of SEBI (LODR) Regulations, 2015	Check that where a company consists of more than 1000 shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year has constituted a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Composition of Stakehold-ers Relation-ship Commit-tee (SRC)	Regulation 20 (1), (2) & (2A) of SEBI (LODR) Regulations, 2015	1. Check whether the listed entity has constituted a SRC to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. 2. Check whether the SRC comprised of at least 3 directors, with at least 1 being an independent director. 3. Check whether, in case of a listed entity having outstanding SR equity shares, at least 2/3rd of SRC comprised of independent directors.	Minutes of the Meeting		
Chairperson	Regulation 20(2) & (2A) of SEBI (LODR) Regulations, 2015	Check whether the chairperson of SRC was a non-executive director.	Minutes of the Meeting		
Presence of Chairperson of SRC at Annual Gen-eral Meeting	Section 178 (7) read with regulation 20(3) of SEBI (LODR) Regulations, 2015	Check whether the Chairperson of SRC was present at the annual general meetings to answer queries of the security holders.	Minutes of the Meeting		
Frequency of Meetings	Regulation 20(3A) of SEBI (LODR) Regulations, 2015	Check whether the SRC met at least once in a year.	Minutes of the Meeting		
Role of SRC	Regulation 20(4) of SEBI (LODR) Regulations, 2015	Check whether the role of the SRC was as specified as in Part D of the Schedule II.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Risk Management Committee **(RMC) (Applicable to the top 1000 listed entities, and high value debt listed entities)**					
Composi-tion of Risk Management Committee (RMC)	Regulation 21(1) & (2) of SEBI (LODR) Regulations, 2015	Check whether the RMC has minimum 3 members with majority of them being members of the board of directors, including at least 01 independent director.	Minutes of the meeting for the constitution of Risk Management Committee		
		2. Check whether, in case of a listed entity having outstanding SR equity shares, at least 2/3rd of RMC were independent directors.			
Chairperson	Regulation 21(3) of SEBI (LODR) Regulations, 2015	1. Check whether the chairperson of Risk Management Committee was a member of the Board of Directors. 2. Check whether any senior executives of the listed entity were members of Risk Management Committee.	1. Minutes of the meeting for the constitution of Risk Management Committee		
Frequency of Meetings	Regulation 21(3A) & (3C) of SEBI (LODR) Regulations, 2015	1. Check whether the RMC met at least 2 times in a year. 2. Check whether the meetings of RMC were conducted such that, on a continuous basis, more than 180 days did not elapse between any 2 consecutive meetings.	Minutes of Risk Management Committee		
Quorum of Risk Man-agement Committee	Regulation 21(3B) of SEBI (LODR) Regulations, 2015	Check whether quorum for a meeting of RMC was either 2 members or 1/3rd of the members of the committee, whichever was higher, including at least 01 member of the board of directors in attendance.	Minutes of the Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Role of Risk Management Committee	Regulation 21(4) of SEBI (LODR) Regulations, 2015	1. Check whether the board of directors has defined the role and responsibility of the RMC. 2. Check whether the board has delegated monitoring and reviewing of the risk management plan to the committee and such other functions. 3. Check whether the functions delegated to the RMC consisted of cyber security. 4. Check whether the role and responsibilities of the Risk Management Committee mandatorily includes the performance of functions specified in Part D of Schedule II.	Minutes of Board Meeting		

5. Contribution to Charitable Funds

Checklist for Compliances regarding Contribution to Charitable Funds

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Company to Contribute to Bona Fide and Charitable Funds etc.	Section 181	1. Check whether any contribution was made to charitable funds. 2. Check whether the amount of contributions made to bona-fide charitable and other funds during the financial year- Average net profits for 03 immediately preceding financial years Where the contribution exceeds 5% of its average net profits for the 03 immediately preceding financial years, check whether prior approval was obtained in general meeting.	1. Notes to Financial statements for upcoming Financial Year 2. Minutes of Board Meeting and General Meeting 3. Financial statements of the last 3 preceding financial years		

6. Political Contributions

Checklist for Compliances regarding Political Contributions

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Political contributions	Section 182(1) and (2) read with Rule 8 of The Companies (Meetings of Board and its Powers) Rules, 2014	1. Check whether the Company has made any donation, or subscription(s) or payment(s) to any political party or to a person carrying on any activity for a political party or funded any advertisement or publicity costs which may result in direct or indirect advantage to any political party. 2. If yes, check whether the prior approval of Board of directors was obtained.	1. Minutes of Board Meeting 2. Notes to financial statements for upcoming FY		
Disclosure in profit and loss account	Section 182(3)	Check whether the company has disclosed in its profit and loss account the total amount contributed to political parties during the financial year.	Financial Statements		
Contribution through bank account	Section 182 (3A)	Check whether the contributions to political parties have been made only through bank account or banking instrument and not by cash or through any instrument, issued pursuant to any scheme notified under any law for contributing to political parties.	1. Board Resolution 2. Financial Statement		

2-XII APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

Applicable Provisions and Events

Section 196 to Section 205 of the Companies Act, 2013 read with rules made thereunder and the following events are covered in this chapter:

1. Appointment of Managing Director and Whole-Time Director
2. Managerial Remuneration
3. Appointment of Key Managerial Personnel

1. Appointment of Managing Director and Whole Time Director

Attention Points

Ensure to check exceptions/modification provided vide Notification dated 5th june, 2015 and 4th January, 2017.

(i) Schedule V does not apply to Private Companies.

(ii) Sub-section (4) and (5) of Section 196 shall not apply in case of Private Company.

(iii) Sub-section (2), (4) and (5) of Section 196 shall not apply in case of Government Company.

(iv) Sub-section (4) of section 196 shall not apply in case of Specified IFSC Company.

Checklist for Compliances regarding Appointment of Managing Director and Whole-Time Director

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of Managing Director, Whole-time Director or Manager	Section 196	1. Check whether the company has appointed Managing Director as well as Manager in the Company. 2. Check whether the company has appointed its Managerial Personnel for a period more than 5 years at a time. 3. Check whether the company made any reappointment of its managing director or manager or whole-time director earlier than 01 year before the expiry of his / her term. 4. Check whether the person who was appointed as managerial personnel was - not less than 21 years of age; - not an un-discharged insolvent or has not been adjudged at any time as an insolvent;	1. Form DIR-12 2. Form MGT-14 3. Form MR-1 4. Minutes of Board Meeting or general meeting 5. Register of directors and KMPs 6. Form MBP-1 7. Form DIR-8 8. Form MR-2 9. Declaration from Director		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		- not a person who has at any time suspended payment to his creditors or makes or has at any time made a composition with his creditors; - not been convicted by a court of an offence and sentenced to imprisonment for a period of more than 6 months. 5. Check whether it has secured or made application for securing approval of Central Government, wherever applicable. 6. Where the person appointed as the Managerial Personnel was a person who has already attained 70 years of age or attains age of 70 years during currency of his tenure, check whether such appointment was approved by members at a general meeting by a special resolution and further check whether if the notice of such general meeting contains with an explanatory statement that justified the need for appointing such an aged person. 7. Where no such special resolution has been passed, check whether the votes in favour had exceeded votes against the appointment of such an aged person and further check whether if the company has secured the approval of Central Government for appointment.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		8. Check whether the notice convening general meeting for considering appointment of Managerial Personnel had stated the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any. 9. Check whether the company has appointed its managerial personnel and filed Form MR-1 with ROC within the prescribed time. (Not applicable in case of a private company, however Form MGT-14 is applicable for all companies for appointment/re-appointment and variation in terms of appointment of Manager Director only (Board Meeting) – Section 117. 10. Check whether Company has received the consent from Director in Form DIR-2 on or before his appointment along with its enclosure. 11. In case of public limited company, check whether the appointee is qualifying all the conditions mentioned in the PART I of Schedule V.			
Approval of Central Government	Section 201(1)	Check whether the appointment of managerial personnel required approval of Central Government and further check whether such approval has been obtained, in cases where Part I has not been complied.	Approval received form Central Govern-ment, if any		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval of Shareholders	Regulation 17(1C) of SEBI (LODR) Regulations, 2015	1. Check whether approval of shareholders for appointment of a person on the Board of Directors or manager is taken at the next general meeting or within a time period of 03 months from the date of appointment, whichever was earlier. 2. Check whether the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, was done with the prior approval of the shareholders. 3. Check whether the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders have contained a detailed explanation and justification by the NRC and the Board of directors for recommending such a person for appointment or re-appointment.	1. Minutes, notice of Extraordinary General Meeting / Annual General Meeting 2. Disclosure given by the directors		
Maximum number of Directorship & Committees	Regulation 17A of SEBI (LODR) Regulations, 2015	Check whether the managing director/ whole time director was served as independent director in more than 03 listed entities whose equity shares were listed on stock exchange.	1. Disclosures made by director in Form MBP-1 2. Register of Director 3. MCA-21 database		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment recommenda-tion by NRC	PART D Schedule II of SEBI (LODR) Regulations, 2015	1. Check whether the appointment was recommended by NRC.	1. Notice and minutes of the NRC		
Intimation to Stock Exchange(s)	Regulation 30 of SEBI (LODR) Regulations, 2015 read with Schedule III (Part A) of SEBI Listing Regulation and SEBI Circular dated September 09,2015	1. Check whether the intimation to stock exchange(s) within 24 hours of appointment/re-appointment along with contents as mentioned in the said circular. 2. Check whether the disclosure mentioned that NRC has checked the managing director or whole-time director if they were debarred by any regulatory authority [BSE and NSE Circular dated June 20, 2018].	1. Copy of Intimation made to Stock Exchange(s)		

2. Managerial Remuneration

Attention Points

a. Provisions of sub-sections (1), (2) and (3) of Section 196 are applicable to private companies also.

b. Ensure to check exceptions/modification provided vide Notification dated 5th June, 2015 and 4th January, 201 7.

(i) Schedule V does not apply to Private Companies.

(ii) Section 197 is not applicable for Specified IFSC Company and Government Company

Checklist for Compliances regarding Managerial Remuneration

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Overall Maximum Managerial Remuneration	Section 197(1) read with first proviso under section 197(1)	Check whether the remuneration has been approved by the company in general meeting, subject to the provisions of Schedule V to the Companies Act, 2013, where the total managerial remuneration payable exceeded 11% of the net profits of the company.	1. Minutes of Board and General Meeting 2. Form MGT-14 3. Auditor's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: Only applicable to Public Companies. A Private Company can give any amount of remuneration.			
Approval of the General Meeting	Section 197(1) read with clause (i) of second proviso under Section 197(1) and read with Regulation 17 of SEBI (LODR) Regulations, 2015	1. Check whether the company has secured the approval of the general meeting by way of a special resolution for paying more than 5% of its net profits to any one of its managerial personnel or more than 10% of its net profits in the aggregate to all its managerial personnel. 2. Check whether if the Executive directors were promoters or members of promoter group then a special resolution was passed if: a. Annual remuneration payable to such executive director exceeded Rs 5 crore or 2.5% of net profits of listed entity, whichever was higher. b. Where there was more than 01 such director, the aggregate annual remuneration to such director exceeded 5% of the net profits of the listed entity.	1. Minutes of Board and General Meeting 2. Form MGT-14		
Approval in General Meeting for appointment of managerial personnel	Section 197(1) read with clause (ii) of second proviso under Section 197(1)	1. Check whether the company has secured the approval of the general meeting by way of a special resolution for paying more than 1% of its Net Profits to its directors other than its managerial personnel, where the company has appointed any managerial personnel.	1. Minutes of Board and General Meeting 2. Audited Financial Statements 3. Form MGT-14		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the company has secured the approval of the general meeting by way of a special resolution for paying more than 3% of its Net Profits to its directors other than its managerial personnel, Where the company has not appointed any managerial personnel.			
Approval of shareholders in case of default in payment of dues	Section 197(1) read with third proviso under Section 197(1)	Where the company has defaulted in payment of dues to any bank or public financial institution or its non-convertible debenture holders, check whether it has secured prior approval from the bank or banks or public financial institutions or non-convertible debenture holders concerned for paying remuneration to its directors before obtaining approval of the shareholders at a general meeting.	Correspondence with Banks/PFIs		
Managerial remuneration in case of absence or inadequacy of profits	Section 197(3), (11) read with Schedule V	1. Where the company was suffering from inadequacy of profits or absence of profits, check whether the remuneration to managerial personnel or any increase thereof from time to time was in terms of conditions specified in Section II of Part II of Schedule V. 2. Where the company was suffering from inadequacy of profits or absence of profits, and where the remuneration payable to managerial personnel was in excess of the limits specified in Table A of Part II of Section II of Schedule	1. Form MGT-14		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		V to the Companies Act, 2013- Check whether the same has been approved by a special resolution passed at a general meeting of the company. 3. Where section 178 of the Companies Act, 2013 applies, check whether the remuneration payable to managerial personnel in the case of company not having adequate profits or suffering from absence of profits was approved not only by the Board of Directors of the company but also by the NRC. 4. Check whether such remuneration payable in the event of inadequacy or absence of profits was approved only for a maximum period of 3 years. 5. Check whether the notice calling the general meeting has a statement containing particulars specified in Para (iv) of third proviso under Section II of Part II of Schedule V to the Companies Act, 2013. 6. Where section III of Part II of Schedule V to the Companies Act, 2013 applies, check whether the conditions specified therein have been complied with. If the managerial personnel was drawing remuneration from more than one company. 7. Check whether the total remuneration drawn from the companies have not exceeded the higher maximum limit admissible from any one of the companies of which he was a managerial person.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		8. Check whether the remuneration in excess of the limits specified in section I or II was paid by any other company and that other company was either a foreign company or has got the approval of its shareholders in general meeting to make such payment, and treated this amount as managerial remuneration for the purpose of section 197 and the total managerial remuneration payable by such other company to its managerial persons including such amount or amounts was within permissible limits under section 197. 9. Check whether the remuneration in excess of the limits specified in section I or II of Schedule V. If yes, check where the company— (i) was a newly incorporated company, for a period of 07 years from the date of its incorporation, or (ii) was a sick company, for whom a scheme of revival or rehabilitation has been ordered by the Board for Industrial and Financial Reconstruction for a period of 05 years from the date of sanction of scheme of revival and limit has been fixed by BIFR, or			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iii) was a company in relation to which a resolution plan has been approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for a period of five years from the date of such approval and limit has been fixed by NCLT. 10. Check whether the managerial person getting remuneration in exceed of the limit specified under Schedule V Part II, (i) except as provided in para (a) of Section III of Schedule V, the managerial person was not receiving remuneration from any other company; (ii) the auditor or Company Secretary of the company or where the company has not appointed a Secretary, a Secretary in whole-time practice, certified that all secured creditors and term lenders have stated in writing that they have no objection for the appointment of the managerial person or other director as well as the quantum of remuneration and such certificate was filed along with the return as prescribed under sub-section (4) of section 196.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iii) the auditor or Company Secretary or where the company has not appointed a secretary, a secretary in whole-time practice certified that there was no default on payments to any creditors, and all dues to deposit holders are being settled on time.			
Calculation of effective capital	Section 197 read with Section IV of Part II of Schedule V	1. Check whether the company has computed its "effective capital" in terms of the Explanation I given in Section IV of Part II of Schedule V. 2. Check, wherever applicable, the company has checked who fall within the meaning of the expression "family" for the purpose of perquisites referred to in Para 2 of Section IV of Part II of Schedule V 3. Check whether the company, wherever applicable, has computed its "negative effective capital" in terms of Explanation V of Section IV of Part II of Schedule V.	Financial Statements		
Factors to be considered be NRC while approving remuneration to its managerial personnel	Section 197 read with Sec IV of Part II of Schedule V	Check whether the NRC (wherever applicable) has considered the following factors while approving remuneration to its managerial personnel: (a) the financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.;	Minutes of Nomination and Remuneration Committee Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) there is objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.			
Calculation of Profits	Section 198	Check whether the company has computed its Net Profits in accordance with section 198 of the Companies Act, 2013 for the purpose limits prescribed under section 197 of the Companies Act, 2013.	Financials of the Company		
Central Government or company to fix limit with regard to remuneration	Section 200 read with rule 6 of the Rules	Check whether the company has taken into consideration the following parameters / aspects while fixing remuneration to its managerial personnel in the event of inadequate or no profits in the meeting of the NRC (where applicable) or at the meeting of the Board of Directors. (a) the financial position of the company; (b) the remuneration or commission drawn by the individual concerned in any other capacity; (c) the remuneration or commission drawn by him from any other company; (d) professional qualifications and experience of the individual concerned; (e) the financial and operating performance of the company during the three preceding financial years.	1. Minutes of Nomination and Remuneration Committee Meeting 2. Minutes of the Board Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(f) the relationship between remuneration and performance (g) the principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receive remuneration and employees or executives of the company. (h) whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference. (i) the securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.			
Sitting Fees	Section 197 (5) read with rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	1. Check whether the sitting fees paid to directors for attending meetings of Board of Directors or meetings of Committees of Directors or for any other purpose was within the limits prescribed (not exceeding Rs. 1,00,000) and check whether the same has been duly approved by the Board of Directors. 2. Check whether the sitting fees paid to independent directors and woman directors was not less than sitting fees paid to other directors.	1. Ledger Accounts of particular director 2. Minutes of Board Meeting 3. Appointment Letter 4. Article of Association		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Refund of Excess Amount	Section 197(9) & (10)	1. Where remuneration paid to any managerial personnel was found to be in excess of the limit prescribed under section 197 or was paid without the requisite approved under section 197- check whether the company has recovered the excess from the managerial personnel concerned unless the same has been waived by a special resolution of the general meeting passed within 2 years from the date the sum became refundable. 2. Where the company was in default of dues payable to any bank or public financial institution or its nonconvertible debenture holders- check whether it has secured prior approval from the bank or banks or public financial institutions or non-convertible debenture holders before granting such waiver.	1. Financial Statements 2. Minutes of General Meeting 3. Approval of creditor concerned		
Disclosure in the Board's report regarding ratio of remuneration	Section 197(12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Check whether the company has made necessary disclosures in its Board's report issued under section 134.	Board's Report		
Liability in respect of any negligence	Section 197(13)	Check whether any managerial personnel or Chief Executive Officer, or Chief Financial Officer or Company Secretary was found to have been guilty of any negligence, default, misfeasance,	1. Policy of the Company 2. Ledger of officer concerned		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		breach of duty or breach of trust, and the company has taken any insurance policy for indemnifying such managerial personnel or other officer specified above, check whether the company treated the premium paid on such insurance as part of the remuneration payable to any such personnel.			
Commission from the company	Section 197(14)	1. Check whether necessary disclosure in the Board's report issued under section 134 of the Companies Act, 2013 has been duly made. 2. Check whether if any director who was in receipt of any commission from the company and who was a managing or whole-time director of the company, received any remuneration or commission from any holding company or subsidiary company of such company.	Board's Report		
Statement in auditor's report	Section 197(16)	1. Check whether the auditor has, in his report under section 143, made a statement whether the remuneration paid by the company to its directors was in accordance with the provisions of this section, and further check whether the remuneration paid to any director was in excess of the limit laid down under Section 197 of the Companies Act, 2013. 2. Check whether the auditor has given all requisite details.	Auditor's Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Recovery of remuneration in certain cases	Section 199	1. Check whether the company was required to restate its financial statements due to fraud or non-compliance with any requirement under the 2013 and the rules made thereunder. 2. If yes, check whether any past or present managing director or whole-time director or manager or Chief Executive Officer (by whatever name called) received the remuneration (including stock option) in excess of what could have been paid to him as per restatement of financial statements. 3. If yes, check whether any such excess remuneration has been recovered from such officers.	1. Order of the competent authority requiring such restatement 2. Supporting Evidence of Recovery		
Compensation for loss of office	Section 202(1), (2),	1. Check whether the company has paid any sum by way of compensation for loss of office or as consideration for retirement from office or in connection with such loss or retirement to any director other than its managing Director or Whole-time Director or Manager. 2. If the company has paid any compensation for loss or retirement of office of its Managing Director or Whole-time Director or Manager, for services rendered by such person in the capacity as managing director or whole-time director or manager, check whether the payment was not prohibited under section 202(2) of the Companies Act, 2013.	Books of Accounts of the Company		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the amount of compensation paid to its managing or whole-time director or manager exceeded the remuneration which he could have earned if he had been in office for the remainder of his term or for 03 years, whichever was shorter, calculated on the basis of the average remuneration actually earned by him during a period of three years immediately preceding the date on which he ceased to hold office, or where he held the office for a lesser period than three years, during such period. 4. Check whether such payment has been made in spite of commencement of the winding up of the company, whether before or at any time within 12 months after, the date on which he ceased to hold office, and in such a case further check whether the assets of the company on the winding up, after deducting the expenses thereof, were not sufficient to repay to the shareholders the share capital, including the premiums, if any, contributed by them.			
Remuneration to directors	Regulation 17(6) of SEBI LODR Regulations, 2015	1. Check whether the Board of directors have recommended all fees or compensation payable to non –executive directors.	Minutes of General Meeting		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether approval of shareholders was taken for payment of fees or compensation to non-executive directors. 3. Check whether an approval of shareholders by passing a special resolution was taken in case annual remuneration payable to a single non-executive director exceeded 50% of total annual remuneration payable to all non-executive directors. 4. Check whether resolution for approval of fees or compensation to non-executive directors has specifically mentioned about maximum no. of stock options, if any that may be granted to directors in one financial year or in aggregate.			
Disclosure	Regulation 30 read with Schedule III, Part A, Para A, point 7 read with SEBI Circular September 9, 2015	Check whether disclosure was given to stock exchange in specified format.	1. Copy of Disclosure 2. Website /database of Stock Exchange(s)		

3. Appointment of Key Managerial Personnel (KMP)

Attention Points

a. There should be separation of roles of Chairperson and Managing Director in the company.

b. As a good governance practice, same person should not be appointed as CS/CFO/CEO.

c. Form MR-1, DIR-12 & MGT-14 not applicable for private Companies.

Checklist for Compliances regarding Appointment of Key Managerial Personnel

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Companies to appoint whole-time key managerial personnel	Section 203 and rule 8 & 8A of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	1. Check whether the company belonged to a class of companies which must have specified whole-time key managerial personnel. 2. Check whether whole time key managerial personnel have been appointed by the company. 3. Check whether vacancy that had arisen in the positions of any key managerial personnel, has been filled within 06 months from the date of vacancy.	1. Financial statements 2. Resolutions passed at meeting 3. Form MBP-1 4. Form DIR-12 5. Minutes of the meeting 6. Nominations 7. JVs, Memorandum of Association, Articles of Association 8. Government approval, if any 9. Shareholders agreement		
Filing of return of appointment	Proviso of section 203 (1) and rule 3 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	1. Check whether the company has filed Form MR-1 (not applicable for private companies) for appointment of Managing Director, Whole Time Director or Manager within 60 days. 2. Check whether Form DIR-12 & Form MGT-14 (not applicable for private Companies) has been filed within 30 days for appointment of a Managing Director, Whole Time Director or Manager, and Chief Executive Officer or Chief Financial Officer or Company Secretary. 3. Check whether the company has appointed same individual as Chairperson as well as the Chief Executive Officer/MD.	1. Form MR-1 2. Memorandum of Association, Articles of Association 3. Form DIR-12 4. Form MGT-14		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		If yes, check whether articles of association of the company permitted so or company carried multiple businesses.			
Appointment with terms and conditions including the remuneration	Section 203 (2)	1. Check whether the whole time key managerial personnel have been appointed by means of a resolution of the Board of Directors containing the terms and conditions of the appointment including the remuneration of the said whole time key managerial personnel.	1. Minutes of the Board Meeting		
Holding Office	Section 203 (3)	1. Check whether any whole-time key managerial personnel of the company were holding office in more than one company except a subsidiary of the company, at the same time. 2. Where such person was the managing director of the company- a. Check whether he was the managing director or manager of one, and not more than one, other company. In such a case, check whether such appointment or employment was made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.	1. Form MBP-1 2. MCA Master Data		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Directorship in another company	First proviso of section 203 (3)	1. Check whether any of the key managerial personnel was a Director on the Board of any other company. 2. If yes, check whether he has obtained the permission of the Board of Directors of the company in which he was a key managerial personnel to continue as a director.	1. Minutes of NRC Meeting 2. Minutes of Board Meeting		
Disclosure	Regulation 30 read with Schedule III, Part A, Para A, point 7 read with SEBI Circular September 9, 2015	1. Check whether disclosures were given to stock exchange in specified format.	1. Disclosure made to stock exchange.		

2-XIII CORPORATE RESTRUCTURING, INCLUDING COMPROMISES, ARRANGEMENTS, MERGERS AND ACQUISITIONS

Applicable Provisions and Events

Section 230 to Section 240 of the Companies Act, 2013 read with rules made thereunder. Following events are identified under this chapter:

1. Mergers
2. Acquisitions by way of Scheme of Arrangement/ Merger
3. Takeover by way of Scheme of Arrangement/ Merger
4. Compromises & Arrangements

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Compliances under Companies Act, 2013	Section 230-232 read with rule The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016	1. Check whether intimation to the stock exchange(s) has been made (prescribed format) regarding sanctioning of scheme of arrangement/ merger/ amalgamation and pronouncement of order by NCLT.	1. A copy of the scheme 2. Certified copy of the order of NCLT 3. Minutes of Board/ committee 4. Form INC-28 along with challan		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the company has complied with such directions or terms and conditions, as directed in the Dasti Order of the NCLT. 3. Check whether the company has obtained certified copy of order of NCLT. 4. Check whether the company has complied with such directions or terms and conditions, as directed in the certified copy of the order of the NCLT. 5. Check whether necessary resolutions by the Board/ committee of the transferor & transferee entity(ies) have been passed to take note of merger and authorizing Company Secretary/ Directors/ Executives to perform all acts, deeds and matters connected with Scheme of arrangement/ merger/ amalgamation, including allotment of shares if provided in the scheme of arrangement/ merger/ amalgamation. 6. Check whether necessary amendments, if any, has been carried out in the Memorandum & Articles of Association commensurate with the business of the transferor entity(ies). 7. Check whether INC-28 has been filed by transferor & transferee entity(ies) with respective ROC within 30 days of receipt of certified copy of order of the Tribunal.	5. Register of directors and key managerial personnel and their shareholding 6. Office copy/counter folio of share certificates 7. Such other document/s as may be deemed relevant in pursuance of the order issued by the Tribunal 8. Correspondence with the stock exchange(s) 9. Corporation actions forms, if any 10. Proof of payment of stamp duty to revenue authorities		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		8. Check whether necessary entries in statutory registers were made. 9. Check whether stamp duty, if any, has been paid on merger in the state where registered office of the transferee company was situated and/ or the immovable/ movable property was situated. 10. Check whether Form PAS-3 has been filed for allotment of shares, as per the swap ratio stated in the scheme of arrangement/ merger/ amalgamation). 11. Check whether corporate action has been filed with depository(ies). 12. Check whether stamp duty has been paid on issuance of shares. 13. Check whether application(s) for trading and listing of shares has/ have been made in time. 14. Check whether corporate action has been filed for extinguishing cross holdings and cancel ISIN of the transferor entity(ies) and applied for refund of security deposit. 15. Check whether consideration has been paid to the shareholders who were entitled for fractional shares. 16. Check whether Form BEN-2, if applicable, on account of change in shareholding, has been filed.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		17. Check whether permission of Central Government obtained before disposal of books and papers of amalgamated company. 18. Whether Form No. CAA 8, wherever applicable, filed within 210 days from end of financial year.			
Compliances under Foreign Exchange Management Act, 1999	1. Foreign Exchange Management Act, 1999 2. Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. 3. Foreign Direct Investment (FDI) Policy 2020	1. Check whether the company has adhered to the permissions required, depending upon nature of transaction i.e., whether the transaction falls under automatic or approval route. 2. Check whether the company has adhered to pricing guidelines specified by RBI. 3. Check whether the Form FC-GPR has been filed.	1. Correspondences and approvals done with RBI 2. Form FC-GPR along with proof of submission 3. Filing with RBI Firms' Portal		
Scheme of Arrangement	SEBI master Circular dated December 22,2020 and SEBI Circulars dated d November 16, 2021; November 18, 2021 & February 01, 2022	Check whether the listed entity has complied with the said circulars.	1. Supporting Compliance Report of the Company 2. Website or database of the Stock Exchange(s)		

3

CAPITAL MARKET RELATED LAWS/RULES/ REGULATIONS

(A) SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND RULES MADE THEREUNDER

The Central Government promulgated the Securities Contracts (Regulation) Act, 1956 to prevent undesirable transactions in securities by regulating the business of dealing therein, by providing for certain other matters connected therewith. The Securities Contracts (Regulation) Act, 1956 (SCRA) defines various terms in relation to securities and provides the procedure for the stock exchanges to get recognition from Government/ SEBI, procedure for listing of securities of companies and operations of the brokers in relation to purchase and sale of securities on behalf of investors. The Central Government promulgated the Securities Contracts (Regulation) Rules, 1957 (SCRR) for carrying into effect the objects of the SCRA, 1956. A company listed on a stock exchange is required to comply with the provisions of SCRA and SCRR.

Checklist for Compliances under Securities Contracts (Regulation) Act, 1956 and the Rules made there under:

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Conditions for listing	21	Check whether the conditions of listing agreement/ SEBI (LODR) Regulations, 2015 have been complied with, on receipt of approval for listing of securities.	1. Website of company 2. Copy of documents/ emails filed with stock exchanges		
Public issue and listing of securities	17A(3)	Check whether any application for listing of securities has been refused by the stock exchange.	Copy of communication from stock exchange for refusal		
Public issue and listing of securities	17A (3)	If the permission was refused, whether the company has repaid all moneys, if any, received from applicants in pursuance of the offer document within a period of 08 days.	Documentary proof and records with respect to repayment of money		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Right of appeal against refusal of stock exchanges to list securities of public companies	22 & 22A	In case the stock exchange refused to list the securities, check whether the company has made an appeal to the Central Government or the Securities Appellate Tribunal, as the case may be, within the time limit as prescribed under the Act and Section 40 of the Companies Act, 2013 against such refusal.	Copy of documents for appeal to Central Government or Securities Appellate Tribunal		
Right of appeal against refusal of stock exchanges to list securities of public companies		If listed, check whether the company has complied with Rule 19A of SCRR with respect to continuous listing requirement with the stock exchange.	Annual report of the company and the shareholding pattern filed by the company with the stock exchange under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015		
Appeal to Supreme Court	22F	In case the company was aggrieved by the order of Securities Appellate Tribunal, check whether the company has filed an appeal to the Supreme Court within sixty days from the date of communication of the decision or order of the Securities Appellate Tribunal.	Copy of documents for appeal to the Supreme Court		
Contravened of provisions	23A to 23H	Check whether the company has contravened any provisions which may attract the penal provisions provided under Sections 23A to 23H.	Show cause Notice		
Power to grant immunity	23 (O)	Check whether the company has been granted immunity by Central Government.	Communication from the Central Government in this regard		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Power to grant immunity	23 (O)	If yes, whether it has been withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence.	Communication from the Central Govern-ment in this regard or Immunity Certificate		
Delisting		Check whether the Company has been delisted by the Stock exchange.	Communication from the relevant Stock Exchange		

(B) DEPOSITORIES ACT, 1996

The objective of the Depositories Act is to provide for regulation of depositories in securities and for matters connected therewith or incidental thereto.

According to section 2(e) of the Depositories Act, 1996, Depository means a company formed and registered under the Companies Act and which has been granted a certificate of registration under section 12(1A) of the Securities and Exchange Board of India Act, 1992.

The Depository holds electronic custody of securities and also arranges for transfer of ownership of securities on the settlement dates.

Chapter II of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 states that no issuer shall make a public issue or rights issue of specified securities unless it has entered into an agreement with a depository for dematerialization of specified securities already issued or proposed to be issued.

Section 29 of the Companies Act, 2013 also mandates that every company making public offer and such other class or classes of companies as may be prescribed, shall issue the securities only in dematerialized form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.

Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that every unlisted public company shall issue the securities only in dematerialized form; and Facilitate dematerialization of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under.

Every unlisted public company making any offer for issue of any securities or buyback of securities or issue of bonus shares or rights offer shall ensure that before making such offer, entire holding of securities of its promoters, directors, and key managerial personnel has been dematerialized in accordance with provisions of the Depositories Act 1996 and regulations made there under.

Any company, other than a company mentioned above may convert its securities into dematerialized form or issue its securities in physical form in accordance with the provisions of this Act or in dematerialized form in accordance with the provisions of the Depositories Act, 1996 and the regulations made thereunder.

Rule 9 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that the promoters of every company making a public offer of any convertible securities may hold such securities only in dematerialized form. Also the entire holding of convertible securities of the company by the promoters held in physical form up

to the date of the initial public offer shall be converted into dematerialized form before such offer is made and thereafter such promoter shareholding shall be held in dematerialized form only.

Checklist for Compliances under Depositories Act, 1996

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Agreement between depository and participant	4	Check the Tripartite agreements entered into by the company with the RTA and depository for dematerialization of securities. (NSDL/CDSL)	1. Copy of Memorandum of Association 2. Copy of Certificate of Registration with any other Regulatory Authority, if so registered (SEBI/ IRDAI/RBI) 3. Copy of Form INC-22 along with challan (In case registered office is not there at the time of Incorporation)		
Public Offer of Securities to be in Dematerialized Form	Section 29 of the Companies Act, 2013	Check whether the provisions of section 29 of the Companies Act, 2013 and the rules made thereunder have been complied with.	Offer Document		
Reconciliation and Audit	Regulation 75 and 76 of SEBI (Depositories and Participants) Regulations, 2018	Check whether the company has complied with Reg. 75 and 76 of SEBI (Depositories and Participants) Regulations, 2018 with respect to the reconciliation of share capital audit. Check whether the company has submitted audit report on a quarterly basis, starting from September 30, 2003, to the concerned stock exchanges audited by a qualified Chartered Accountant or a practicing Company Secretary or a practicing Cost Accountant, for the purposes of reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized	Certified copy of quarterly audit report submitted to the stock exchange by the company with respect to reconciliation		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		form, the details of changes in share capital during the quarter and the in principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.			
Penal provisions in case of contravention	Sections 19A to 19G	Check whether there was any contravention which have attracted the penal provisions provided under Sections 19A to 19G.			
Power to grant immunity	Section 22B	Check whether the company has been granted immunity by Central Government. If yes, whether it has been withdrawn by the Central Government, if it is satisfied that such person had, in the course of the proceedings, not complied with the condition on which the immunity was granted or had given false evidence.	Communication received from the Central Government		
Appeals	Section 23	In case the company was aggrieved by the order of Board, it may prefer an appeal to the Central Government or the securities appellate tribunal, as the case may be within a stipulated time as may be prescribed.	Copy of Appeal		

(C) REGULATIONS FRAMED UNDER THE SEBI ACT, 1992

(C)(1) SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

One of the most popular modes of corporate expansion is by the acquisition of an existing company. However, when the company being acquired is a listed company, then along with the promoters' stake, there are interests of other stakeholders, such as, public shareholders, financial institutions, foreign stakeholders, etc. It is essential that all these shareholders also get fair dealing in case of an acquisition. To address all such concerns, SEBI has framed the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 which have been evolved significantly over the years and notified as the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ('SAST Regulations').

The SAST Regulations prescribe a systematic framework for acquisition of stake in listed companies. By these laws, the regulatory system ensures that the interests of the shareholders of listed companies are not compromised in case of an acquisition or takeover. They also aim to protect the interests of minority shareholders, which is a fundamental attribute of corporate governance principle.

Attention Points

a. These regulations shall apply to direct and indirect acquisition of shares or voting rights in, or control over Target Company.

b. These regulations shall not apply to direct and indirect acquisition of shares or voting rights in, or control over a company listed without making a public issue, on the Innovators Growth Platform of a recognized stock exchange.

c. The applicability of these Regulations would depend on the auditee Company being a Target or an Acquirer Company.

Checklist for Compliances under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Substantial acquisition of shares or voting rights	3(1)	Check whether any acquirer has entitled them to exercise twenty-five per cent or more of the voting rights of a listed company. If yes check whether acquirer has made a public announcement of an open offer for acquiring shares.	Weekly Benpos showing changes in Shareholding for Year under Review		
Voting rights and public announce-ment	3(2)	Check whether any acquirer, together with PAC has acquired or holds shares or voting right in the target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, has acquired within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights. If yes, check whether acquirer has made a public announcement of an open offer for acquiring shares.	Weekly Benpos showing changes in Shareholding for Year under Review		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Agreement to acquire shares or voting rights	Second Proviso of 3(2)	Check whether such acquirer has acquired or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.	Weekly Benpos showing changes in Shareholding for Year under Review		
Acquisition is pursuant to a resolution plan approved	Third Proviso of 3(2)	Check whether such acquisition was pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, if yes, it shall be exempt from the obligation under the proviso to the sub-regulation (2) of regulation 3.	Weekly Benpos showing changes in Shareholding for Year under Review		
Acquisition of control	4	Check whether irrespective of acquisition or holding of shares or voting rights in a target company, any acquirer has acquired, directly or indirectly, control over such target company. If yes, check whether the acquirer has made a public announcement of an open offer for acquiring shares of such target company.	1. Shareholding Pattern 2. PublicAnnouncement		
Indirect acquisition of shares or control	5	1. Check whether there has been an indirect acquisition attracting provisions of Open Offer. 2. Check whether there is a case where: (a) the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired;	Financial Data of value of Net Assets/ Sales Turnover/ Market Capitalizaion / Enterprise Value		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(b) the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or (c) the proportionate market capitalisation of the target company as a percentage of the enterprise value for the entity or business being acquired, is in excess of eighty per cent, on the basis of the most recent audited annual financial statements			
Delisting Offer	5A	Check whether for acquiring shares or voting rights or control of a target company in terms of sub-regulation (1) of regulation 3, regulation 4 or regulation 5, the acquirer has sought for the delisting of the target company by making a delisting offer in accordance with this regulation.	Delisting Offer		
Voluntary Offer	6A	Check whether the person/ entity who has made a public announcement of an open offer for acquiring shares or enter into any transaction that would attract the obligation to make a public announcement of an open offer for acquiring shares under these regulations, is a willful defaulter.	RBI Website (list of defaulters)		
Public Announcement	6B	Check whether public announcement of an open offer or make a competing offer for acquiring shares or enter into any transaction, either directly or indirectly, for acquiring any shares or voting rights or control of a target company, has been made by Fugitive Economic Offender.	Copy of Public Announcement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Open Offer					
Offer Size, Offer Price, Mode of Payment	7, 8, 9	In case of Open Offer to check the guidelines of- – Offer Size – Offer Price – Mode of payment			
Inter-Se Transfers					
General Exemptions	10(5)	Check whether the submission of Prior Intimation at least 04 working days has given prior to the proposed acquisition.	Copy of Submission		
Report	10(6)	Check whether acquirer has submitted report with the stock exchanges not later than four working days from the acquisition.	Proof of the submission of Report		
Submission of Report with fee	10(7)	Check whether the Acquirer has, within 21 working days of the date of acquisition, submitted a report to SEBI along with a non-refundable fee of rupees 1,50,000. (Either in 10(7)(a)(i) or 10(7)(a)(ii)).	Copy of the Report		
Acquisition price per share		Check whether the shares of the target company were frequently traded, the acquisition price per share have not been higher by more than twenty-five per cent of the volume-weighted average market price for a period of 60 trading days preceding the date of issuance of notice for the proposed inter se transfer, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period.	Trading Pattern Certificate from the Practicing Professional		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure of acquisition and disposal	29(1)	Check whether Disclosure of 29(1) – the acquirer company has made necessary disclosure within 02 working days (from the date of receipt of intimation in case of acquisition through allotment) in case the acquisition aggregating the 5% shares of Target Company to – Stock exchange; and – the Company at its registered office.	Copy of Disclosure		
Disclosure by transferor and transferee	29(2)	Check whether the transferor and transferee has made disclosure within 02 working days of the receipt of intimation of the acquisition or the disposal of shares to - – Stock exchange; and – the Company at its registered office.	Copy of Supporting Disclosure made		
Disclosure of encumbered shares	31(1)	Check whether the disclosure of the promoter of every target company for disclosure of the details of shares in such target company encumbered by him or by persons acting in concert with him. *Note: This disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository.*			
Disclosure in specified form	31(2)	Check whether the disclosure of the promoter of every target company was made of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.	Copy of Supporting Disclosure made		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: This disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository.			
Yearly disclosure from the promoter	31(4)	Check whether the disclosure from the promoter of every target company declaring on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year.	Copy of Supporting Disclosure made		

(C)(2) SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

SEBI (Prohibition of Insider Trading) Regulations, 2015 has been made effective from May 15, 2015 based on the Sodhi Committee Recommendations. This regulation casts several compliance obligations on insiders including Key Managerial Personnel, Company Secretary, etc.

The obligations relate to making of certain disclosures, dealing with unpublished price sensitive information, formulation and disclosure of trading plans, complying with code of fair disclosure, etc. These regulations have also brought several controls in establishing the act of insider trading, e.g., the onus of establishing is on connected persons that they were not in possession of unpublished price sensitive information.

SEBI has framed these regulations to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof.

Attention Points

a. Secretarial Auditor should maintain separate digital database as per SEBI (PIT) Regulations, 2015.

b. While considering the disclosers under Regulation 7, the provisions of SEBI Circular No. SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated 28.05.2018 which asks for System Driven Disclosures and the same has been effective from 01.04.2021 vide circular No. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated 09.09.2020.

c. Auditor should make a review of the structured digital database.

Checklist for Compliances under SEBI (Prohibition of Insider Trading) Regulations, 2015

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
CHAPTER – II RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS					
Communication or procurement of unpublished price Sensitive Information	3(1)	Check whether any unpublished price sensitive information was not communicated to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.			
Policy for determination of "legitimate purposes"	3(2A)	Check whether the board of directors of the company has made a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct" formulated under regulation 8.	1. Policy of the listed entity 2. Resolution of the listed entity's board approving such policy		
Notice to insiders to maintain confidentiality	3(2B)	Check whether due notice has been given to Insiders to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.	Notice		
Contract for confidentiality and non-disclosure obligations	3(4)	Check whether the board of directors executed any agreements to contract confidentiality and non-disclosure obligations with the parties who is/was in possession of unpublished price sensitive.	The clause of agreement executed with the Parties		
Maintenance of structured digital database	3(5)	1. Check whether a structured digital database is maintained containing the nature of unpublished price sensitive information, the names of such persons or entities as with whom information is shared under this regulation along with PAN or any other identifier authorized by law where PAN is not available.	Details of database maintained by the listed entity		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether such database is maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.			
Preservation of structured digital database	3(6)	1. Check whether the board of directors or head(s) of the organization ensured that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions. 2. Check whether the structured digital database was maintained or relevant information was preserved in the structured digital database till the completion of proceedings, in the event of any investigation or enforcement proceedings.	Annual Report / Details of database		
Trading when in possession of unpublished price sensitive information	4	Check whether any event occurred regarding trading in securities when in possession of unpublished price sensitive information. If yes, check whether the innocence has been proved by the insider.			
Trading Plans	5	1. Check whether the trading plan has been formulated in compliance with Regulation 5. If yes, check whether necessary compliances have been made. 2. Check whether the compliance officer reviewed and monitored the trading plans if any, submitted by any insider and approved the trading plan that it has not violated these regulations	Trading plan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the Compliance officer has notified the trading plan to the stock exchange(s), if any. 4. Check whether the Compliance officer has received undertaking or declaration from insider with respect to the trading plan, as the case may be.			
CHAPTER – III DISCLOSURES OF TRADING BY INSIDERS					
General Provisions	6	1. Check whether the disclosures were taken from the KMPs of the Company and from those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions. 2. Check whether the company maintained the record of the disclosures made under Chapter III for a minimum period of 05 years, in such form as may be prescribed.	1. Copy of all disclosures 2. Records maintained by the company 3. Declaration from the listed entity that there are no other disclosures received		
Disclosures by certain persons	7	1. Check whether the Company received disclosure by every person on appointment as KMP or Director or upon becoming a promoter within 07 working days of such appointment or becoming promoter. 2. Check whether the company provided intimation to stock exchange regarding disclosures Within 2 Trading Days of Transaction taking place or awareness of the company, as the case may be. 3. Check whether the Company was regular in receiving disclosures of holding & trading of securities of the company by	1. Copy of all disclosures made by such insiders 2. Records maintained by the company 3. Declaration From the listed entity that there are no other disclosures received 4. Copy of intimation letters/ disclosures made by promoters / designated persons and related disclosures made to stock exchange by the listed entity		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		any other connected person or class of connected persons, held or traded by them. The Company has in its discretion require this information & set out the frequency for seeking such information.			
CHAPTER – IIIA					
Informant Reward	7D/ 7E/ 7F	Check whether the board declared an Informant eligible for Reward. If yes, check whether necessary compliances have been made.	Records maintained by the company		
Public dissemination and incentivization of Informant	7M	Check whether the board has uploaded on its website the following: - i. Annual report of the Office of Informant Protection; ii. Press release informing the public that an intimation to the Informant has been issued under Regulation 7D; iii. Press release informing the public that a Reward has been paid under these regulations and the amount of Monetary Sanctions recovered pursuant to the information provided by the Informant; iv. The Order issuing the Reward.	Website of the company		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
CHAPTER – IV CODES OF FAIR DISCLOSURE AND CONDUCT					
Code of Fair Disclosure	8(1)	Check whether the Board of Directors of the listed company has formulated a code of practices and procedures for fair disclosure of unpublished price sensitive information as per Schedule A to these regulations and published the same on the official website of the company.	1. Board Resolution approving the code of practices and procedures 2. Disclosure made on the website of listed entity		
Intimation of code of practices and procedures for fair disclosure	8(2)	Check whether every code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto has been promptly intimated to the stock exchanges where the securities are listed.	1. Code of practices available on the website of the listed entity 2. Correspondence made to the Stock Exchange(s)		
Code of Conduct	9(1) & 9(2)	1. Check whether the chief executive officer or managing director has formulated code of conduct with their approval to regulate, monitor and report trading by insiders as per Schedule B, in case of a listed company and Schedule C, in case of an intermediary of these regulations. 2. Check whether the Company has formulated an internal code of conduct for governing dealings in securities as per the minimum standards set out in Schedule B. 3. Check whether every such code of practices and procedure relating to unpublished price sensitive information and every document thereto has promptly been intimated to the stock exchange where the securities are listed.	Copy of code of conduct		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		4. Check whether the Code has been hosted on the website of the company.			
Designated Compliance Officer	9(3)	Check whether the listed entity has identified and designated a compliance officer to administer the code of conduct and other requirements under these regulations.	1. Resolution of the Board of Directors of the listed entity 2. Intimation to the Stock Exchange(s)		
Designated persons to be covered by the code of conduct	9(4)	For the purpose of sub regulation (1) check whether the Board of Directors in consultation with Compliance Officer has specified designated persons to be covered by the code of conduct.	1. Resolution of the Board of Directors the listed entity 2. Emails / communication sent to such persons by the Compliance Officer		
Institutional Mechanism for Prevention of Insider trading	9A(1)	Check whether the listed entity has put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.	Internal control procedure laid down by the board of the listed entity		
Review by Audit Committee	9A(4)	Check whether Audit Committee of the listed entity has reviewed compliance with the provisions of these regulations at least once in a financial year and also that internal control is adequate and are operating effectively.	1. Minutes of Audit Committee 2. Measures, if any suggested by the Audit Committee and corrective action in such cases		
Written policies for inquiry in case of leak of unpublished price sensitive information	9A(5)	1. Check whether listed company formulated written policies and procedures approved by board of directors for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information.	1. Policies formulated/ documents of procedure 2. Instances of reporting, if any		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether any inquiries were initiated on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information.			
Whistle Blower Policy	9A(6)	Check whether the listed entity has framed a whistle blower policy to enable employees to report instances of leak of unpublished price sensitive information.	1. Contents of the Whistle blower policy formulated by the listed entity 2. Declaration from the listed entity that there are no other instances reported		
Co-operation in Inquiry	9A(7)	Check whether the relevant intermediaries and fiduciaries co-operated with the listed company in connection with such inquiry conducted by listed company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information.	1. Record of enquiry proceedings by the listed entity 2. Declaration from the listed entity that there are no other instances		
Any other prevention mode		Check whether any other prevention mode with respect to insider trading has been adopted by the listed entity.			
Grey list		Check whether there was any grey list for securities.			
Disclosure		Check whether Quarterly/ annually disclosures of statement of holding of securities were made.			

(C)(3) SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018

The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations') were notified with the objective to bring more clarity to the provisions of the rescinded SEBI Disclosure and Investor Protection (DIP) Guidelines by removing the redundant provisions and amending certain provisions in order to cope up with the dynamics of Capital Market.

SEBI in order to align the provisions of ICDR Regulations with the Companies Act, 2013 and allied regulations,

had come up with a consultation paper on May 04, 2018 detailing the suggestive changes under various fund-raising options.

In this direction, SEBI constituted the Issue of Capital & Disclosure requirements Committee ("ICDR Committee") under the Chairmanship of Shri Prithvi Haldea in June, 2017, to review the ICDR Regulations. The ICDR Committee suggested certain policy changes. In continuation to the same, SEBI vide its notification dated 11 September, 2018 issued SEBI (ICDR) Regulations, 2018. SEBI (ICDR) Regulations, 2018 lay down the guidelines relating to conditions for various kinds of issues including public and rights issue.

This checklist covers the compliances required to be made by an unlisted or listed entity with respect to various fund-raising methods e.g. IPO/ FPO/ Rights Issue/ Preferential Issue/ Bonus Issue/ Qualified Institutions Placement etc.

Checklist for Compliances under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Eligibility requirements for an initial public offer	6(3)	Check whether the listed entity has issued any superior rights (SR) equity shares to its promoters/ founders? If yes, check whether the listed entity has complied with the requirements as prescribed in this regard in these regulations to issue the same.	1. Special Resolution and Minutes of General Meeting 2. Website of the SEBI/ Stock Exchange/ ROC 3. Articles of Association		
Appointment of Merchant Banker	23 & 121	Check whether the listed entity has appointed a merchant banker and other intermediaries.	Copy of agreements/ engagement letter of the appointments		
Appointment of Syndicate Member	23	Check whether the issue was through book building process. In such case, Syndicate Member(s) needs to be appointed.	Check the letter of appointment		
Draft Offer Document	25 & 123	Check whether the listed entity has filed the draft offer document and offer document with SEBI/Stock Exchanges / ROC.	Website of SEBI/ Stock Exchange/ ROC		
Utilization	7(2) & 104 (2)	Check whether the utilization of proceeds for General Corporate Purposes have not been exceeded 25% of the amounts generated by the issuer.	Draft offer document & monitoring agency report/ utilization certificate		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Submission of documents with SEBI	25(9) & 123 (9)	Check whether the listed entity has submitted the following documents with the SEBI. ● a statement certifying that all changes, suggestions and observations made by the SEBI have been incorporated in the offer document; ● due diligence certificate as per Form C of Schedule V; ● a copy of the resolution passed by the Board of Directors of the issuer for allotting specified securities to promoter(s) towards amount received against promoters' contribution, before opening of the issue.	1. Copy of all the documents / Certificates (due diligence certificate, auditor's certificate etc.) submitted with SEBI 2. Certificate from a statutory auditor, before opening of the issue, certifying that promoters' contribution has been received in accordance with these regulations 3. Due diligence certificate as per Form D of Schedule V, in the event the issuer has made a disclosure of any material development by issuing a public notice pursuant to para 4 of Schedule IX 4. Board Resolution/ Minutes of Board Meeting		
Monitoring Agency	41(1) & 137(1)	Check whether the listed entity has made arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Board, if the issue size, excluding the size of offer for sale by selling shareholders, exceeds 100 crore rupees.	Stock Exchange website / listed entity's website		
Issue-related advertise-ments	43 (1) & 139 (1)	Check whether the listed entity has made a pre-issue advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated containing the disclosures as specified in Part A of Schedule X.	Copy of the newspaper where advertisement has been published		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Minimum Subscription	45 (2) & 141 (2)	Check whether all application moneys received has been refunded to the applicants in case of non-receipt of minimum subscription of ninety per cent of the offer within four days of the closure of the issue.	1. Refund orders/ Certificate of posting 2. Bank account statement		
Allotment, refund and payment of interest	50(2) & 146 (2)	Check whether the listed entity has done the allotment, credit of dematerialized securities and refund or unblocking of application monies, as may be applicable, electronically. In case above requirement is not met, check if the company has paid interest @15% to the investors.	1. Demat account & Bank Account Statements etc. 2. Return of Allotment (PAS-3)		
Post-issue Advertise-ments	51(1) & 147 (1)	Check whether a post-issue advertisement has been made in accordance with the details specified in the regulation.	Copy of newspaper where the advertisement has been published		
Post-issue Reports	55 & 151	Check whether the listed entity has submitted a final post-issue report as specified in Part A of Schedule XVII, along with a due diligence certificate as per the format specified in Form F of Schedule V, within seven days of the date of finalization of basis of allotment or within seven days of refund of money in case of failure of issue.	1. Correspondence made with the Stock Exchange 2. Copies of the Report 3. Certificates sub-mitted to the Stock Exchange		
IPO/FPO of Convertible Debt Instruments and warrants					
Not being defaulted	Proviso to Reg. 9 & Proviso to Reg. 106	Check whether the listed entity has not been in default of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public, if any, for a period of more than 06 months.	Undertaking from the listed entity has to be taken in this regard		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Additional requirements for issue of convertible debt instruments	10 (1) (a) & 107 (1) (a)	Check whether credit rating has been obtained from at least one Credit Rating Agency.	1. Details of credit rating received from the Credit Rating Agency and offer document 2. Registration Certificate obtained from Credit Rating Agencies		
Appointment of Debenture Trustee	10 (1) (b) & 107 (1) (b)	Check whether the company has appointed one or more debenture trustee.	Appointment Letter/ Agreements/Engage-ment Letter		
Debenture Redemption Reserve	10 (1) (c) & 107 (1) (c)	Check whether the Debenture Redemption Reserve has been created as per sub-rule (7) of Rule 18 of Companies (Share Capital and Debentures) Rules, 2014.	1. Standalone Balance Sheets 2. Bank Account		
Charge on Security	10 (1) (d) & 107 (1) (d)	Check whether in case of secured debentures, the listed entity has created charge on the security.	1. Form CHG-9 for verifying the same 2. Verify Index of charges on MCA portal		
Rollover	108 (a)	In case of FPO, where the value of non-convertible portion of partly convertible debt instruments exceeded 50 lakhs, the same have rolled over without change in interest rate only when 75% of holders of convertible debentures have approved the rollover through a resolution by postal ballot.	1. Form MGT-14 for Special Resolution and Explanatory Statement		
Issue of Debt Securities	12 & 110	Check whether debt securities have been issued for financing or providing loan to or acquisition of shares of any person who is part of the promoter group or group companies.	Balance Sheet		
Issue of Warrants	13 (a) & 111 (a)	Check whether warrants have been issued along with IPO/FPO, the tenure of such warrants has not been exceeded a period of 18 months from the date of allotment in such IPO/FPO.	Offer document and allotment letters		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Post-listing exit opportunity for dissenting shareholders					
Post-listing exit opportunity for dissenting shareholders	59 & 157	Check whether there has any change in objects or variation in the terms of contract related to objects referred to in the offer document and if so, the promoters, or shareholders in control of an issuer, has provided an exit offer to dissenting shareholders as provided for in the Companies Act, 2013 and as per conditions and manner provided in Schedule XX to these regulations.	Declaration from the listed entity in this regard to be taken		
Rights Issue					
Aggregate value of the specified securities	60	Check whether the aggregate value of the specified securities issued on rights basis exceeds fifty crore rupees or more.	Draft Letter of offer filed with SEBI/ Website of SEBI		
Resolution for approving the proposed Rights Issue	Section 62 (1) of the Companies Act, 2013	Check whether the listed entity has passed a resolution by the Board of Directors approving the proposed Rights Issue.	Certified True Copy of Board Resolution		
Further Issue of Share Capital	62 (1) of the Companies Act, 2013	Check whether the listed entity has passed any shareholder resolution, in case of the following: ● increase in the authorized share capital required) (special resolution) ● for issue of securities under proposed rights issue.	1. Copy of Form SH-7 and MGT-14 filed with ROC 2. Special Resolution and Explanatory Statement 3. Amended Memoran-dum of Association		
Entities not eligible to make a rights issue	61	1. Check whether there is any restraining, prohibiting or debarring order against the listed entity or any of its promoters by SEBI or any other regulatory authority. 2. Check whether any of the promoters or directors of the issuer is not a promoter or director of any other company which is debarred from accessing the capital market by SEBI.	1. Information on debarment on SEBI's website		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether any of its promoters or directors is a fugitive economic offender or not.	2. CIBIL database and declaration to be obtained from company in this regard		
General Conditions	62(1)(a)	Check whether the listed entity has obtained in-principle approval for listing of its specified securities issued on rights basis and has chosen one of them as the designated stock exchange.	Copy of application letter submitted to the Stock Exchange		
	62(1)(b)	Check whether all the existing partly paid-up equity shares have either been fully paid up or have been forfeited.			
	62(1)(c)	Check whether the listed entity has made firm arrangements of finance through verifiable means towards 75% of the stated means of finance for the specific project proposed to be funded from issue proceeds, excluding the amount to be raised through the proposed rights issue or through existing identifiable internal accruals.			
General Conditions	62(2)	Check whether the listed entity has ensured that not more than 25% of the total amount raised by issuance of specified securities is being allocated for general corporate purposes, as mentioned in the objects of the issue in the draft letter of offer and letter of offer filed with SEBI.	Letter of offer / Monitoring Agency Report		
Conditions for SR equity shares	62 (4)	If the listed entity has issued SR equity shares to its promoters or founders, check whether it has ensured that such a SR shareholder has not renounced their rights and the SR shares received in a rights issue have been remain under locked-in until conversion into equity shares having voting rights	Declaration from the Promoter or Founder Depositories		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		same as that of ordinary equity shares along with existing SR equity shares.			
Record Date	68(1)	Check whether the listed entity has announced a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue.	1. Website of the Stock Exchange 2. Notice where record date has been announced		
Information to Stock Exchange	SEBI LODR Regulations 2015	Check whether, the listed entity has informed to the Stock Exchange, 2 working days prior to the Board Meeting where the proposal of rights issue is to be considered.	Communications made to the Stock Exchange		
Appointment Of Lead Managers and other Intermediaries	69	Check whether the listed entity has appointed a lead manager and other intermediaries.	Appointment Letter/ Engagement Letter/ Consent Letter/ Agreements and intimation made to the Stock Exchange in this regard		
Filing of the draft letter of offer and letter of offer	71(2)	Check whether the lead manager has submitted the following to the SEBI along with the draft letter of offer. ● A certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s)) and includes contents specified in Schedule II;	Certified copy of Certificates submitted in this behalf		
		● A due diligence certificate as per Form A of Schedule V; ● A due diligence certificate from the debenture trustee in case of an issue of convertible debt instruments as per Form B of Schedule V;			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		• A certificate confirming compliance of the conditions as specified in Part F of Schedule VI.			
Monitoring Agency	82	1. Check whether the issue size exceeds Rs. 100 crores, if yes, whether the issuer has made arrangements for the use of the proceeds of the issue to be monitored by a Credit Rating Agency registered with SEBI. 2. Check whether the appointed monitoring agency has submitted its report to the company on a quarterly basis, till 100% of the proceeds of the issue actually raised have been utilized.	Utilization Report		
Issue-related advertise-ments	84(1)	Check whether a pre-issue advertisement for the rights issue has been made in accordance with the details specified in the regulation, at least 02 days before the opening of the issue in at least one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation at the place where registered office of the issuer is situated.	Relevant copy of newspaper where the advertisements are published		
Allotment, refund and payment of interest	91(1)	Check whether the listed entity has ensured that the specified securities has been allotted and/ or application monies has been refunded or unblocked.	1. Return of allotment (Form No. PAS-3) 2. Refund order		
Post-issue Advertise-ments	92(1)	Check whether a post-issue advertisement for the rights issue has been made in accordance with the details specified in the regulation.	Relevant copy of newspaper where the advertisement are published		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Post-issue Reports	96	Check whether the listed entity has submitted the initial-post issue report as specified in Part B of Schedule XVII, within three working days of closure of the issue and final post issue- report as specified in Part C of Schedule XVII, within 15 days of the date of finalization of basis of allotment or within 15 days of refund of money in case of failure of the issue.	Copy of Initial and Final post issue reports submitted		
Bonus Issue					
Conditions for a bonus issue	Regulation 293 and Section 63 of Companies Act, 2013	For the issue of bonus shares following points must be taken into consideration as per section 63 of Companies Act, 2013: a. Check whether the issue has been authorized by its articles. b. Check whether the listed entity has been authorized to make provisions in the AOA by passing resolution in the general meeting for capitalization of profits. c. Check whether it has defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it. d. Check whether it has defaulted in respect of the payment of statutory dues of the employees, such as, contribution to Provident Fund, gratuity and bonus. e. Check whether any partly paid-up shares, if any outstanding on the date of allotment, are made fully paid-up. f. Check whether the listed entity which has not withdrawn the bonus issue, once announced by the Board of Directors recommending the same.	1. Certified true copy of special resolution and Form PAS-3 2. Articles of Association 3. Declaration from the listed entity regarding the default/ fugitive offender/ Balance Sheet 4. Declaration from the Board of Directors that bonus shares has not been issued in lieu of dividend		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		g. Check whether the bonus shares has not been issued in lieu of dividend. h. Check whether any of its promoters or directors is not a fugitive economic offender.			
Restrictions on a Bonus Issue	294	Check whether the bonus has been issued only out of free reserves. If the bonus is issued out of reserves built out of the genuine profits or securities premium collected in cash only and reserves created by revaluation of fixed assets has not been capitalized for the purpose of issuing bonus shares.	Balance Sheet		
Filing of Form FC-GPR with Reserve Bank of India		Check whether the listed entity has filed FC-GPR form with the Reserve Bank of India in respect of allotment of bonus shares to foreign entities/shareholders within 30 days of issue of shares. RBI Guidelines A certified true copy of the acknowledgement of the FC-GPR Form.	Form FC-GPR		
Preferential Issue					
Conditions for Preferential Issue	160(a)	Check whether all equity shares allotted by way of preferential issue are made fully paid up at the time of the allotment.			
	160(b)	Check whether special resolution has been passed by the shareholders of the listed entity for making the preferential issue.	MGT 14 filed with the ROC		
	160(c)	Check whether all equity shares held by the proposed allottees in the issuer are in dematerialised form before an application seeking inprinciple approval is made by the issuer to the stock exchange(s) where its equity shares are listed.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
	160(d)	Check whether the issuer has complied with the conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchange where the equity shares of the issuer are listed.			
	160(e)	Check whether the issuer has obtained the Permanent Account Numbers of the proposed allottees.			
Part III: Disclosures to Shareholders	163(1)	Check whether the additional disclosures as specified in the regulations were also made in the explanatory statement of the notice for the general meeting proposed for passing special resolution.	Copy of the Explanatory Statement/ Statutory Auditor's Certificate		
Payment of Consider-ation	169(4)	Check whether the consideration for specified securities, if paid in cash, has been received from respective allottee's bank account and in the case of Joint Holders, the same have been received from the Bank Account of the person whose name appears first in the application.	Bank details/ Statutory auditor's certificate		
Allotment	170(3)	Check whether the preferential allotment attracts the provisions of the SEBI (SAST) Regulations, 2011 with regard to the obligation to make an open offer.	1. Disclosures made to the Stock Exchange 2. Shareholding Pattern		
Allotment in Dematerial-ized Form	170(4)	Check whether all the allotment has been made in dematerialized form.	Demat account with the Depository/ Depository Participant		
Eligibility conditions for qualified institutions placement	172(1)	Check whether a special resolution approving the QIP has been passed specifying that the allotment would be made through QIP.	Form MGT-14 along with its Challan		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Conditions for offer for sale by promoters for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957	173	Check whether the promoters and members of promoter group has made an offer for sale through a QIP to achieve the minimum public shareholding.	Announcements made to the Stock Exchange and public		
Appointment of Lead Managers	174(3)	Check whether the lead manager has submitted a due diligence certificate along with a copy of preliminary placement document to the Stock Exchange stating that securities are being issued under the QIP and the listed entity has complied with the requirement of the SEBI (ICDR) Regulations, 2018.	Copy of Due Diligence Certificate submitted to the Stock Exchange		
Placement Document	175(4)	Check whether the QIP has been made on the basis of preliminary placement document and placement document and the same has been uploaded on the website of the Stock Exchange along with the disclaimer required.	Website of the Stock Exchange		
Application and Allotment	179	Check whether allotment has been made in accordance with the requirements as specified under regulation 179 of the SEBI (ICDR) Regulations, 2018.	Return of Allotment (PAS- 3)		

(C)(4) SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021

SEBI, in the year 2021, had framed the "SEBI (Share Based Employee Benefits and Sweat Equity) Regulation, 2021" to provide for regulation of sweat equity shares and all schemes by companies for the benefit of their employees involving dealing in shares, directly or indirectly, with a view to facilitate smooth operation of such schemes.

On August 13, 2021, SEBI has notified SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to provide for regulation of sweat equity shares and all schemes by companies for the benefit of their employees involving dealing in shares, directly or indirectly, with a view to facilitate smooth operation of such schemes while preventing any possible manipulation and matters connected therewith or incidental thereto. The provisions of these regulations shall apply to the following:

(i) Employees stock option schemes;

(ii) Employees stock purchase schemes;

(iii) Stock appreciation right schemes

(iv) General employee benefits schemes

(v) Retirement benefit schemes; and

(vi) Sweat equity shares

The provisions of these regulations shall apply to any company whose equity shares are listed on a recognized stock exchange in India and who seeks to issue sweat equity shares or has a schemes:-

(i) For direct or indirect benefits of employees;

(ii) Involving dealing in or subscribing to or purchasing securities of the company, directly or indirectly; and

(iii) Satisfying, directly or indirectly, any one of the following conditions:-

a. the scheme is set up by the company or any other company in its group

b. the scheme is funded or guaranteed by the company or any other company in its group.

c. the scheme is controlled or managed by the company or any other company in its group.

The provisions pertaining to issue as specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 shall not be applicable in case of a company issuing new shares in pursuance and compliance of these regulations except wherever specifically provided for in these regulations.

This checklist covers the various compliances to be checked w.r.t various employee benefit schemes as prescribed under these regulations.

Checklist for Compliances under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
CHAPTER II SCHEMES - IMPLEMENTATION AND PROCESS					
Implementation of Schemes	3(1)	1. Check whether the company has used the direct route or trust route for issue of Employees Share Based Benefit Schemes, including ESOPs.	1. Shareholders' Resolution 2. Trust Deed 3. Policy framed by the listed entity		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the company has taken fresh approval from the shareholders by special resolution in case of change the mode of scheme.	4. Minutes of the Meeting		
Provisions to be included in the Trust Deed	3(3)	1. Check whether the trust deed contained provisions as specified in part A of schedule 1. 2. Check whether the company has filed such deed and modifications with recognized stock exchange(s) in India.	1. Trust Deed 2. Copy of intimation filed to Stock Exchange(s)		
Appointment as a Trustee	3(4)	Check whether a director, KMP, Promoter of the company or its group company including holding/subsidiary/associate companies, any relative of Director/KMP/ promoter, any person beneficially hold 10% or more of the paid-up capital or the voting rights of the listed entity was not appointed as a trustee.	1. Shareholding pattern of such person(s) 2. Declaration from the trustee of the listed entity in this behalf		
Voting Right	3(5)	Check whether the trustee of the trust has voted or not in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights.	Voting Results and Scrutinizer Report		
Approval from Shareholders	3(6)	Check whether approval of shareholders has been obtained, authorizing the trust to implement the scheme and undertake secondary acquisition for the purposes of the scheme(s).	1. Minutes of General Meeting 2. Shareholders' Resolution		
Restriction on deal in Derivatives	3(7)	Check whether the trust dealt only in delivery-based transactions and not in derivatives.	Declaration from the listed entity/ trustee		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Disclosure as non-promoter and non-public shareholding	3(9)	Check whether the shareholding of the trust has been shown as non-promoter and non-public shareholding to the Stock Exchange.	Shareholding pattern submitted to the Stock Exchange		
Limit for secondary acquisition	3(10)	Check whether secondary acquisition in a financial year by a trust does not exceed two per cent (2%) of the paid-up capital as at the end of the previous financial year.	1. Share Capital 2. Shareholding pattern of the Trust		
Adjustment in the limit of Shareholding of Trust	3(11)	Check whether the total shareholding under secondary acquisition held by the trust(s) together were under the limit as mentioned in sub regulation 11 of regulation 3 of this regulation.			
Period for Secondary Acquisition	3(13)	Check whether the trust held the shares for a minimum period of 06 months those acquired through secondary acquisition.	Trading Report of Trust		
Restriction on selling shares in secondary market	3(15)	Check whether the trust has not become a mechanism for trading in shares and hence has not sold the shares in the secondary market except in certain circumstances as stipulated under regulation 15.	Declaration from the trust that provisions of SEBI (SBEB and SE) Regulations, 2021 and relevant provisions of Companies Act, 2013 have been duly complied with		
Compensa-tion Commit-tee	5(1)	Check whether the listed entity has constituted compensation committee for administration of the scheme.	Board / Shareholders' Resolution		
	5(4)	Check whether the compensation committee, if any has framed suitable policies and procedures to ensure no violation of all applicable laws.	Policy Document		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Shareholders' Approval	6(1)	Check whether the scheme has been approved by the shareholders through special resolution.	1. Certified copy of Special Resolution passed by members for approval of scheme and Form MGT 14 2. Minutes of the General Meeting 3. Explanatory Statement of General Meeting		
Approval of Shareholders	6(3)	Check whether approval of shareholders by way of separate special resolution was obtained for implementing scheme(s) through secondary acquisition/grant of option.	1. Special Resolution 2. Minutes of General Meeting		
Variation of terms of the schemes	7(1) & (2)	Check whether the listed entity has complied with prescribed norms for varying of terms of the schemes.	1. Declaration from the listed entity in case of any variation in the terms of scheme 2. Minutes of the General Meetings w.r.t variation in the scheme		
	7(5)	Check whether approval of shareholders has been obtained for repricing the options, SAR or shares which are not exercised.	1. Special Resolution 2. Minutes of General Meeting		
Utilization of fund/ shares held by trust in case of winding up of the scheme	8	Check whether approval of shareholders was obtained for transferring excess monies or shares, remaining with the trust on winding up of a scheme, to another scheme on recommendation of compensation committee.	1. Special resolution 2. Minutes of General Meeting 3. Bank Statement of the account opened in this regard		
Listing	10	Check whether the shares newly issued have been listed immediately on all recognized stock exchange(s) where the existing shares are listed, subject to certain conditions.	Application made to the Stock Exchange(s) and correspondence notice made to the Stock Exchange(s) in this regard		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliances and Conditions	12(1)	Check whether prior to an IPO and prior to the listing of equity shares ('pre-IPO scheme'), the company has not made any fresh grant which involves allotment or transfer of shares to its employees under any scheme formulated.	Minutes of Board Meetings		
	12(2)	Check whether shareholders' approval has been obtained for repricing, change in vesting period or maturity or otherwise.	Copy of Shareholder's Resolution		
	12(3)	Check whether in principle approval from the recognized stock exchange(s) was obtained in case of new issue of shares made under any scheme.	In principal Approval		
Appointment of Merchant Banker	12(6)	Check whether the company has appointed a merchant banker for the implementation of schemes.	Appointment Letter		
Certificates from Auditors	13	Check whether the Board of Directors in the case of every company which has passed a resolution for the scheme(s), have placed before the shareholders a certificate from the secretarial auditors of the listed entity that the scheme(s) has been implemented in accordance with these regulations and the resolution of the listed entity in the general meeting.	1. Minutes of General Meeting 2. Secretarial Auditor's Certificate		
Disclosures	Regulation 14 read with part F of Schedule – I of these regulations	Check whether the Board of Directors of such a listed company have disclosed the details of the scheme(s) being implemented, as specified by SEBI in part F of Schedule I this regard.	1. Board Report 2. Website of the Listed Entity 3. Web link provided in Director's Report 4. The contents of disclosure documents need to be checked		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
CHAPTER III ADMINISTRATION OF SPECIFIC SCHEMES **PART A: EMPLOYEE STOCK OPTION SCHEME (ESOS)**					
Administration and implementation	16	Check whether the ESOS has been offered by the company to the prospective option grantees only after all disclosures are made in format of Part G of Schedule I.	1. Record of the grantees 2. Minutes of the Nomination and Remuneration Committee Meeting		
Pricing	17	Check whether the company granting options to its employees pursuant to an ESOS was free to determine the exercise price as per the prescribed regulations.			
Vesting period	18	Check whether the minimum vesting period of 01 year is maintained or not.	Scheme of ESOS and relevant communications		
Forfeiture of amount	20	Check whether company has forfeited the amount paid by employee if option is not exercised within exercise period.	Books of Accounts		
Refund	20	Check whether company has refunded the amount paid by employee if option is not vested due to non-fulfilment of conditions relating to vesting of options.	Books of Accounts		
PART B: EMPLOYEE STOCK PURCHASE SCHEME (ESPS)					
Pricing and lock-in	22	1. Check whether the shares issued have been locked-in for a minimum period of 01 year from the date of allotment. 2. Check whether the price of the shares to be issued was in accordance with Regulation 15. 3. If the shares were issued to employees at the same price as in the public issue, then check whether the shares issued to employees pursuant to ESPS were subject to any lock-in or not.	1. Register of Members and allotment 2. Depository Records		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
PART C: STOCK APPRECIATION RIGHTS SCHEME (SAR SCHEME)					
Administration and implementation	23	1. Check whether the company has implemented cash settled or equity settled SAR scheme. 2. Check whether the SAR has been offered by the company to the prospective SAR grantees only after all disclosures in part G of schedule-I.	Minutes of Board Meeting		
Vesting period	24	Check whether the minimum vesting period of one year is maintained or not.	1. Scheme 2. Relevant communication		
PART D: GENERAL EMPLOYEE BENEFITS SCHEME (GEBS)					
Administration and implementation	26	1. Check whether the shares of the company or shares of its listed holding company is not exceeding 10% of the book value or market value or fair value of the total assets of the scheme, whichever is lower, as appearing in its latest balance sheet (whether audited or limited reviewed) for the purposes of GEBS. 2. Check whether the auditor of the company has certified the compliances at the time of adoption of balance sheet by the company.	1. Books of Accounts 2. Valuation Report, if any		
PART E: RETIREMENT BENEFIT SCHEME (RBS)					
Administration and implementation	27	1. Check whether the RBS has been implemented by a company subject to compliance with these regulations and provisions of any other law in force in relation to retirement benefits.	Minutes of the Board Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the shares of the company or shares of its listed holding company is not exceeding 10% of the book value or market value or fair value of the total assets of the scheme, whichever is lower, as appearing in its latest balance sheet (whether audited or limited reviewed) for the purposes of RBS. 3. Check whether the secretarial auditor of the company has certified the compliances at the time of adoption of balance sheet by the company.			

Checklist for Compliance under Issue of Sweat Equity Shares by a Listed Company

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Applicability	28	Check the applicability of the scheme.	Regulations		
Issue of sweat equity shares to employees	30	Check whether the company whose equity shares are listed on a recognized stock exchange have issued sweat equity shares in accordance with section 54 of the Companies Act, 2013 and these regulations to its employees for their providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.	Minutes of the Board Meeting		
Maximum quantum of sweat equity shares	31	1. Check whether the Company has issued Sweat Equity Shares for 15% or less of the existing paid up equity share capital in a year.	1. Board or Special Resolution, as the case may be 2. Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the issuances of the sweat equity shares in the company at any time not exceeding 25% of the paid up equity share capital of the company at any time. 3. In case of company listed on Innovators Growth Platform, check whether co. has issued shares for more than 15% paid up equity share capital, subject to overall limit not exceeding 50% of the paid-up equity share capital of the company, up to 10 years from the date of its incorporation or registration.			
Special Resolution	32	1. Check whether for the purposes of passing a special resolution under clause (a) of sub-section (1) of section 54 of the Companies Act, 2013, the explanatory statement to be annexed to the notice for the general meeting pursuant to section 102 of the Companies Act, 2013. 2. Check whether the issuance of sweat equity shares to employees who belong to promoter or promoter group shall be approved by way of a resolution passed by a simple majority of the shareholders in general meeting. 3. In case of sweat equity to promoter or promoter group, check if promoter/ promoter group has participated in passing such resolution or not as they are not allowed to participate in such resolutions.	Notice of the General Meeting along with explanatory statement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		4. Check whether each issuance of sweat equity shares has been voted by a separate resolution. 5. Check the validity of resolution as it shall only valid till 1 year from passing.			
Pricing of Sweat Equity Shares	33	Check whether the pricing of sweat equity shares was determined in accordance with the pricing requirements stipulated for a preferential issue to a person other than a qualified institutional buyer the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.	1. Pricing Scheme 2. Minutes of Board Meeting		
Valuation	34	1. Check whether the valuation of the know-how or intellectual proper rights or value addition was carried out by a merchant banker. 2. Check whether the merchant banker obtained a certificate from an independent charted accountant.	1. Valuation Report 2. Certificate		
Accounting Treatment	35	1. In case of sweat equity shares are issued for a non-cash consideration, Check whether such non-cash consideration which is a depreciable or amortizable asset then has been carried to the balance sheet of the company or not. 2. In case of sweat equity shares are issued for a non-cash consideration, Check whether such non-cash consideration which is not a depreciable or amortizable asset has been shown as expense or not.	Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Placing of auditor's certificate before Annual General Meeting	36	Check whether the Board of Directors have placed before the shareholders, a certificate from the secretarial auditor of the company that the issue of sweat equity shares has been made in accordance with these regulations and in accordance with the resolution passed by the company authorizing the issue of such sweat equity shares in the general meeting subsequent to the issue of sweat equity shares.	Copy of the Certificate		
	38	Check whether amount of sweat equity shares has been treated as a part of managerial remuneration as it is only possible in case of sweat equity shares being issued to director or manager of company or sweat equity shares are issued for non-cash consideration, which doesn't form part of asset.	Financial Statements		
Lock-in of Sweat Equity Shares	38	1. Check whether issuance of sweat equity has been subject to a lock in of such period as specified in preferential issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. 2. Check applicability of lock in and computation of promoter's contribution that shall be applicable only upon public issue after issue of sweat equity shares.	1. Minutes of Board Meeting 2. Statement of Benpos		
	39	Check whether the sweat equity shares issued by a listed company that are eligible for listing subject to their issuance being in accordance with these regulations.	In-principle approval from Stock Exchange(s)		

(C)(5) SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021

SEBI, on August 09, 2021, has notified SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to provide for a simplified regulatory framework for issuance and listing of debt securities and non-convertible redeemable preference shares by an issuer by way of public issuance, issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and listing of commercial paper issued by an issuer in compliance with the guidelines framed by the Reserve Bank of India.

Checklist for Compliances under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

These regulations shall apply to the:

(a) issuance and listing of debt securities and non-convertible redeemable preference shares by an issuer by way of public issuance;

(b) issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed;

(c) listing of commercial paper issued by an issuer in compliance with the guidelines framed by the Reserve Bank of India.

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
CHAPTER II: GENERAL CONDITIONS AND ELIGIBILITY CRITERIA					
Applicability of this chapter	4	Check whether an issuer making an offer of non-convertible securities complies with the prescribed regulations on the date of filing of application to various required authorities.			
In-principle approval	6	Check whether issuer has made application with all necessary documents to the stock exchange(s) where such securities are proposed to be listed.	Copy of Application made to the Stock Exchange(s)		
Depositories	7	Check whether issuer has entered into an arrangement for dematerialization of the non-convertible securities with a depository.	Copy of arrangement		
Debenture Trustee	8	Check whether issuer has appointed Debenture Trustee in case of an issue of debt securities.	Appointment Letter		
Registrar to the Issue	9	Check whether issuer has appointed Registrar to the Issue, registered with the Board as per the regulations.	Appointment Letter		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Credit rating	10	Check whether the credit rating has been obtained from credit rating agency as required.	Details of all the credit rating received		
Creation of Recovery Expense Fund	11	Check whether the issuer has created a recovery expense fund with the designated stock exchange.	1. Letter from the respective Stock Exchange(s) 2. Bank Statement		
Right to recall or redeem prior to maturity	15	Check whether the issuer making issuance of non-convertible securities have the rights related to call option / put option. Check whether Issuer has provided a copy of notice to all the eligible holders , debenture trustee & the stock exchange(s) where such non-convertible securities are listed and made an advertisement as per the regulations.	1. Copy of advertisement 2. Copy of Notice 3. Copy of Report submitted to Stock Exchange		
Debenture Redemption Reserve/ Capital Redemption Reserve	16	Check whether the issuer has created a Debenture Redemption Reserve/ Capital Redemption Reserve			
Trust Deed	18	Check whether the issuer and the debenture trustee have executed the trust deed which contains bank details and other particulars as may be prescribed.	Copy of Trust Deed		
CHAPTER III: PUBLIC ISSUE AND LISTING OF DEBT SECURITIES AND NON CONVERTIBLE REDEEMABLE PREFERENCE SHARES **PART A: PROVISIONS APPLICABLE TO PUBLIC ISSUE AND LISTING OF DEBT SECURITIES AND NON CONVERTIBLE REDEEMABLE PREFERENCE SHARES**					
Other Conditions for public issue	25	Check whether the issuer has appointed Merchant Bankers as per the regulations.	Copy of Appointment Letter		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of draft offer document	27	Check whether the issuer has filed a draft offer document containing all material true, fair and adequate disclosures with all the stock exchanges.	Copy of offer document Website Link		
Advertise-ments for Public issues	30	Check whether the issuer has made an advertisement containing all material information as per the regulations.	Copy of advertisement		
Mandatory listing of a public issue of debt securities and non-convertible redeemable preference shares	37	Check whether all the documents as specified in regulation 37(3) have been filed by the issuer to the stock exchange and with the debenture trustee (in case of debt securities).	Copy of all documents		
CHAPTER III: PUBLIC ISSUE AND LISTING OF DEBT SECURITIES AND NON CONVERTIBLE REDEEMABLE PREFERENCE SHARES **PART B: ADDITIONAL CONDITIONS APPLICABLE TO A PUBLIC ISSUE AND LISTING OF DEBT SECURITIES**					
Due Diligence by Debenture trustee	40	Check whether the debenture trustee has furnished a due diligence certificate to the Board and stock exchange(s).			
Creation of security for secured debt securities	43	Check whether any charge or security has been created over the properties or assets, shares or any interest thereon by the issuer.			
CHAPTER IV: LISTING OF PRIVATE PLACEMENT OF DEBT SECURITIES AND NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES **PART A: COMMON CONDITIONS**					
Listing Application	44	Check whether all the documents as specified in regulation 44(2) have been filed by the issuer to the stock exchange and with the debenture trustee (in case of debt securities).	Copy of all documents		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Check whether the debenture trustee has submitted a due diligence certificate to the stock exchange(s).			
PART B: ADDITIONAL PROVISIONS FOR LISTING OF DEBT SECURITIES ISSUED ON PRIVATE PLACEMENT BASIS					
Filing of shelf placement memoran-dum	47	Check whether shelf placement memorandum containing all the required information has been filed with the stock exchange(s)			
Consolida-tion and re-issuance	49	Check whether the issuer has carried out all the fulfillments as prescribed for carrying out consolidation and re-issuance of its debt securities.	1. Articles of Association 2. Credit Rating		
CHAPTER V : ISSUANCE AND LISTING OF PERPETUAL DEBT INSTRUMENTS, PERPETUAL NON-CUMULATIVE PREFERENCE SHARES AND SIMILAR INSTRUMENTS					
General Conditions	50	Whether the issuer has prepared list of instruments as per the guidelines of RBI.			
CHAPTER VI : LISTING OF COMMERCIAL PAPER					
	51	Whether the issuers desirous of listing of commercial paper have paid the regulatory fees as specified in Schedule VI.			
CHAPTER VII : PROCEDURE FOR ACTION IN CASE OF VIOLATION OF REGULATIONS					
Inspection by the Board	52	Check whether the board has appointed persons to undertake the inspection of the books of account, records and documents of the issuer, lead manager(s) or any other intermediary associated with the issue.			

(C)(6) SECURITIES AND EXCHANGE BOARD OF INDIA (REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS) REGULATIONS, 1993

All the work related to share registry in terms of both physical and electronic is maintained at a single point, i.e., either in-house by the company or by a SEBI registered R & T Agent. The registrars and share transfer agents (RSTA) are required to:

- maintain records of all the shares dematerialized, rematerialized and details of all securities declared to be eligible for dematerialization in the depositories and ensure that dematerialization of shares shall be

confirmed/created only after an in-principle approval of the stock exchange/s where the shares are listed and the admission of the said share with the depositories have been granted.

Checklist for Compliances under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of RTA or in-house handling		Check whether the company has appointed an RTA in accordance with SEBI regulations, or is handling the Share Transfer in-house. In case the number of shareholders are more than 1,00,000 in number the in-house facility has registered itself as a Share Transfer Agent with SEBI.	1. Minutes of Board Meeting 2. Tripartite Agreement		

(C)(7) SECURITIES AND EXCHANGE BOARD OF INDIA (DELISTING OF EQUITY SHARES) REGULATIONS, 2021

These regulations apply to delisting of equity shares of a company including equity shares having superior voting rights from all or any of the recognized stock exchanges where such shares are listed.

Checklist for Compliances under SEBI (Delisting of Equity Shares) Regulations, 2021

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
CHAPTER II - DELISTING OF EQUITY SHARES					
Conditions for delisting	4	Check whether the listed entity has applied for delisting of equity shares- ● After elapse of a period of three years since the listing of that class of equity shares on any recognized stock exchange. ● After checking that no instrument issued by the company, which is convertible into the same class of equity share(s) that is sought to be delisted, is outstanding.	Annual report for last three years of the listed entity		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		● After a period of six months has been elapsed from the date of completion of buyback i.e. buyback of equity shares by the company, including a buyback pursuant to consolidation or division of all or part of the equity share capital of the company; ● After a period of six months has been elapsed from the date of preferential allotment made by the company ● After checking that no acquirer had sold the equity shares during the period of six months prior to the date of initial public announcement. ● After checking that no acquirer engage in any fraudulent, deceptive or manipulative activity in connection with any delisting of equity shares sought or permitted or exit opportunity given or other acquisition of equity shares made under these regulations.			
CHAPTER III - VOLUNTARY DELISTING (Part - A) **Conditions and procedure for delisting where exit opportunity is not required**					
Delisting where no exit opportunity was required	6	1. Check whether the company desirous of delisting its equity shares has: a. Obtained the prior approval of its Board;	1. Board resolution for the proposed delisting 2. Public notice of proposed delisting		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		b. Made application to the relevant recognized stock exchange for delisting its equity shares; c. Issued a public notice of the proposed delisting from the relevant stock exchange(s) in at least one English national newspaper , one Hindi national newspaper and one vernacular newspaper of the region. 2. Check whether the company has disclosed the fact of delisting in its first annual report post delisting.	3. Website of the stock exchange 4. Annual report of the listed entity 5. Copy of Newspaper 6. Website disclosure 7. Five days advance notice intimation to Stock Exchange		
CHAPTER III - VOLUNTARY DELISTING (Part - B) **Conditions and procedure for delisting where exit opportunity is required**					
Delisting from all the recognized stock exchanges	7	1. Check whether an exit opportunity has been provided by the acquirer to all the public shareholders before delisting of equity shares from all the recognized stock exchanges. 2. Check whether Chapter IV of these regulations and the procedure as mentioned in Part-B of this Chapter have been considered or not.	1. Copy of advertise-ment 2. Declaration of Exit Price for Voluntary Delisting of securities		
Initial public announce-ment	8	1. Check whether the acquirer(s) has made an initial public announcement to all the stock exchanges on which the shares of the company are listed about voluntarily delisting of the equity shares. 2. Check whether the stock exchanges have forthwith disseminated the same to the public.	1. Board resolution for the proposed delisting 2. Approval of shareholders in ordinary resolution 3. Application made to recognized stock exchange (intimation) 4. Website of the stock exchange 5. Annual report of the listed entity		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of the Manager to the offer	9	Check whether the acquirer had appointed a merchant banker who acted as manager to the offer prior to initial public announcement.	Appointment Letter/ Engagement Letter of Merchant Banker		
Approval by the Board of Directors	10	1. Check whether the approval of Board of Directors was obtained in respect of the proposal of the acquirer to delist the equity shares of the company, not later than twenty one days from the date of the initial public announcement. 2. Check whether the appointment of peer reviewed Company Secretary was done before considering the proposal of delisting in board meeting, for carrying out the due-diligence. 3. Check whether the company submitted due diligence report of Company Secretary to the recognized stock exchanges.	1. Minutes of Board meeting 2. Due diligence report submitted by Merchant Banker		
Approval by shareholders	11	1. Check whether the approval of the shareholders through a special resolution was taken within 45 days from the date of obtaining approval of the board directors. 2. Check whether the votes in favor of the proposal were two times of the number of votes cast by the public shareholders against it (2:1).	1. Copy of Special Resolution and Minutes of General Meeting 2. Voting results and Proceeds of General Meeting		
In-principle approval of the stock exchange	12	Check whether the company has made an application to the relevant recognized stock exchange for in-principle approval not later than fifteen working days from the date of passing of the special resolution or receipt of any other statutory or regulatory approval, whichever is later.	1. Copy of the application 2. Copy of Intimation sent to Stock Exchange		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
CHAPTER IV - EXIT OPPORTUNITY					
Escrow account	14	1. Check whether the acquirer opened an interest bearing escrow account with a Scheduled Commercial Bank, not later than seven working days from the date of obtaining the shareholders' approval. 2. Check whether an amount equivalent to 25% of the total consideration calculated as per these regulations was deposited in escrow account. 3. Check whether the acquirer deposited the remaining consideration amount (75%) as per the regulations. 4. Check whether escrow account consisted of a bank guarantee. If yes, check whether the compliance in that regard has been taken into account or not.	1. Statement of escrow account of the listed entity with a Scheduled Commercial Bank 2. Details of amount transfered as per the exit price offered		
Detailed pub-lic announce-ment	15	1. Check whether the acquirer made a detailed public announcement containing all material information in at least one English national newspaper with wide circulation, one Hindi national newspaper with wide circulation in their all India editions and one vernacular newspaper of the region where the relevant recognized stock exchange is located within one working day from the date of receipt of in-principle approval. 2. Check whether the detailed public announcement contained all material information and not contained any false or misleading statement.	1. Copy of detailed Public announcement 2. Advertisement copy		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the detailed public announcement was dated and signed by Manager or Secretary, if any, and by not less than two directors of the company, one of whom shall be the managing director where there is one.			
Letter of offer	16	1. Check whether the acquirer dispatched the letter of offer to the public shareholders within two working days from the date of the detailed public announcement. 2. Check whether the copy of the letter of offer made available on the websites of the company and the Manager to the offer. 3. Check whether the letter of offer accompanied with a Form for the use of public shareholders for the purpose of either creating a lien or tendering the physical shares, as the case may be.	1. Copy of dispatched proofs 2. Letter of Offer 3. Website Link		
Bidding mechanism	17	1. Check whether the bidding period started within 07 working days from the date of the detailed public announcement and remained open for five working days. 2. Check whether the outcome of reverse book building process was announced within two working days from the closure of the bidding period and published the same in the same newspapers in which the detailed public announcement was made.	Notices / public Announcement.		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Right of shareholders to participate in the reverse book building process	19	Check whether the rights of the public shareholders have been considered in the reverse book building process.	Voting mechanism and scrutinizer report		
Option to accept or reject the discovered price or counter offer	22	1. Check whether the discovered price was higher than the indicative price. 2. Check whether the rights of promoter to make counter offer or reject the offer has been exercised.	1. Calculations made in this behalf or certification given by the Merchant Banker regarding the same (Report of Merchant Banker) 2. Undertaking to be taken from the compliance officer of the listed entity		
Failure of the offer	23	Check whether the company released the shares in case of failure of the delisting offer due to 90% of the share were not tendered.	1. Details from the DP account. 2. Refund orders made		
Payment upon success of the offer	24	1. Check whether the payment was made through the secondary market settlement mechanism in case the discovered price equal to the floor price. 2. Check whether the payment was made within five working days from the date of the public announcement in case the discovered price or the price, if any, was higher than the floor price or the indicative price.	1. Delisting procedure 2. Escrow account		
Final application to the stock exchange after successful delisting	25	Check whether the final application for delisting to the relevant stock exchange is made within the prescribed guidelines.	1. Copy of intimation sent to Stock Exchange		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Obligations of the company	28	Check whether the Board of the company has constituted a Committee of independent directors to provide reasoned recommendations on the delisting offer upon receipt of the detailed public announcement.	1. Board Resolution/ Minutes of Board Meeting 2. Minutes of Audit Committee Meeting for recommendations of delisting offer		
CHAPTER V - COMPULSORY DELISTING					
Compulsory delisting by a stock exchange	32	Check whether a recognized Stock Exchange has compulsorily ordered delisting of any equity shares of any listed entity on any ground as prescribed in the rules made under the Securities Contracts (Regulation) Act, 1956 (42 of 1956).	The order of the Stock Exchange and details of notice published by the Stock Exchange		
Consequences of compulsory delisting	34	Check whether the company, its whole-time directors & other person(s) have ensured the compliances with the securities laws, its promoters and the companies which are promoted by any of them and they have not been, directly or indirectly access the securities market or seek listing of any equity shares or act as an intermediary in the securities market for a period of 10 years from the date of such delisting.	Order of Stock Exchange(s)		
CHAPTER VI - PART A : SPECIAL PROVISIONS FOR SMALL COMPANIES					
Delisting of equity shares of small companies	35	1. Check whether the requirements related to net worth and paid-up have been fulfilled or not. 2. Check whether the following conditions have been complied: a. Acquirer has appointed a Manager to the offer and decided an exit price which must not be less than the floor price.	1. Fulfillment of applicability criteria 2. Engagement Letter with Manager and its terms on price 3. Notice to Shareholders 4. Shareholder Transfer Agent Data on public response		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		b. Acquirer has written individually to all the public shareholders of its intention to get the equity shares delisted, the exit price together with the justification therefor and obtained their consent for the proposal for delisting. c. Those Public shareholders, irrespective of their numbers, holding 90% or more of the public shareholding has given their consent in writing to the proposal for delisting, and consent either to sell their equity shares at the price offered by the acquirer or to continue to hold the equity shares even if they are delisted.			
PART B : SPECIAL PROVISIONS FOR COMPANIES LISTED ON INNOVATORS GROWTH PLATFORM					
Delisting of equity shares of companies listed on innovators growth platform after making an initial public offer	36	Check whether all the approvals from the Board of Directors and Shareholders have been taken into account or not.	Board Meeting and General Meeting Resolution and its recoding in Minutes Book respectively		
Part C : SPECIAL PROVISIONS FOR A SUBSIDIARY COMPANY GETTING DELISTED THROUGH A SCHEME OF ARRANGEMENT WHEREIN THE LISTED HOLDING COMPANY AND THE SUBSIDIARY COMPANY ARE IN THE SAME LINE OF BUSINESS					
Delisting of equity shares of a subsidiary company pursuant to a scheme of arrangement	37	Check whether all the compliances including E-voting, approvals and timelines as provided in this regulation have been met or not.	Voting results and scrutinizer report		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
PART D: SPECIAL PROVISIONS FOR DELISTING BY OPERATION OF LAW					
Delisting in case of winding up of a company and de-recognition of a stock exchange	38	Check whether the rights of the shareholders have been taken care and appropriate orders have been passes or not.			

(C)(8) SECURITIES AND EXCHANGE BOARD OF INDIA (BUY-BACK OF SECURITIES) REGULATIONS, 2018

Buy-back of securities is a corporate financial strategy which involves capital restructuring and is resorted by companies to achieve the varied objectives of increasing earnings per share, averting hostile takeovers, improving returns to stakeholders and realigning the capital structure. The concept of buy-back was introduced by the Companies (Amendment) Act, 1999 by the insertion of Sections 77A, 77AA and 77B and was governed by the now repealed SEBI (Buy-Back of Securities) Regulations, 1998. Under the Companies Act, 2013 buy-back is governed by sections 68, 69, 70 and Rule 17 of Companies (Share Capital and Debentures) Rules, 2014 and listed companies are governed by the SEBI (Buy-Back of Securities) Regulations, 2018. In order to revive the capital markets and protect companies from hostile takeover bids, earlier SEBI had notified the SEBI (Buy-Back of Securities) Regulations, 1998, now, repealed by the new Regulations "SEBI (Buy-Back of Securities) Regulations, 2018" to simplify the language, removing redundant provisions and inconsistencies, updating the references to the Companies Act, 2013/ other new SEBI Regulations, and incorporating the relevant circulars, FAQs, informal guidance in the regulations. This checklist covers the various compliances with respect to various methods of buy- back used by the listed entity for such buy back and the procedural compliances made in this regard.

Checklist for Compliances under SEBI (Buy-Back of Securities) Regulations, 2018

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
CHAPTER II - COMMON OBLIGATIONS OF LISTED ENTITIES					
Maximum Limit	4(i)	Check whether the buy-back is within the maximum limit? Maximum Limit of any Buy-Back shall be 25 % or less of the aggregate paid-up capital and free reserves based on both standalone and consolidated financial statements of the company.	Standalone and Consolidated balance sheet of the parent listed entity		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Debt Equity Ratio post Buy-Back	4(ii) (a)	1. Check whether the ratio of the aggregate of secured and unsecured debts owed by the company to the paid-up capital and free reserves after buy-back is less than or equal to 2:1 post buy back and the same is based on both standalone and consolidated financial statements of the company. 2. Check whether a higher ratio of the debt to capital & free reserves is maintained post buy back as per the Companies Act 2013 and if so, then the same shall prevail.	1. Standalone and consolidated balance sheet of the parent listed entity 2. Debt Equity Ratio mentioned in Corporate Governance Report		
Financial statements of all subsidiaries to be excluded	4 (ii) (b)	If the debt equity ratio is less than or equal to 2:1 post buy back, based on both standalone and consolidated financial statements of the company, check whether the listed entity has excluded the financial statements of all subsidiaries that are nonbanking financial companies and housing finance companies regulated by Reserve Bank of India or National Housing Bank, as the case may be.	1. Standalone and consolidated balance sheet of the listed entity 2. Debt Equity Ratio mentioned in Corporate Governance Report		
Secured and unsecured debts	Proviso to 4(ii) (b)	Check whether the excluded subsidiaries have their ratio of aggregate of secured and unsecured debts to the paid-up capital and free reserves maintained as 6:1 on Standalone basis.	Standalone and consolidated balance sheet of the listed entity and their subsidiaries		
Fully paid-up shares	4(iii)	Check whether the shares are fully paid-up.	1. Balance sheet of the listed entity 2. Shareholding pattern 3. Form PAS-3		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Method of Buyback	4(iv)	Check that which method of buyback is adopted as mentioned in the Regulation: a) from the existing shareholders or other specified securities holders on a proportionate basis. b) from the open market through – i) book-building process, ii) stock exchange c) from odd-lot holders.	1. Board Resolution or Special Resolution, as applicable 2. Public announcement made in this behalf		
	4(v)	Check whether the company has not bought back its shares or other specified securities so as to delist its shares or other specified securities from the stock exchange.			
	4(vi)	Check whether the listed entity having buy-back through negotiated deals/ on or off the stock exchange or through spot transactions/ private arrangements.	Actual proceedings of buy-back and the letter of offer		
	4(vii)	Check whether the company has made any offer of buy-back within a period of one year reckoned from the date of expiry of buyback period of the preceding offer of buy-back, if any.			
	4(viii)	Check whether the company has not allowed buy-back of its shares unless the consequent reduction of its share capital is effected.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
	4(ix)	Check that the company has undertaken the buy-back of its own shares or other specified securities out of – (a) its free reserves; (b) the securities premium account; or (c) the proceeds of the issue of any shares or other specified securities.			
	4(x)(a)	Check whether the company has not bought its own shares or other specified securities through any subsidiary company including its own subsidiary companies.	1. Declaration/undertaking to be taken from the Company Secretary of the listed entity regarding the same. 2. Disclosures made to the Stock Exchange.		
	4(x)(b)	Check whether the company has not bought its own shares or other specified securities through any investment company or group of investment companies.	1. Declaration/ undertaking to be taken from the Company Secretary of the listed entity regarding the same 2. Disclosures made to the Stock Exchange.		
Default	4(x)(c)	Check whether there any default on the part of listed entity in repaying deposits accepted, interest payments thereon, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of any term loan or interest payable there on to any financial institution or banking company.	1. Declaration/undertaking regarding the same 2. Disclosures made to the Stock Exchange 3. Financial Statements for loans and deposits 4. Check DRR account, if required		
If the buyback made from open market	Proviso to 4 (iv) (c)	If the buyback has been made from open market than it is less than fifteen per cent of the paid up capital and free reserves of the company, based on both standalone and consolidated financial statements of the company.	Board or Special Resolution, as the case may be		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Authorization in Articles of Association	5(i)(a)	Check whether the Articles of Association authorized buy back of shares or other specified securities.	Articles of Association and its amended thereof		
Special Resolution	5(i)(b)	Check whether the special resolution has been passed in the general meeting authorizing the buy-back.	1. Agenda and Minutes of the General Meeting authorizing the buy-back 2. Form MGT-14		
Board Resolution	Proviso to 5 (i) (b)	Check whether a Board Resolution has been passed for buy back which is less than 10 % of total paid-up equity capital and free reserves of the listed entity based on both standalone and consolidated financial statements of the company.	1. Agenda and minutes of the Board Meeting 2. Standalone and consolidated financial statements of the listed entity		
Time limit for completion of Buy-Back	5(ii)	Check whether the Buy Back is completed within a period of one year from the date of passing of the special within a period of one year from the date of passing of the special resolution at general meeting, or the resolution passed by the board of directors of the company, as the case may be.	1. Minutes of General Meeting. 2. Minutes of Board Meeting.		
Filing of Return	5(iii)	Check whether the listed entity has filed with Registrar of Companies and SEBI, a return containing such particulars relating to buy-back of securities within 30 days of completion of buy-back and with the ROC in Form SH-11 as per Companies (Share Capital and Debentures) Rules, 2014.	Form SH-11 from MCA portal or from company itself and SEBI Website		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Statement to be annexed to notice	5(iv)	Check whether the explanatory statement has been annexed to the notice of the general meeting pursuant to section 102 of the Companies Act, 2013 and contains the disclosures as specified in Section 68 (3) of the Companies Act, 2013 and Schedule I of these regulations.	1. Certified copy of special resolution 2. Notice and Explan-atory Statement and Form MGT-14		
Filing of Return	5(v)	Check whether the copy of the resolution passed at the general meeting under Section 68 of the Companies Act, 2013 has been filed with SEBI and the Stock Exchanges where the shares or other specified securities of the listed entity are listed, within seven days from the date of passing of the resolution.	1. Disclosures regarding the same on the website of the Stock Ex-changes 2. Correspondence made to the SEBI and Stock Exchange		
Board Resolution specifing the maximum price	5(vi)	Check whether the Board Resolution specify the maximum price at which the buy-back has been made. (In case of buy-back from open market either through book building or through stock exchange).	Board Resolution		
	Proviso to 5(vi)	Check whether there is a requirement for the Special Resolution as specified in clause (b) of sub-regulation 1 of regulation 5 of these Regulations, the special resolution shall also specify the maximum price at which the buy-back shall be made.			
Disclosure and filing with SEBI	5(vii)	Check whether copy of the Board Resolution authorizing the buyback has been filed with the SEBI and Stock Exchanges within two working days of the date of the passing of the resolution.	1. Website of the Stock Exchange for Board resolution filed 2. Correspondence made to the SEBI and Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Unpublished Price Sensitive Information	5(viii)	Check whether any dealing in shares or specified securities has been made on the basis of unpublished price sensitive information relating to the buy-back.	Declaration to be taken that the trading window was closed during that period and no trading has taken place by the insiders		
Public Announcement	7(i)	Check whether a public announcement has been made in case of buy-back through tender offer.	Board resolution/ Special resolution (including detailed Explanatory Statement) and Copies of the English National and Regional language Daily containing the public announcement (Schedule II Compliances)		
Filing of draft letter of offer with SEBI	8(i)(a)	Check whether a draft letter of offer has been filed with SEBI within 5 working days of the Public Announcement, through a merchant banker not associated with the company.	Website of SEBI (Schedule III Compliances)		
Filing of Form SH -9 with SEBI	8(i)(b)	Check whether Form SH-9 has been filed with SEBI for the declaration of Solvency.	Complied of declaration of Solvency SH-9		
Payment of fees	8(i)(c)	Check whether the fees has been paid as specified in Schedule V.			
Comments in letter of offer	8(ii)	Check whether the comments or changes specified by SEBI has been carried out in the letter of offer before dispatching it to the shareholders.	Confirmation/ any observations filed/ received by/ from the listed entity to/ from SEBI		
Record Date	9(i)	Check whether record date has been announced for determining the entitlements and names of eligible security holders.	1. Public announcement made in this behalf 2. Website of the listed entity		
Dispatch of letter of offer	9(ii)	Check whether letter of offer has been dispatched to the securities holders eligible to participate in the buy-back offer as per regulation(i), not later than 5 working days from the receipt of communication from SEBI.	1. Proof of Dispatch 2. In case of letter of offer dispatched through electronic mode, e-mails 3. In case of bounced e-mail, proof of dispatch of physical copies		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Unregistered Shareholder	9(iv)	Check whether any unregistered shareholder has tendered shares for buy-back by submitting the duly executed transfer deed for transfer of shares in his name along with the offer form and relevant documents.	1. Any such requests made by unregistered shareholders 2. Signed and dated SH-4/Share Transfer Deeds		
Date of opening of the offer	9(v)	Check whether the date of opening of the offer is not later than 05 working days from the date of dispatch of the letter of offer.	Letter of offer and proof of dispatch of the letter of offer		
Duration of opening of offer	9(vi)	Check whether the offer for buy-back was open for a period of 10 working days.	Letter of offer		
Facility of settlement of the same through the Stock Exchange mechanism	9(vii)	Check whether the listed entity has facilitated tendering of shares by the shareholders and settlement of the same through the Stock Exchange mechanism.	Actual proceedings of the buyback and re-lated correspondence made in this behalf		
Acceptance on the basis of entitlement as on record date	9(viii)	Check whether the listed entity has accepted shares or other specified securities from the securities holders on the basis of their entitlement as on record date.	Actual proceedings of buyback and relat-ed correspondence made in this behalf		
	9(ix)	Check whether shares proposed to be bought back are divided into two categories; (a) reserved category for small shareholders and (b) the general category for other shareholders, and the entitlement of a shareholder in each category shall be calculated accordingly.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Deposit amount in Escrow Account	9 (xi) (a) and (b)	Check whether the listed entity has deposited amount in an escrow account to be determined in the following manner. (i) If the consideration payable does not exceeds Rupees 100 crores – 25% of the consideration payable. (ii) If the consideration payable exceeds Rupees 100 crores – 25% of Rs. 100 crores and 10% thereafter.	Details of Escrow Account and its Bank Statement		
Verification	10(i)	Check whether after the date of closure of the offer, open a special account with a banker to an issue, registered with the Board and deposit therein, such sum as would, together with ninety per cent of the amount lying in the Escrow Account.			
	10(ii)	Check whether the listed entity has verified offers received and made payment of consideration to securities holders whose offer has been accepted and returned remaining shares or securities to others within 7 working days of the closure of the offer.	1. Details of payments made through the special bank account opened after the date of closure of offer 2. Details of DP account/RTA Data for transfer of securities made		
Extinguish-ment and physically destruction	11(i)	Check whether the listed entity has extinguished and physically destroyed the securities certificates so bought back within 15 days of the date of acceptance of shares or other specified securities and 7 days of expiry of buy-back period.	1. Statutory Auditor's Certificate 2. RTA Certificate, if not available then Merchant Banker Certificate 3. Certificate from two Directors, one of whom shall be MD, if any		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Destroyed as per the manner provided	11(ii)	Check whether dematerialized shares or other specified securities has been destroyed in the manner specified under the SEBI (Depositories and Participants) Regulations, 2018 and the bye laws, the circulars and guidelines framed thereunder.	RTA Certificate		
Certificate of Compliance	11(iii)	Check whether the listed entity has furnished a certificate to the SEBI certifying the compliance as specified in regulation 11(i) within 7 days of extinguishment and destruction of the certificates.	1. Statutory Auditor's Certificate 2. RTA Certificate, if not available then Merchant Banker Certificate 3. Certificate from two Directors, one of whom shall be MD, if any		
Disclosure related to extinguished and destroyed shares	11(iv)	Check whether the listed entity has furnished the particulars of the securities certificates extinguished and destroyed to the stock exchanges where it is listed within 7 days of extinguishment and destruction of the certificates.	Letter of declaration to be taken form the listed entity		
Register of the Shares	11(v)	Check whether the listed entity has maintained a register of the shares so bought, consideration paid for the shares bought back , date of cancelling of shares, date of extinguishing and destroying the shares and particulars as prescribed in sub section (9) of section 68 of the Companies Act, 2013.	Register maintained as per Form SH-10		
Utilization of Fund	15	Check whether at least 50% of the amount earmarked for buy back has been utilized for buying back shares or other specified securities.	1. Board Resolution or Special Resolution 2. Financial Statements including Auditor's report		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Buy-back through Stock Exchange	16(i) (ii) & (iii)	1. Check whether the buy-back has been made on the stock exchanges having nationwide trading terminals. 2. Check whether the buy-back has been made from the promoters or persons in control of the system.	Due Diligence Certificate given by the Merchant Banker		
Order Matching Mechanism	16(iii)	Check whether the buy-back has been made only through the order matching mechanism except "all or none" order matching system.	Due Diligence Certificate given by the Merchant Banker		
Display own name as Purchaser	17(i)	Check whether the listed entity appeared itself as a purchaser on the electronic screen when the order was placed.	Buy back document and procedure followed in this regard		
Duration for opening and closing of buy-back	17(ii)	Check whether the buy-back offer has been opened for not later than 07 working days from the date of public announcement and shall close within six months from the date of opening of the offer.	Buy back document and procedure followed in this regard		
Disclosure on daily basis	18(i)	Check whether the listed entity has submitted the information regarding the shares or specified securities bought-back, to the Stock Exchange on a daily basis.	The website of the listed entity		
Procedure in case of securities in physical form	19	In case the listed entity has bought back its shares or specified securities in physical form in the open market through Stock Exchange, whether the following procedure has been followed: (i) Check whether a separate window has been created in this regard.	Actual buy-back procedure and related document		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(ii) Check whether the listed entity has bought back the shares or specified securities through the separate window only after verification of the identity proof and address proof the broker. (iii) Check whether the price at which shares or other specified securities are bought back has been the volume weighted average price of the shares or other specified securities bought back, other than in physical form, during the calendar week in which such share or other specified securities were received by the broker.			
Escrow Account	20(i)	Check whether the listed entity has created an escrow account.	Verification from the bank account, its statement		
Forfeit the Escrow Account	20(viii)	Check whether the listed entity has non –compliant with Regulation 15 and whether consequent upon non-compliance, SEBI has directed the merchant banker to forfeit the escrow account subject to a maximum limit of 2.5% of the amount earmarked for buy-back.	Correspondence/ Directions/Orders received from the SEBI to the listed entity in this regard		
Deposit of amount in Investor Protection and Education Fund	20(ix)	Check whether in the event of forfeiture of escrow account, the amount forfeited has been deposited with the Investor Protection and Education Fund of SEBI.	1. Bank account statement of the listed entity where the credit has been made 2. Declaration to be taken from the Company Secretary		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Extinguish-ment or physically destroyed	21(i)	Check whether the listed entity has complied with regulation 11 with respect to the extinguishment of certificates for open market buy back through Stock Exchange.	The procedure of extinguishment to be followed		
Destroyed within timeline provided	21(iii)	Check whether the listed entity has extinguished and physically destroyed the securities certificates so bought back within 15 days of the date of acceptance of shares and 7 days of expiry of buy-back period.	All certificates to be checked as mentioned in Regulation 11		
Resolution in case of buy back through book building	22(i)	Check whether the listed entity has passed board resolution or special resolution in case of buy back through book building.	Copy of Board/ Special resolution passed as per regulation 5		
Appointment and an-nouncement	22(ii)	1. Check whether the listed entity has appointed a merchant banker and made a public announcement as per regulation 7. 2. Check whether the disclosures has been made the public announcement in accordance with schedule II to these regulations. 3. Check whether the public announcement has been made at least seven days prior to the commencement of buy back.	Copies of newspaper where the public announcement has been made and disclosures made to the Stock Exchanges		
Deposit before the date of public announce-ment	22(iii)	Check whether the deposit in escrow account has been made before the date of public announcement and the same has been determined with reference to the maximum price as specified in the public announcement.	Details of credits to Escrow Account and its Statement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Filing of copy of public an-nouncement with SEBI	22(iv)	Check whether a copy of public announcement has been filed with SEBI within two days of such announcement along with the fees as specified in Schedule V.	Correspondence and filing made to the SEBI		
Detailed methodology in public an-nouncement	22(v)	Check whether the public announcement contains the detailed methodology of the book building process, the manner of acceptance, the format of acceptance to be sent by the securities holders pursuant to the public announcement and the details of bidding centers.	Public Announcement		
Transparent facility	22(vi)	Check whether the book building has been made through an electronically linked transparent facility.	Actual buy Back procedure followed in this regard and related documents		
Bidding Centers	22(vii)	Check whether the number of bidding centers are not less than thirty and there has been at least one electronically linked computer terminal at all bidding centres.	Actual buy back procedure followed in this regard and related documents		
Duration of open offer	22(vii)	Check whether the offer of buy-back has been opened for a period of at least fifteen days and not more than thirty days.	Related documents		
Determina-tion the buy-back price	22(ix)	Check whether the merchant banker and the listed entity has determined the buy-back price based on the acceptance received.	22(ix) Actual buy-back procedure followed in this regard and related documents		
Final buy back price	22(x)	Check whether the final buy back price, which shall be the highest price accepted has been paid to all the holders whose shares or specified securities have been accepted for buy-back.	Actual buy Back procedure followed in this regard and related documents		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Complainces	22(xi)	Check whether the listed entity has complied with regulation 10 pertaining to verification of acceptances and opening of special account and payment of consideration.	Actual buy back procedure followed in this regard and related documents		
True, factual and material information	24(i)(a)	Check whether the listed entity has ensured that the letter of offer, the public announcement of the offer or any other advertisement, circular, brochure, publicity material contains true, factual and material information and does not contain any misleading information and must state that the directors of the listed entity accept the responsibility for the information contained in such documents.	Advertisements/ Brochures, websites where disclosures has been made, public Announcement and declaration given by the directors		
Restriction on issue of securities till the date of expiry of buy back period	24(i)(b)	Check whether the listed entity has issued any shares or other specified securities including by way of bonus till the date of expiry of buy back period for the offer made under these regulations.	1. Balance Sheet 2. Form MGT-7 filed on MCA Portal		
Consideration only by way of cash	24(i)(c)	Check whether the listed entity has paid the consideration only by way of cash.	Listed entity's debits towards the bank		
Dealing in shares by the promoter/ promoter(s) or his/their associates	24(i)(e)	Check whether the promoter/ promoter(s) or his/their associates has dealt in the shares or other specified securities of the listed entity in the stock exchange or off market, including inter-se transfer of shares among the promoters during the period from the date of passing of board resolution or the special resolution, as the case may be, till the closing of the offer.	1. Declaration from the promoters to be taken in this regard 2. The Demat statement of promoters		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Raising of further capital	24 (i) (f)	Check whether the listed entity has raised any further capital for a period of one year from the expiry of buyback period, except in discharge of its subsisting obligations.	Balance sheet of the relevant financial year		
Announce-ment of buy-back during the pendency of any scheme of amalga-mation or compromise or arrange-ment	24(ii)	Check whether any public announcement of buy-back has been made during the pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act.	1. Disclosures made to the Stock Exchange 2. Public announce-ment made in this re-gard		
Locked-in shares	24(v)	Check whether the listed entity has bought-back the locked-in shares or other specified securities and non-transferable shares or other specified securities till the pendency of the lock-in or till the shares or other specified securities become transferable.	Demat Statement of the listed entity		
Advertise-ment in a National daily newspaper	24(vi)	Check whether the listed entity has issued a public advertisement in a national daily newspaper as per the disclosures required under regulation 24 (vi) within two days of expiry of buy back.	Copies of the national daily where advertisement has been published		
Comply of obligations as specified under regulation 25	25	Check whether the merchant banker has ensured to comply with the obligations as specified under regulation 25.	Due diligence certificate and declaration given by the Merchant Banker in this regard		

(C)(9) SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

Listing Agreement is a basic document which is executed between companies and the stock exchange when companies are listed on the stock exchange. Listing Agreement entered into by listed companies with the stock exchanges prescribes initial and continuous disclosure norms. The modifications to provisions of Listing Agreement are prescribed by the SEBI.

The SEBI has launched numerous policy initiatives not only to strengthen the regulatory framework of the Indian Capital Market but also align the role of Capital Market with the international best practices and more importantly to the investing and funding needs of the inspirational Indian population. Broadly, the regulatory framework in India is in compliance with the OECD Principles, an international benchmark worldwide. A step further in this direction was envisioned through the policy measures when SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations').

The SEBI LODR Regulations lay down the broad principles for periodic disclosures to be given by the listed entities operating in different segments of the capital markets. The LODR Regulations were structured to provide ease of reference by consolidating provisions of the then ongoing Listing Agreements into one single document across various types of securities listed on the Stock Exchanges.

Attention Point

In case of a debt listed entity, check whether the entity qualifies as high value debt listed entity (HVDLE) in terms of Regulation 15 of SEBI (LODR), 2015, if yes, check the compliances under Regulations 16 to 27. These Compliances are applicable to high value debt listed entity on 'comply or explain' till March 31, 2023.

Checklist for Compliances under SEBI (LODR) Regulations, 2015

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
CHAPTER III - COMMON OBLIGATIONS OF LISTED ENTITIES					
Compliance Officer and his /her Obligations	Regulation 6(1)	Check whether the listed entity has appointed a qualified Company Secretary as the Compliance Officer.	1. Resolutions passed at Board meeting 2. Filing of Form DIR-12 and MGT-14 for the appointment of Company Secretary as the KMP and Compliance Officer 3. Consent Letter attached in Form DIR-12		
	6(2)	Check whether the Compliance Officer has ensured compliance with the responsibilities as stated in Annexure I pursuant to Regulation 6(2).			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Share Transfer Agent	Regulation 7(1) and proviso	1. Check whether the listed entity has appointed a share transfer agent. 2. Check whether the listed entity has in-house share transfer facility. If yes, (i) Check whether the total number of holders of securities of the listed entity exceeds 1 lakh. (ii) Check whether listed entity has registered itself with the Board as a Category II share transfer agent or has appointed Registrar to an issue and share transfer agent registered with the Board.	1. Details of Registration and/or Appointment like appointment letter and their acceptance on it (includes in-house share transfer agent) 2. SEBI Registration Number		
Appointment of RTA or handling in-house	7(2)	Check whether the listed entity has ensured that all activities in relation to share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.	From Website of NSE and/or BSE under corporate information		
Compliance Certificate	7(3)	Check whether the listed entity has submitted a compliance certificate signed by the Compliance Officer of the listed entity and authorized representative of the share transfer agent, to the exchange, within 30 days from the of end of the financial year, certifying compliance with the requirements of regulation 7(2).	Proof of Submission of compliance certificate including the certificate provided by share transfer agent (original as well as electronic submission on NSE and/or BSE Portal)		
Change or appointment of new share transfer agent	7(4)	Check whether there is any change or appointment of new share transfer agent. If the answer to the above is yes, then, (a) Check whether the listed entity has entered into	1. Details of the Resolution along with the Minutes Book 2. Copy of the Agreement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, as specified, or (b) In case the existing share transfer facility is managed in-house, whether the listed entity has entered into an agreement with the new share transfer agent.			
Intimation to the Stock Exchange(s)	7(5)	Check whether the listed entity has intimated to the stock exchange(s) within 7 days of entering into the agreement.	Proof of Intimation along with the time of submission of agreement		
Consid-eration of agreement	7(6)	Check whether the agreement was placed for consideration in the subsequent meeting of the board of directors.	Meeting Agenda Papers and Minutes Book		
Co-operation with interme-diaries	8	Check whether the listed entity has co-operated with and submitted correct and adequate information to the intermediaries registered with the Board (such as credit rating agencies, registrar to an issue and share transfer agents, debenture trustees etc.) within timelines and procedures specified under the Act, regulations and circulars issued thereunder.	1. Copies of Information submitted with intermediaries		
Preservation of documents	9	Check whether the entity has a policy approved by the board of directors, for preservation of documents classifying those in two categories - (i) preservation of documents in permanent nature, and (ii) those to be preserved for a period of 8 years from the date of completion of the relevant transaction.	Details of Policy and Resolution/ Minutes Book for approval of the said Policy		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Filing of Information	10(1) & (2)	Check whether the entity has put in place infrastructure as required for filing the reports, statements, documents, filings and any other information with the recognized stock exchange(s) on the electronic platform as specified by the SEBI.	Details of the System and System Audit Report, if available		
Scheme of Arrangement	11	Check whether the listed entity has ensured that any scheme of arrangement /amalgamation /merger /reconstruction / reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange(s).	1. Scheme Document i.e. Scheme of any arrangement/amalgamation/merger / reconstruction/deduction of capital, etc. 2. Exchange observations/SEBI's observation		
Payment of dividend or interest or redemption or repayment	12	1. Check whether the listed entity has made payment of the following: (a) dividends; (b) interest; (c) redemption or repayment amounts. 2. If yes, check whether the listed entity used any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I. (If it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued) 3. Check whether the amount payable as dividend exceeds Rs. 1500/-. 4. If yes, check whether the 'payable-at-par' warrants or cheques have been sent by speed post.	1. Proof of Payment 2. Postal Acknowledgment		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Grievance Redressal Mechanism	13(1)	Check whether the listed entity has ensured that adequate steps are taken for expeditious Redressal of investor complaints.	1. Any policy document or resolution 2. Minutes of Stake-holder's Relationship Committee 3. Detailed/ Statement of Complaints and dedicated e-mail ID		
Register to handle investor complaints electronically	13(2)	Check whether the listed entity is registered on the SCORES platform or such other electronic platform or system of SEBI, in order to handle investor complaints electronically.	Proof of Registration (SCORES Portal interface)		
Filing of investor complaints pending	13(3)	Check whether the listed entity has filed with the stock exchange(s), on a quarterly basis, within 21 days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.	Statement filed with Stock Exchange (both electronically and physically in records)		
Statement before the Board of Directors	13(4)	Check whether the listed entity has placed the above referred statement before the Board of Directors of the entity on quarterly basis.	Meeting Agenda Papers and Minutes of the said Board Meeting		
Fees and Other Charges	14	Check whether the listed entity has paid all fees or changes, as applicable, to the recognized stock exchange(s), in the manner specified by the SEBI or the stock exchange(s).	Proof of payment and acknowledgment		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
CHAPTER IV - LISTED ENTITY WHICH HAS LISTED ITS SPECIFIED SECURITIES AND NON-CONVERTIBLE DEBT SECURITIES					
Independent Directors and Criterion for Indepen-dency	16(1)(b)	Check whether the independent director appointed by the listed entity meets the following criterion: The expression 'independent director' means a non-executive director, other than a nominee director of the company: (i) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience; (ii) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity; (iii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company; (iv) who, apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the 3 immediately preceding financial years or during the current financial year (v) none of whose relatives- (A) is holding securities of or interest in the listed entity, its	1. Resolution for appointment in Board Meeting and General Meeting and agenda papers of the meeting 2. Declaration provided by Independent Directer		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		holding, subsidiary or associate company during the 3 immediately preceding financial years or during the current financial year of face value in excess of 50 lakh rupees or 2% percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified; (B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year; (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		amount as may be specified during the three immediately preceding financial years or during the current financial year; or (D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income: *Note: the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed 2% of its gross turnover or total income or 50 lakh rupees or such higher amount as may be specified from time to time, whichever is lower.* (vi) who, neither himself nor any of his relatives —			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed: *Note: In case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.* (B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate com-pany amounting to 10% or more of the gross turnover of such firm; (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or (D) is a chief executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the listed entity;			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity; (vii) who is not less than 21 years of age; (viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director: Explanation- In case of a 'high value debt listed entity': (a) which is a body corporate, mandated to constitute its board of directors in a specific manner in accordance with the law under which it is established, the non- executive directors on its board shall be treated as independent directors; (b) which is a Trust, mandated to constitute its 'board of trustees' in accordance with the law under which it is established, the non-employee trustees on its board shall be treated as independent directors. *Note - Relevant definitions from Regulation 2:*			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		i. ”Associate” means any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards. ii. “Key Managerial Personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013. iii. “Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.			
Board of Directors and Composition of Board	17(1) (a)	1. Check whether the Board of Directors of the company comprises of at least 1/2 of the total number of directors as non-executive directors. 2. Check whether the Board of Directors of the company comprises of at least 1 woman director. 3. Check whether the listed entity is among the top 1000 listed entities by way of market capitalization as on the preceding financial year end date. If yes, then check whether it has at least one (01) independent women director.	1. Resolutions Passed at Board meeting and General Meeting 2. Corporate Governance Report submitted to Stock Exchanges 3. For market cap - BSE and NSE or any other Stock Exchange Website		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Chairperson	17(1)(b)	1. Check whether the chairperson of the Board of Directors is a non-executive director. 2. If yes, then at least 1/3rd of the board of directors shall comprise of independent directors. 3. Check whether the chairperson of the Board, is not a regular non-executive chairperson. 4. If yes, check whether at least 1/2 of the Board comprises of independent directors. 5. Check whether the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board. 6. If yes, check whether at least 1/2 the Board comprised of independent directors. 7. Check whether the regular non-executive director is- - a promoter of the listed entity; - related to the promoter of the listed entity; or - related to a person occupying management positions at the level of the Board or at one level below the Board. If so check whether the board of directors consist of at least 1/2 of the independent directors.	1. Resolutions passed at Board Meeting and General Meeting 2. List of Promoters and Promoter Group		
Number of Directors	17(1)(c)	Check whether the listed entity is among the top 2000 listed entities by way of market capitalization as on the preceding financial year end date. If yes, then Check whether the Board comprises of not less than 6 directors.	Composition of Board (CG Report)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
SR Equity Shares	17(1)(d)	1. Check whether the listed company has outstanding SR equity shares. 2. If yes, then check whether at least 1/2 of the Board of Directors comprises of independent directors.	1. Composition of Board 2. Articles of Association		
Age of Director beyond 75 years	17(1A)	1. Check whether the listed entity has appointed a person as a non-executive director who has attained the age of 75 years. 2. If yes, check whether a special resolution is passed to that effect, and the explanatory statement annexed to the notice for such motion indicated the justification for appointing such a person. 3. Check whether the listed entity has continued the directorship of any person as a non-executive director who has attained the age of 75 years. 4. If yes, check whether a special resolution is passed to that effect, and the explanatory statement annexed to the notice for such motion indicated the justification for appointing such a person.	1. Resolution passed at the General Meeting and an Explanatory Statement annexed to the Notice 2. Proof of Identity attached in Form DIR-12 (For age)		
Shareholders' Approval	17(1C)	Check whether the listed entity has ensured that approval of shareholders for appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within three months from the date of appointment, whichever is earlier.	1. Resolution passed at the General Meeting and an Explanatory Statement annexed to the Notice 2. Board Resolution		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Appointment of person who has been once rejected	Proviso of Regulation 17(1C)	Check whether the appointment or a re-appointment of a person, including as a managing director / whole-time director/ manager, who was earlier rejected by the shareholders at a general meeting, if any, was done only with the prior approval of the shareholders and i) only on proper justification furnished by the Nomination and Remuneration Committee & Board, and ii) explanatory statement annexed to the notice to the shareholders.	1. Resolution passed at the General Meeting and an Explanatory Statement annexed to the Notice 2. Board Resolution		
Frequency of Meetings	17(2)	Check whether the Board met at least 04 times a year, maximum time gap of being 120 days between any two meetings.	Minutes of the Meeting		
Quorum	17(2A)	Check whether quorum for every meeting of the board of directors (of the top 2000 listed entities with effect from April 1, 2020) was 1/3rd of its total strength or 3 directors, whichever is higher, including at least one independent director (includes participation through VC/OAVM).	Minutes of the Meeting (if Meeting was held through VC/OAVM, recording for such effect)		
Periodical Review	17(3)	Check whether the Board of directors has periodically reviewed compliance reports pertaining to all laws applicable to the listed entity, as well as steps taken to rectify instances of non-compliances.	Minutes of the Meeting (if Meeting was held through VC/OAVM, recording for such effect)		
Plans for Succession	17(4)	Check whether the board of directors of the listed entity has satisfied itself that plans are in place for orderly succession for appointment to the board of directors and senior management.	Minutes of the Meeting, succession planing document, if any		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Code of Conduct	17(5)(a) & 17(5)(b)	1. Check whether a code of conduct has been laid for all members of board of directors and senior management of the listed entity. 2. Check whether it suitably incorporates therein the duties of independent directors.	1. Minutes of the Meeting (if Meeting was held through VC/ OAVM, recording for such effect) 2. Code of Conduct		
Non-executive Directors' Compensation and Disclosures	17(6)(a) & 17(6)(b)	Check whether all fees / compensation, if any, paid to non-executive directors has been recommended by the Board of Directors. And Check whether prior approval of shareholders has been obtained in the general meeting. *Note: The requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.*	Resolution passed at General Meeting/ Minutes of the General Meeting		
Stock Options	17(6)(c)	Check whether the shareholders' resolution (as above) specifies the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate.	Resolution passed at General Meeting / Minutes of the General Meeting		
Remuneration to Directors	17(6)(ca)	Check whether approval of shareholders by special resolution has been obtained every year, in which the annual remuneration payable to a single non-executive director has exceeded 50% of the total annual remuneration payable to all non-executive directors (details of the remuneration thereof to be included).	Resolution passed at General Meeting / Minutes of the General Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Stock Options to Independent Director	17(6)(d)	Check whether the listed entity ensured that independent directors were not entitled to any stock option.	Resolution passed at General Meeting / Minutes of the General Meeting		
Compensation payable to Executive Directors	17(6)(e)	Check whether approval of the shareholders by special resolution in general meeting has been obtained for the fees or compensation payable to executive directors who are promoters or members of the promoter group, if- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.	Resolution passed at General Meeting		
Information to be placed in Board Meeting	17(7)	Check whether minimum information as specified in Part A of Schedule II has been placed before the board of directors. (Annexure II) Annexure II- Minimum Information to be placed before the Board.	Minutes of the Board Meeting and Agenda Papers		
Compliance certificate from CEO, CFO	17(8)	Check whether the chief executive officer and the chief financial officer have provided a compliance certificate to the board of directors as specified in Part B of Schedule II.	Copies of the Compliance Certificate		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Risk Management Policy	17(9)(a) & 17(9)(b)	Check whether the listed entity has laid down procedures to inform members of board of directors about risk assessment and minimization procedures. Check whether the board of directors have framed, implemented and monitored the risk management plan for the listed entity.	1. Minutes of Board Meeting 2. Risk Management Policy		
Evaluation of Independent Directors	17(10)	Check whether an evaluation of independent directors, including (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management, has been done by the board of directors. Check whether the Board has ensured that the directors who were subject to evaluation have not participated.	1.Evaluation Report 2. Minutes of Meeting		
Board Recommendation in Notice calling General Meeting	17(11)	Check whether the statement annexed to the notice as referred to in section 102(1) of the Companies Act, 2013, clearly sets forth the recommendation of the board to the shareholders on each of the specific items of business to be transacted at a general meeting.	Resolutions passed at General Meeting along with the explanatory statement annexed to the notice to the shareholders		
Maximum number of Directorships	17A	Check whether the directors of listed entity have complied with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time:	1. Director data 2. Board Report 3. Minutes of the Meeting 4. Corporate Governance Report		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(1) A person shall not be a director in more than 8 listed entities with effect from April 1, 2019 and in not more than 7 listed entities with effect from April 1, 2020: (*Note: a person shall not serve as an independent director in more than 7 listed entities*) (2) Any person who is serving as a whole time director / managing director in any listed entity shall not serve as an independent director in more than 3 listed entities "Listed entity"- having equity shares listed.			
Composition of Audit Committee	18(1)(a) & (b)	1. Check whether the listed entity has constituted a qualified and independent audit committee in accordance with the terms of reference. 2. Check whether the audit committee has 3 or more directors as members. 3. Check whether at least 2/3rd of the members of audit committee are independent directors. 4. Check whether, in case of a listed entity having outstanding SR equity shares, the audit committee comprises of only independent directors.	1. Minutes of the Board Meeting and Audit Committee Meeting 2. Audit Report and CG Report		
Financial literacy of Audit Committee Members	18(1)(c)	Check whether all the members of audit committee are financially literate and at least one member has accounting or related financial management expertise.	1. Minutes of the Audit Committee Meeting 2. Documents pertain-ing to qualification/ expertise		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Presence of Chairperson of Audit Committee at Annual General Meeting	18(1)(d)	Check whether the chairperson of the audit committee is an independent director and he/she was present at Annual general meeting to answer shareholder queries.	Minutes of the Audit Committee Meeting		
CS as secretary	18(1)(e)	Check whether the Company Secretary acted as the secretary to the audit committee.	Minutes of the Audit Committee Meeting		
Invitation of meeting to Finance Heads		Check whether the audit committee at its discretion had invited the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:	Proof of Invitation and Minutes		
Frequency of Meetings	18(2)(a)	Check whether the audit committee met at least 4 times in a year and not more than 120 days elapse between 2 meetings.	Minutes of the Audit Committee Meeting		
Quorum of Audit committee Meeting	18(2)(b)	Check whether the quorum of audit committee meeting was either be 2 members or 1/3 of the members of the audit committee, whichever is greater, with at least 2 independent directors.	Minutes of the Audit Committee Meeting		
Review of role of Audit Committee	18(3)	Check whether the role of the audit committee and the information to be reviewed by the audit committee is as specified in Part C of Schedule II.	Agenda Papers and Minutes of the Audit Committee Meeting		
Composition of Nomina-tion and Re-muneration Committee (NRC)	19(1)	Check whether the board of directors have constituted NRC comprising of the following: (a) at least 3 directors ; (b) all directors of the committee being non-executive directors; and (c) at least 2/3rd of the directors being independent directors.	Minutes of the Board Meeting for composition and Minutes of Nomination and Remuneration Committee		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Chairperson of NRC	19(2)	1. Check whether the listed entity ensured that Chairperson of NRC is an independent director. 2. Check whether that the chairperson of the listed entity, (whether executive or non-executive), where appointed as a member of NRC did not chair such Committee.	Minutes of the Nomination and Remuneration Meeting		
Quorum of NRC	19(2A)	Check whether the quorum for a meeting of NRC was either 2 members or 1/3rd of the members of the committee, whichever is greater, including at least 1 independent director in attendance.	Minutes of the Nomination and Remuneration Meeting		
Presence of Chairperson of NRC at Annual General Meeting	19(3)	Check whether the chairperson of NRC was present at the annual general meeting, to answer the shareholders' queries.	Minutes of the Nomination and Remuneration Meeting		
Frequency of Meetings	19(3A)	Check whether the NRC met at least once in a year.	Minutes of the Nomination and Remuneration Meeting		
Role of NRC	19(4)	Check whether the role of NRC is as specified as in Part D of the Schedule II.	Minutes of the Nomination and Remuneration Meeting and Agenda Paper		
Composition of Stakeholders Relationship Committee (SRC)	20 (1), (2) & (2A)	1. Check whether the listed entity has constituted a SRC to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. 2. Check whether the SRC comprises of at least 3 directors, with at least 1 being an independent director.	Minutes of the Board Meeting for composition and Minutes of Stakeholder's Relationship Committee Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		3. Check whether, in case of a listed entity having outstanding SR equity shares, at least 2/3rd of SRC comprises of independent directors.			
Chairperson	20(2) & (2A)	Check whether the chairperson of SRC is a non-executive director.	Minutes of the Stakeholder's Relationship Committee Meeting		
Presence of Chairperson of SRC at Annual General Meeting GM	20(3)	Check whether the Chairperson of SRC was present at the annual general meetings to answer queries of the security holders.	Minutes of the Stakeholder's Relationship Committee Meeting		
Frequency of Meetings	20(3A)	Check whether the SRC met at least once in a year.	Minutes of the Stakeholder's Relationship Committee Meeting		
Role of SRC	20(4)	Check whether the role of the SRC is as specified as in Part D of the Schedule II.	Minutes of the Stakeholder's Relationship Committee Meeting		
Risk Management Committee (RMC) (Applicable to the top 1000 listed entities, and high value debt listed entities)					
Composition of Risk Management Committee (RMC)	21(1) & (2)	1. Check whether the RMC has minimum 3 members with majority of them being members of the board of directors, including at least 1 independent director. 2. Check whether, in case of a listed entity having outstanding SR equity shares, at least 2/3rd of RMC are independent directors.	Minutes of the Board Meeting for composition and Minutes of the Risk Management Committee Meeting		
Chairperson	21(3)	Check whether the chairperson of RMC is a member of the board of directors. Check whether any senior executives of the listed entity are members of RMC.	Minutes of the Risk Management Committee Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Frequency of Meetings	21(3A) & (3C)	1. Check whether the RMC met at least 2 times in a year. 2. Check whether the meetings of RMC were conducted such that, on a continuous basis, more than 180 days did not elapse between any 2 consecutive meetings.	Minutes of the Risk Management Committee Meeting		
Quorum of RMC	21(3B)	Check whether quorum for a meeting of RMC was either 2 members or 1/3rd of the members of the committee, whichever is higher, including at least 1 member of the board of directors in attendance.	Minutes of the Risk Management Committee Meeting		
Role of RMC	21(4)	1. Check whether the board of directors has defined the role and responsibility of the RMC. 2. Check whether the board has delegated monitoring and reviewing of the risk management plan to the committee and such other functions. 3. Check whether the functions delegated to the RMC consist of cyber security. 4. Check whether the role and responsibilities of the Risk Management Committee mandatorily includes the performance of functions specified in Part D of Schedule II.	Minutes of the Risk Management Committee Meeting		
Vigil Mechanism -Formulation of Mechanism	22	1. Check whether the listed entity has formulated a vigil mechanism/whistle blower policy for directors and employees to report genuine concerns. 2. Check whether the vigil mechanism provides for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism.	1. Minutes of the Board Meeting of Formulation of vigil Mechanism 2. Policy disseminated on the Website of the company		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the mechanism provides for direct access to the chairperson of the audit committee in appropriate or exceptional cases.			
Related Party Transactions (RPT) - RPT Policy Formulation	23(1)	Check whether the listed entity has formulated a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.	Policy Document		
Policy Review	23(1)	Check whether such policy has been reviewed by the board of directors at least once every three years and updated accordingly.	Minutes of the Board Meeting		
Criteria for Materiality	23(1A)	Check whether any transaction involving payments made to a related party with respect to brand usage or royalty has been considered material on the basis of following criterion: transaction to be entered into individually or taken together with previous transactions during a financial year, exceed 1000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.	Register of RPT and Minutes of Board Meeting and Audit Committee Meeting		
Approval	23(2)	1. Check whether all related party transactions and subsequent material modifications have been prior approved by the audit committee (independent members' directors only). 2. Check whether audit committee has defined what material modifications is and also check whether the same is included as a part of "policy on materiality of related party transactions and on dealing with related party transactions".	1. Minutes of the Audi Committee Meeting 2. Half-yearly disclosures on RPT to Stock Exchanges 3. Policy on materiality of RPT as disseminated on website of the company		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Omnibus Approval	23(3)	1. Check whether the audit committee has granted any omnibus approval for related party transactions proposed to be entered into by the listed entity. 2. If yes, then check whether the audit committee has laid down criteria which is in line with the RPT Policy. 3. Check whether omnibus approval is in respect of transactions of a repetitive nature. 4. Check whether audit committee has satisfied itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity. 5. Check whether such omnibus approval specifies: name the related party, nature of transaction, period of transaction, maximum amount of transactions, indicative base price / current contracted price and the formula for variation in the price if any and such other conditions. 6. Check whether the audit committee has grant omnibus approval in respect of transactions where need for related party transaction cannot be foreseen and aforesaid details are not available, in excess of rupees one crore per transaction. 7. Check whether the audit committee has, at least on a quarterly basis, reviewed the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.	Minutes of the Audit Committee Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		8. Check whether a fresh omnibus approval after expiry of one year from the date of previous approval was taken.			
Prior Approval and Voting for Approval of Transactions	23(4)	1. Check whether the listed entity has taken prior approval for all material related party transactions and subsequent material modifications thereunder. 2. Check whether all related parties (whether related to transaction or not) have abstained from voting for approval of such transactions.	1. Minutes of the General Meeting (Prior Approval from shareholders through resolution) 2. Voting Results of General Meeting to check voting, if any, done by the related parties		
Treatments Transactions prior to LODR	23(8)	Check whether all existing material related party contracts or arrangements entered into prior to 01st April, 2022 and which have continued beyond such date have been placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.	1. Minutes of the General Meeting 2. Voting Results of General Meeting to check voting, if any, done by the related parties		
Stock Exchange Disclosures	23(9)	1. Check whether the listed entity has submitted disclosures of related party transactions to stock exchanges in the format as specified by the SEBI from time to time, and has published the same on its website. 2. Check whether the listed entity is a 'high value debt listed entity'. If "Yes", then it is required to submit such disclosures along with its standalone financial results for the half year. 3. Check whether the listed entity has made such disclosures every 6 months within 15 days from the date of publication of its standalone and consolidated financial results.	1. Stock Exchange intimation 2. Actual Disclosures 3. Website Disclosures		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Composition of Board	24(1)	Check whether at least one independent director from the board of directors of the listed entity is a director on the board of directors of its unlisted material subsidiary, whether incorporated in India or not.	1. Registers of KMP 2. Minutes of Board Meeting		
Review of Financial Statements	24(2)	Check whether the audit committee of the listed entity has reviewed the financial statements, particularly, the investments made by the unlisted subsidiary.	Minutes of Audit Committee Meeting		
Review of Minutes	24(3)	Check whether the minutes of the meetings of the board of directors of the unlisted subsidiary have been placed at the meeting of the board of directors of the listed entity.	Minutes of the Board Meeting		
Review of Significant Transactions	24(4)	Check whether the management of the unlisted subsidiary has periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.	Minutes of the Board Meeting		
Non-Disposal of Shares/ no Divestment	24(5)	Check whether the listed entity has ensured that it does not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of	1. Shareholding 2. Minutes of the Board and General meeting 3. Scheme of Arrangement 4. Approval of Court/ Tribunal 5. Register of Investments		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.			
Selling, Disposing and Leasing of Assets	24(6)	Check whether any transaction in the nature of selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year has been entered into and whether in such case prior approval of shareholders by way of special resolution has been obtained, unless the sale/ disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.	1. Shareholding 2. Minutes of the Board and General Meeting 3. Scheme of Arrangement 4. Approval of Court/ Tribunal		
Secretarial Audit and Secretarial Compliance Report	24A	1. Check whether the listed entity and its material unlisted subsidiaries incorporated in India has undertaken secretarial audit and has annexed a secretarial audit report given by a company secretary in practice, in such form as specified, with its annual report. 2. Check whether the listed entity has submitted a secretarial compliance report in such form as specified, to stock exchanges, within 60 days from end of each financial year.	1. Engagement Document of Secretarial Auditor 2. Secretarial Audit Report and Compliance Certificate by Company Secretary in Practice 3. Annual Report of the Preceding Financial Year		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
No Alternate Director for ID	25(1)	Check whether the listed entity has ensured that no person has been appointed or continued as an alternate director for an Independent Director of a listed entity with effect from October 1, 2018.	1. Board Composition 2. Resolutions		
Tenure	25(2)	Check whether the maximum tenure of Independent Directors is as per Companies Act, 2013.	1. Minutes of the General Meeting including the Explanatory Statement attached to the Notice 2. Form DIR-12 along with its challan		
Shareholders' Approval	25(2A)	Check whether the approval of shareholders, by way of a special resolution, has been taken for the appointment, re-appointment or removal of an Independent Director of a listed entity.	Resolution and Minute of General Meeting and Form MGT-14 and DIR-12		
Independent Directors Meeting	25(3)	Check whether at least 01 meeting of Independent Directors of the listed entity in a financial year, without the presence of non-independent directors and members of the management has been conducted and all the Independent Directors were present at such meeting.	Noting of the fact in Minutes of the Meeting		
Agenda at Independent Directors Meeting	25(4)	Check whether in their meeting, the Independent Directors, inter alia transacted the following business - (a) review the performance of non-independent directors and the board of directors as a whole; (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;	Minutes of the Meeting, if any		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.			
Removal / Resignation of ID	25(6)	Check whether an Independent Director who resigned or was removed from the board of directors of the listed entity has been replaced by a new independent director by listed entity within 3 months from the date of such vacancy.	Minutes of the Meeting/ Resolution		
Programmes for Independent Directors	25(7)	Check whether the listed entity has conducted any programmes for the Independent Directors with a view to familiarize the Independent Directors, including the following: (a) nature of the industry in which the listed entity operates; (b) business model of the listed entity; (c) roles, rights, responsibilities of independent directors; and (d) any other relevant information	1. Documents relating to such programmes 2. Noting in the Minutes		
Disclosures	25(8)	Check whether every Independent Director, has, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent	1. Disclosures furnished by the Independent Director 2. Noting in the Minutes		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Director, submitted a declaration that he meets criteria of independence as provided in regulation 16(1)(b) and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.			
Recording of Disclosures	25(9)	Check whether the board of directors of the listed entity has taken on record the declaration and confirmation submitted by the SEBI (LODR) Regulations, 2015 after undertaking due assessment of the veracity of the same.	1. Disclosures furnished by the Independent Director 2. Noting in the Board Minutes		
D and O Insurance	25(10) & 25(11)	1. Check whether the listed entity (if falling in the top 1000 listed entities by market capitalization calculated as on March 31 of the preceding financial year), w.e.f. January 01, 2022, has undertaken Directors and Officers Insurance ('D and O insurance') for all their Independent Directors of such quantum and for such risks as may be determined by its board of directors. 2. Check whether a 'high value debt listed entity' has undertaken Directors and Officers insurance (D and O insurance) for all its Independent Directors for such sum assured and for such risks as may be determined by its board of directors.	Policy Document		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Committee Chairman-ships	26(1)	Check whether the listed entity has ensured that no director is a member in more than 10 committees or act as chairperson of more than 5 committees across all listed entities. (This includes limit of the committees on which a director may serve in all public limited companies, Check whether listed or not, but excludes private limited companies, foreign companies ,'high value debt listed entities' and Sec 8 companies) (Chairmanship of Audit Committee and SRC only to be considered)	1. Composition of all Committees of all Listed Entities 2. Declaration provided by Directors		
Informing about Committee Positions	26(2)	Check whether every director has informed the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.	1. Communication between the Director and Listed Entity to Compliance Officer 2. Disclosure Document		
Conforming to Code of Conduct	26(3)	Check whether all members of the board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management on an annual basis.	Disclosure Document		
Disclosures about personal interest in material transactions	26(5)	Check whether the senior management has made disclosers to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large. Explanation. - For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.	Disclosure Document		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval for agreement with shareholder/ third party for dealing in securities	26(6)	Check whether listed entity has ensured that no employee including key managerial personnel or director or promoter of a listed entity has entered into any agreement for himself / herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.	Minutes of the General Meeting		
Disclosure to Stock Exchange		Check whether disclosure of any such agreement which was subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, has been made to the stock exchanges for public dissemination.	Copy of intimation to Stock Exchange (both in physical and electronic form)		
Subsisting agreement to be placed in ensuing board meeting and general meeting	Regulation 26(6) proviso	1. Check whether subsisting agreement, if any, as on the date of coming into force of this sub-regulation has been placed for approval before the Board of Directors in the forthcoming Board meeting. 2. Check whether the same has been placed for shareholders' approval in ordinary resolution. 3. Check whether the listed entity ensured that interested persons involved in the transaction covered under the agreement abstained from voting in the general meeting.	1. Copy of agreement 2. Board Resolution and General Meeting Resolution		
Compliance with requirements	27(1)	Check whether the listed entity has at its discretion, complied with requirements as specified in Part E of Schedule II.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Corporate Governance Report	27(2)	1. Check whether the listed entity has submitted a quarterly compliance report on corporate governance in the format as specified by the SEBI from time to time to the recognized stock exchange(s) within 21 days from the end of each quarter. 2. Check whether the details of all material transactions with related parties have been disclosed along with the above report. 3. Check whether the above report mentioned has been signed either by the compliance officer or the chief executive officer of the listed entity.	Copy of the Report submitted with Stock Exchange		
In-principle approval of recognized stock exchange(s)	28	Check whether the listed entity has obtained in-principle approval for issue of shares from all the exchanges where it is listed or proposed to be listed.	Copy of Approval		
Prior Intimation for consideration of specified proposals	29(1)	Check whether prior intimation has been given to the stock exchange about the board meeting in respect of the following proposals: (a) financial results viz. quarterly, half yearly, or annual, as the case may be; (b) proposal for buyback of securities; (c) proposal for voluntary delisting by the listed entity from the stock exchange(s); (d) fund raising (e) declaration/ recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(f) the proposal for declaration of bonus securities.			
Time of Intimation	29(2)	1. Check whether the above intimation was given at least 2 working days in advance (date of meeting excluded) and 5 days in case of item (a). 2. Check whether the listed entity has given an intimation at least 11 working days prior to the date of meeting in following cases: (i) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof (ii) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.	Copy of intimation to Stock Exchange		
Material Events	30(1)	Check whether the listed entity has made disclosures of any events or information which, in the opinion of the board of directors, is material.	Copy of Disclosures		
Adherence to Guidelines of Materiality	30(3) & 30(4)	Check whether the listed entity has made disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified below: (a)the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or (b)the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; (c)In case where the criteria	Copy of Disclosures		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		specified in sub-clauses (a) and (b) are not applicable, an event/ information may be treated as being material if in the opinion of the board of directors of listed entity, the event / information is considered material.			
Policy for de-termination of materiality	30(4)(ii)	Check whether the listed entity has framed a policy for determination of materiality, based on the criteria specified above, duly approved by its board of directors and has disclosed the same on its website.	Policy Document		
KMP authorize for determining materiality	30(5)	Check whether the board of directors of the listed entity has authorized one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) and whether the contact details of such personnel has been disclosed to the stock exchange(s) and as well as on the listed entity's website.	Board Resolution/ Minutes of Board Meeting		
Disclosure to Stock Exchange	30(6)	1. Check whether listed entity has at first disclosed to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than 24 hours from the occurrence of event or information: If such disclosure is made after 24 hours of occurrence of the event or information, whether the listed entity has provided explanation for such delay.	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the disclosures with respect to events specified in sub-para 4 of Para A of Part A of Schedule III have been made within the timelines specified therein.			
Disclosures	30(7)	Check whether the listed entity has, with respect to disclosures referred to this regulation, made disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.	Disclosures made to Stock Exchange		
Website Disclosures	30(8)	Check whether the listed entity has disclosed on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and whether such disclosures have been hosted on the website of the listed entity for a minimum period of 5 years and thereafter as per the archival policy of the listed entity, as disclosed on its website.	Proof of Website Disclosures		
Disclosures about Subsidiaries	30(9)	Check whether the listed entity has disclosed all events or information with respect to subsidiaries which are material for the listed entity.	Disclosures made to stock exchange		
Adequate replies and Clarifications	30(10)	Check whether the listed entity has provided specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.	Details of such replies furnished and intimated to Stock Exchange		
Suo-moto confirmation/ denial of reported event	30(11)	Check whether the listed entity has on its own initiative also, confirmed or denied any reported event or information to stock exchange(s).	Details of such replies furnished and intimated to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Event occurred not Specified but Material		If in case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, whether the listed entity has made adequate disclosures in regard thereof.	Disclosures made to Stock Exchange		
Statement showing holding of Securities	31(1)	Check whether the listed entity has submitted to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the SEBI from time to time within the following timelines - (a) 1 day prior to listing of its securities on the stock exchange(s); (b) on a quarterly basis, within 21 days from the end of each quarter; and, (c) within 10 days of any capital restructuring of the listed entity resulting in a change exceeding 2% of the total paid-up share capital.	Copy of intimation to Stock Exchange		
Promoter holding in Demat	31(2)	Check whether the listed entity has ensured that 100% of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by the SEBI.	1. Statement from Depository 2. Re-conciliation and Share Capital Audit Report		
Demat Holding	31(3)	Check whether the listed entity has complied with circulars or directions issued by the SEBI from time to time with respect to maintenance of shareholding in dematerialized form.	Statement from Depository		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Separate disclosure about promoter holding	31(4)	Check whether all entities falling under promoter and promoter group have been disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the SEBI.	Proof of Website Disclosures		
Reclassification of status of any Shareholder	31A(2)	Check whether the listed entity had made any application to stock exchange for reclassification of the status of any person as a promoter or public.	Application Letter, Minutes of the Meeting		
Conditions to be satisfied for reclassification	31A(3)(a)	Check whether the conditions for such reclassification were satisfied by the listed entity.	Minutes of Board and General Meeting		
Conditions to be fulfilled by promoters	31A(3)(b) and 31A(4)	Check whether the promoters have satisfied the conditions for such reclassification. Check whether the promoter(s) seeking re-classification, subsequent to re-classification as public, has complied with the conditions specified.	Confirmation Document		
Public Offer in certain cases	31A(5)	If any public shareholder seeks to re-classify itself as promoter, whether it has made an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.	Open Offer Compliances		
Transmission, succession, inheritance	31A(6)	1. Check whether any transmission, succession, inheritance and gift of shares has been reported. 2. Check whether the reclassification was duly effected thereof.	Minutes of Meetings, Statement from Depository		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Listed Entity with no Promoters	31A(7)	Check whether the listed entity has been considered as 'listed entity with no promoters' as a result of re-classification or otherwise, the entity does not have any promoter.	Supporting Documents		
Disclosure about Material Events	31A(8)	Check whether the following events being material events have been disclosed by the listed entity to the stock exchanges as soon as reasonably possible and not later than 24 hours from the occurrence of the event: (a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification; (b) minutes of the board meeting considering such request which would include the views of the board on the request; (c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges (d) decision of the stock exchanges on such application as communicated to the listed entity.	Copy of Disclosures		
Reclassifi-cation under IBC	31A(9)	Check whether reclassification is pursuant to a resolution plan approved under sec 31 of IBC.	Resolution Plan		
Reclassifica-tion pursuant to scheme of arrangement or open offer	31A(10)	Check whether reclassification is pursuant to scheme of arrangement or open offer.	Scheme of Arrangement		
Quarterly reporting of deviations	32(1)	Check whether the listed entity has submitted to the stock exchange the following statement(s) on a quarterly basis for public issue, rights issue, preferential issue etc. –	1. Copy of Disclosures 2. Fund raise statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable; (b) indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilization of funds.			
Continued Disclosures	32(2)	Check whether the listed entity has continued to give the above till the time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.	Copy of Disclosures		
Audit committee & Disclosure to Stock Exchange	32(3)	Check whether the listed entity has placed above statement(s), before the audit committee for review and after such review, and has submitted the same to the stock exchange(s).	Minutes of Audit Committee Meeting		
Explanation in Directors' Report	32(4)	Check whether the listed entity has furnished an explanation for the variation, in the directors' report in the annual report.	Board's Report		
Annual Statement of funds used for other purposes	32(5)	Check whether the listed entity has prepared an annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the listed entity, and has placed it before the audit committee till such time the full money raised through the issue has been fully utilized.	1. Statement of Funds 2. Minutes of Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Monitoring Agency	32(6)	Check whether the listed entity has appointed a monitoring agency to monitor utilization of proceeds of a public or rights issue. If "Yes", then check whether the listed entity has submitted to the stock exchange(s) comments or report received from the monitoring agency within 45days from the end of each quarter	1. Minutes of Meeting 2. Communication to Monitoring Agency 3. Intimation to Stock Exchange		
Report of monitoring agency placed before Audit Committee	32(7)	Where the listed entity has appointed a monitoring agency to monitor the utilization of proceeds of a public or rights issue, check whether the report of such agency has been placed before the audit committee on a quarterly basis, promptly upon its receipt.	Minutes of Audit Committee Meeting		
Disclosure in Annual Report about utilization of funds	32(7A)	Check whether the listed entity has raised funds through preferential allotment or qualified institutions placement and has disclosed every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.	Copy of Disclosures and Annual Report		
Financial results - Preparation of Financial Results	33(1)	Check whether while preparing financial results, the listed entity has complied with the following: (a) The financial results have been prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods. (b) The quarterly and year to date results have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 or Indian Accounting Standard 31	Copy of Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(AS 25/ Ind AS 34 – Interim Financial Reporting), as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, whichever is applicable. (c) The standalone financial results and consolidated financial results have been prepared as per Generally Accepted Accounting Principles in India. (d) The listed entity has ensured that the limited review or audit reports submitted to the stock exchange(s) on a quarterly or annual basis have been given only by an auditor who has subjected himself /herself to the peer review process of ICAI and holds a valid certificate issued by the Peer Review Board of the ICAI. (e) The listed entity has made the disclosures as specified in Part A of Schedule IV.			
Manner of approval and authentication of financial results	33(2)	Check whether approval and authentication of the financial results has been done by listed entity in the following manner: (a) The quarterly financial results have been approved by the board of directors: CEO and CFO should have certified that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.	Copy of Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) The financial results submitted to stock exchange have been signed by the chairperson or managing director, or a whole time director or in the absence of all of them; it shall be signed by any other director of the listed entity who is duly authorized by the board of directors to sign the financial results. (c) The limited review report has been placed before the board of directors, at its meeting which approves the financial results, before being submitted to the stock exchange(s). (d) The annual audited financial results have been approved by the board of directors of the listed entity and have been signed as specified above.			
Submission of Financial Results	33(3)	Check whether the listed entity has submitted the financial results in the following manner: (a) The listed entity has submitted quarterly and year-to-date standalone financial results to the stock exchange within 45 days of end of each quarter, other than the last quarter. (b) In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity has also submitted quarterly/year-to-date consolidated financial results.	1. Proof of submission (Advertisement Published in News-papers and Published on website of the Company) 2. Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(c) The quarterly and year-to-date financial results may be either audited or unaudited subject to the following: (i) In case the listed entity has opted to submit unaudited financial results, they shall be subject to limited review by the statutory auditors of the listed entity and have been accompanied by the limited review report. *Note: in case of public sector undertakings this limited review may have been undertaken by any practicing Chartered Accountant.* (ii) In case the listed entity has opted to submit audited financial results, they have been accompanied by the audit report.			
Consolidated Financial Results	33(3)(d)	Check whether the listed entity has submitted annual audited standalone financial results for the financial year, within 60 days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion). *Note: if the listed entity has subsidiaries, it has, while submitting annual audited standalone financial results also submitted annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications (Applicable only for audit report with modified opinion).*	1. Proof of Submission (Advertisement Published in Newspapers and Published on website of the Company) 2. Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Declaration for audit report with unmodified opinion	33(3)(d)	Check whether the listed entity has furnished a declaration regarding audit reports with unmodified opinion, to the Stock Exchange(s) while publishing the annual audited financial results.	Financial Results and Declaration		
Financial Results of last quarter	33(3)(e) & 33(3)(i)	1. Check whether the listed entity has submitted the audited or limited review financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and has published year-to-date figures up to the third quarter of the current financial year. 2. Check whether the listed entity has disclosed, in the results for the last quarter in the financial year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.	Financial Results		
Half-yearly Results	33(3)(f) & 33(3)(g)	Check whether the listed entity has submitted as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year along with statement of cash flows for the half-year.	Financial Results		
Quarterly consolidated Financial Results	33(3)(h)	Check whether the listed entity has ensured that, for the purposes of quarterly consolidated financial results, at least 80% of each of the consolidated revenue, assets and profits, respectively, has been subject to audit or in case of unaudited results, subjected to limited review.	Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Specified Formats	33(4)	Check whether the financial results and Statement on Impact of Audit Qualifications (for audit report with modified opinion) is in the manner as specified by the SEBI.	Financial Results		
AS-21	33(8)	Check whether the statutory auditor of the listed entity has undertaken a limited review of the audit of all the entities/ companies whose accounts are to be consolidated with the listed entity as per AS 21 in accordance with guidelines issued by the SEBI on this matter.	Financial Results (notes to accounts)		
Annual Report					
Submission to Stock Exchange	34(1)	Check whether the listed entity has submitted to the stock exchange and has published on its website- (a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders; (b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.	1. Copy of intimation to Stock Exchange 2. Website Disclosure		
Contents of Annual Report	34(2) and 34(3)	1. Check whether the annual report contains the following: (a) audited financial statements i.e. balance sheets, profit and loss accounts etc., and Statement on Impact of Audit Qualifications	1. Copy of Annual Report 2. Form MGT-15		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(b) consolidated financial statements audited by its statutory auditors; (c) cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3 or Indian Accounting Standard-7, as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the ICAI, whichever is applicable; (d) directors report; (e) management discussion and analysis report - either as a part of directors report or addition thereto; (f) (for the top 1000 listed entities based on market capitalization) a 'business responsibility report' describing the initiatives taken by the listed entity from an environmental, social and governance perspective, or 'business responsibility and sustainability report' in the format as specified by the SEBI from time to time. 2. Check whether the annual report contained any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.			
Annual Information Memorandum - Submission to stock exchange	35	Check whether the listed entity has submitted to the stock exchange(s) an Annual Information Memorandum in the manner specified by the SEBI from time to time. *Note- The provision is yet to be notified by SEBI.*	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Copies of annual report to shareholders	36(1)	Check whether the listed entity has sent the annual report in the following manner to the shareholders: (a) Soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any depository; (b) Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder to those shareholder(s) who have not so registered; (c) Hard copies of full annual reports to those shareholders, who request for the same.	Proof of Dispatch/Email		
Time of Dispatch	36(2)	Check whether the listed entity has sent annual report, to the holders of securities, at least 21 days before the annual general meeting.	Proof of Dispatch/Email		
Details of Incumbent Director	36(3)	Check whether in case of the appointment of a new director or re-appointment of a director, the listed entity has provided the shareholders with the following information: (a) a brief resume of the director; (b) nature of expertise in specific functional areas; (c) disclosure of relationships between directors inter-se; (d) names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past **3** years; and	Agenda papers and Minutes of the Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(e) shareholding of non-executive directors in the listed entity, including shareholding as a beneficial owner; (f) In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.			
Disclosures in Specified Format	36(4)	Check whether the disclosures made by the listed entity with immediate effect from date of notification of these amendments- (a) to the stock exchanges are in XBRL format in accordance with the guidelines specified by the stock exchanges from time to time; and (b) to the stock exchanges and on its website, are in a format that allows users to find relevant information easily through a searching tool.	Copy of Disclosures		
Disclosures pertaining to appointment of auditor	36(5)	Check whether the notice which has been sent to shareholders for an annual general meeting, where the statutory auditor(s) were proposed to be appointed/ re-appointed included the following disclosures as a part of the explanatory statement to the notice: (a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;	Copy of notice and Explanatory Statement annexed thereto including details of appointment/re-appointment of proposed Auditor		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
		(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.			
Filing of draft scheme of arrangement with Stock Exchange	37(1)	Check whether the listed entity which is desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, has filed the draft scheme of arrangement proposed to be filed before any Court or Tribunal, with the stock exchange(s) for obtaining the No-objection letter, before filing such scheme with any Court or Tribunal, in terms of requirements specified by the SEBI or stock exchange(s) from time to time.	1. Proof of filing of draft scheme with Stock Exchange 2. Copy of No-objection letter issued by Stock Exchange		
No-objection letter from Stock Exchange	37(2)	Check whether the listed entity has filed any scheme of arrangement with Court/Tribunal in absence of No-objection letter from the stock exchange.	Proof of filing of draft scheme with Court/ Tribunal		
Filing of No-objection letter with Court/ Tribunal	37(3)	Check whether the listed entity has placed the No-objection letter of the stock exchange(s) before the Court or Tribunal at the time of seeking approval of the scheme of arrangement. *Note: the validity of the No-objection letter of stock exchanges shall be 6 months from the date of issuance, within which the draft scheme of arrangement shall be submitted to the Court or Tribunal*.	Proof of Filing		
Compliance with Requirements	37(4)	Check whether the listed entity has ensured compliance with the other requirements as may be prescribed by the SEBI from time to time.	Copy of Disclosures		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Submission of Documents	37(5)	Check whether the listed entity, has, upon sanction of the Scheme by the Court or Tribunal, submitted the documents, to the stock exchange(s), as prescribed by the SEBI and/or stock exchange(s) from time to time.	Copy of Disclosures		
Merger of a wholly owned subsidiary with its holding company	37(6)	Check whether in case of draft schemes solely providing for merger of a wholly owned subsidiary with its holding company, such draft schemes has been filed with the stock exchanges for the purpose of disclosures.	Copy of Disclosures		
Minimum Public Shareholding	38	Check whether the listed entity has complied with the minimum public shareholding requirements as per Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the SEBI from time to time.	Copy of Disclosures		
Compliance with SCR Rules, 1957	39(1)	Check whether the listed entity has complied with Rule 19(3) of Securities Contract (Regulations) Rules, 1957 in respect of Letter/Advices of Allotment, Acceptance or Rights, transfers, subdivision, consolidation, renewal, exchanges, issuance of duplicates thereof or any other purpose.	Copy of Disclosures		
Issue of certificates or receipts or advices in Demat	39(2)	Check whether the listed entity has issued certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts	Copy of such Certificates		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		or advices, as applicable, in dematerialised form within a period of 30 days from the date of such lodgment.			
Loss of Certificates	39(3)	Check whether the listed entity has submitted information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within 2 days of its getting information.	Copy of Disclosures		
Compliance with specified procedural requirements	39(4)	Check whether the listed entity has complied with the procedural requirements specified in Schedule VI while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.	Copy of Disclosures		
Transfer/ transmission/ transposition of securities	40(1)	Check whether the listed entity has complied with the requirements for effecting transfer of securities Whether the listed entity has effected transfer/ transmission/ transposition of only those securities which were held in the dematerialised form with a depository, not otherwise.	Resolution, Statement of Depository		
Delegation the power of transfer of securities	40(2)	1. Check whether the board of directors of a listed entity has delegated the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s). 2. Check whether the board of directors and/or the delegated authority have duly attended to the formalities pertaining to transfer of securities at least once in a fortnight and the delegated authority has reported on transfer of securities to the board of directors in each meeting.	1. Letter of Authority 2. Resolution 3. Report on Transfer of Securities		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Registration of Transfers	40(3)	1. Check whether on receipt of proper documentation, the listed entity has registered transfers, transmission of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers; or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of 15 days from the date of such receipt of request for transfer. 2. Check whether the listed entity has ensured that transmission request are processed in demat form within a period of 07 days after receipt of specified documents. 3. Check whether proper verifiable dated records of all correspondence with the investor have been maintained by the listed entity.	1. Transfer Records 2. Resolutions		
Transfers not registered in case of prohibitory order	40(4)	Check whether the listed entity has ensured that it shall not registered the transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains it from transferring the securities from the name of the transferor(s).	Copies of Prohibitory orders		
Objection from transferor	40(5)	Check whether the listed entity has ensured that it has not registered the transfer of its securities in the name of the transferee(s) when the transferor(s) has objected to the transfer. *Note: The transferor should have submitted a prohibitory order of a Court of competent jurisdiction, to the listed entity, within 60 working days of raising such objection.*	Copy of intimation, copy of Prohibitory orders		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Transfer not to be refused on ground of transferor's indebtness to listed entity	40(6)	Check whether the listed entity has not decline to register or acknowledge any transfer of shares, on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the listed entity on any account whatsoever.	Resolutions, Transfer Documents		
Compliance with procedural requirements	40(7)	Check whether the listed entity has complied with all procedural requirements as specified in Schedule VII with respect to transfer of securities.	Proof of Compliance		
Action on non-transfer	40(8)	1. In case the listed entity has not effected transfer of securities within 15 days or where the listed entity has failed to communicate to the transferee(s) any valid objection to the transfer, within the stipulated time period of 15 days, check whether the listed entity has compensated the aggrieved party for the opportunity losses caused during the period of the delay. 2. Check whether, during the intervening period on account of delay in transfer above, the listed entity has provided all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the Securities Contracts (Regulation) Act, 1956.	Relevant document showing relief offered		
PCS Certificate	40(9)	1. Check whether the listed entity has ensured that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within 30 days from the end of	Copy of Certificate in Physical		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		the financial year, certifying that all certificates have been issued within 30 days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.			
Filing of certificate with Stock Exchange(s)	40(10)	1. Check whether the listed entity has ensured that the above has been filed with the stock exchange(s) simultaneously. 2. Check whether listed entity has received any request for deletion of name of deceased shareholder where securities are in joint names / transmission of securities to legal heirs / transposition of securities. 3. Check whether listed entity has followed procedure as specified above for the purpose of effecting transmission / transposition / deletion of name.	Copy of certificate intimated to Stock Exchange		
Other provisions relating to securities					
Restriction on lien	41(1)	Check whether the listed entity has ensured that it has not exercised a lien on its fully paid shares and that in respect of partly paid shares it has not exercised any lien except in respect of moneys called or payable at a fixed time in respect of such shares.	Accounts, Resolutions		
Amount paid towards advance of calls on shares	41(2)	Check whether the listed entity has, in case of any amount to be paid in advance of calls on any shares stipulated that such amount may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.	1. Accounts 2. Resolutions		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Issue of shares with superior/ inferior voting rights	41(3)	1. Check whether the listed entity has issued any shares in any manner that may confer on any person; superior or inferior rights as to dividend vis-à-vis the rights on equity shares that are already listed or inferior voting rights vis-à-vis the rights on equity shares that are already listed. 2. Check whether the listed entity having SR equity shares issued to its promoters/ founders, has issued SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013.	1. Resolutions 2. Documents pertaining to issue of Securities		
Issue or offer of shares on *pro-rata* basis	41(4)	Check whether the listed entity has issued or offered in the first instance all shares (including forfeited shares), securities, rights, privileges and benefits to subscribe pro rata basis, to the equity shareholders of the listed entity, unless the shareholders in the general meeting decide otherwise.	1. Resolutions 2. Documents pertaining to issue of Securities		
Selection otherwise than on *pro-rata* basis or by lot	41(5)	Check whether the listed entity, unless the terms of issue otherwise provide, has not selected any of its listed securities for redemption otherwise than on *pro-rata* basis or by lot.	1. Resolutions 2. Documents pertaining to issue of Securities		
Other provisions relating to outstanding SR equity shares					
Treatment of SR equity shares	41A(1)	Check whether the SR equity shares have been treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions.	Resolutions		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Total voting rights of SR shareholders	41A(2)	Check whether the total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an initial public offer, have not at any point of time exceeded 74%.	Shareholding Pattern		
Treatment of SR equity shares in specific cases	41A(3)	Check whether the SR equity shares have been treated as ordinary equity shares in terms of voting rights (i.e. one SR share one vote) in the following circumstances - i. appointment or removal of independent directors and/or auditor ii. Where a promoter is willingly transferring control to another entity; iii. Related party transactions in terms of these s involving an SR shareholder; iv. voluntary winding up of the listed entity; v. changes to the Articles of Association or Memorandum of Association of the listed entity, except any change affecting the SR equity share; vi. Initiation of a voluntary resolution process under the Insolvency Code; vii. Utilization of funds for purposes other than business; viii. Substantial value transaction based on materiality threshold as specified under these regulations; ix. passing of special resolution in respect of delisting or buy-back of shares; and	Relevant Documents		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		x. other circumstances or subject matter as may be specified by the SEBI regulations, from time to time.			
Conversion of SR Equity Shares	41A(4)	Check whether the SR equity shares have been converted into equity shares having voting rights same as that of ordinary shares on the 5th anniversary of listing of ordinary shares of the listed entity. *Note 1: The SR equity shares may be valid for up to an additional 5 years, after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote;* *Note 2: The SR shareholders may convert their SR equity shares into ordinary equity shares at any time prior to the period as specified in this sub-regulation*.	1. Application for Conversion 2. Resolutions		
Compulsory conversion of SR Equity Shares	41A(5)	Check whether the SR equity shares have been compulsorily converted into equity shares having voting rights same as that of ordinary shares on the occurrence of any of the following events – i. demise of the promoter(s) or founder holding such shares; ii. an SR shareholder resigns from the executive position in the listed entity; iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s;	1. Application for Conversion 2. Resolutions		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		iv. the SR equity shares are sold by an SR shareholder who continues to hold such shares after the lock-in period but prior to the lapse of validity of such SR equity shares.			
Intimation of Record Date	42(1)	1. Check whether listed entity has identified stock exchanges where stock derivatives are available on the stock of listed entity. 2. Check whether the listed entity has intimated the record date for the following events to all the stock exchange(s) where it is listed or where stock derivatives are available on the stock of the listed entity or where listed entity's stock form part of an index on which derivatives are available: (a) declaration of dividend; (b) issue of right or bonus shares; (c) issue of shares for conversion of debentures or any other convertible security; (d) shares arising out of rights attached to debentures or any other convertible security (e) corporate actions like mergers, de-mergers, splits, etc.; (f) such other purposes as may be specified by the stock exchange(s).	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Notice of Record Date	42(2)	Check whether the listed entity has given notice in advance of at least 7 working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date (3 working days in case of rights issues) (excluding the date of intimation and the record date)	Copy of intimation to Stock Exchange		
Notice of record date for dividend/ bonus	42(3)	Check whether the listed entity has recommended or declared all dividend and/or cash bonuses at least 5 working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.	Copy of intimation to Stock Exchange		
Gap between 2 record dates	42(4)	Check whether the listed entity has ensured the time gap of at least 30 days between two record dates.	1. Resolutions 2. Copy of intimation to Stock Exchange		
Securities held in physical form	42(5)	1. Check whether, in case of securities held in physical form, the listed entity has, announced dates of closure of its transfer books in place of record date for complying with requirements above stated. 2. Check whether the listed entity has ensured that there is a time gap of at least 30 days between two dates of closure of its transfer books.	1. Resolutions 2. Copy of intimation to Stock Exchange		
Dividends					
Declaration of dividend	43(1)	Check whether the listed entity has formulated, declared and disclosed the dividend on per share basis only.	Board/General Meeting Resolutions		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Restriction on forfeiture of unclaimed dividend	43(2)	Check whether the listed entity has ensured that it has not forfeited any unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.	Proof of Annulment, if any		
Formulation of Policy	43A(1)	Check whether the listed entity (being in the top 1000 listed entities based on market capitalization calculated as on March 31 of every financial year) has formulated a dividend distribution policy which has been disclosed on the website of the listed entity and a web-link thereof has been provided in their annual reports.	1. Resolution 2. Policy Document 3. Website Disclosures		
Contents of Policy	43A(2)	Check whether the dividend distribution policy includes the following parameters: (a) the circumstances under which the shareholders of the listed entities may or may not expect dividend; (b) the financial parameters that shall be considered while declaring dividend; (c) internal and external factors that shall be considered for declaration of dividend; (d) policy as to how the retained earnings shall be utilized; and (e) parameters that shall be adopted with regard to various classes of shares.	1. Resolution 2. Policy Document		
Amendment to the Policy	43A(2) proviso	1. Check whether the listed entity has declared dividend on the basis of parameters in addition to clauses (a) to (e) or has changed such additional parameters or the dividend distribution policy contained in any of the parameters.	1. Resolution 2. Amended Policy Document		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. If "yes", then check whether the same has been disclosed along with the rationale for the same in its annual report and on its website.			
Voluntary compliance	43A(3)	Check whether the listed entity (not being in the top 1000 listed entities based on market capitalization calculated as on March 31 of every financial year), has disclosed its dividend distribution policy on a voluntary basis on its website and has provided a web-link in its annual report.	1. Resolution 2. Policy Document 3. Website Disclosures		
Meetings of Shareholders and Voting					
E-voting Facility	44(1)	Check whether the listed entity has provided the facility of remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.	1. Notice of Meeting (Notes to the Notice of Meeting) 2. Minutes of Meeting and Proceedings of Annual General Meeting		
Compliance	44(2)	Check whether the conditions specified under the Companies (Management and Administration) Rules, 2014, or amendments made thereto have been adhered to in respect of e-voting facility.	Proof of Compliance		
Submission of voting results to stock exchange	44(3)	Check whether the listed entity has submitted to the stock exchange, the details regarding the voting results in the format specified by the SEBI, within 2 working days of conclusion of its General Meeting.	Copy of intimation to Stock Exchange		
Proxy forms	44(4)	Check whether the listed entity has sent proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.	Notice of Meeting		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Convening of AGM	44(5)	Check whether the listed entity (being in the top 100 listed entities by market capitalization, determined as on March 31st of every financial year), has held its annual general meeting within a period of 5 months from the date of closing of the financial year.	1. Notice of Meeting and Minutes of Annual General Meeting 2. Intimation to Stock Exchange		
Live webcast of AGM	44(6)	Check whether the listed entity (being in the top 100 listed entities) has provided one-way live webcast of the proceedings of the annual general meetings.	1. Minutes of Meeting 2. Proceedings of Annual General Meetings		
Change in name of the Listed Entity					
Conditions for change of name	45(1)	Check whether the listed entity has changed its name subject to compliance with the following conditions: (a) a time period of at least 1 year has elapsed from the last name change; (b) at least 50% of the total revenue in the preceding one-year period has been accounted for by the new activity suggested by the new name; or (c) the amount invested in the new activity/project is at least 50% of the assets of the listed entity.	1. Special Resolution 2. Altered Charter Documents (MoA and AoA)		
Aligning name with activity	45(1) proviso	If any listed entity has changed its activities which are not reflected in its name, then check whether the listed entity has changed its name in line with its activities within a period of 6 months from the change of activities in compliance of provisions as applicable to change of name prescribed under Companies Act, 2013.	1. Resolutions 2. Altered Charter Documents (MoA and AoA)		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Name Availability	45(2)	Check whether the listed entity has, on satisfaction of conditions, filed an application for name availability with Registrar of Companies.	Application filed with ROC		
Shareholders' Approval	45(3)	Check whether the listed entity, has in the explanatory statement to the notice seeking shareholders' approval for change in name, included a certificate from a practicing-chartered accountant stating compliance with conditions as specified in the regulations.	Notice of the meeting along with Explanatory Statements		
Website					
Information on Website	46(1)	Check whether the listed entity has maintained a functional website containing the basic information about the listed entity.	Website Link of the Entity		
Details of Information	46(2)	Check whether the information as specified in the regulations, has been disseminated under a separate section on its website.	Website Link of the Entity		
Correctness of Data	46(3)(a)	Check whether the listed entity has ensured that the contents of the website are correct.	Website Link of the Entity		
Timely Updation	46(3)(b)	Check whether the listed entity has ensured that it has updated any change in the content of its website within 2 working days from the date of such change in content.	Website Link of the Entity		
Advertisements in Newspapers					
Publication of information in newspaper	47(1)	Check whether the listed company has published the following information in newspapers: (a) financial results, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor:	1. Copy of Newspapers 2. Newspapers published on website		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Note: If listed entity has submitted both standalone and consolidated financial results, then whether the listed entity has published consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available (b) notices given to shareholders by advertisement.			
Reference of weblink in newspaper	47(2)	Check whether the listed entity has given a reference of the link of the website of listed entity and stock exchange(s), where further details are available, in the newspaper publication.	1. Copy of Newspapers 2. Newspapers published on website		
Intimation to Stock Exchange	47(3)	Check whether the listed entity has published the information in the newspaper simultaneously with the submission of the same to the stock exchange(s). *Note: Financial results to be published within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.*	Copy of Intimation (Timing)		
Publication in one English and one vernacular newspaper	47(4)	Check whether the information as specified above has been published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated.	Copy of Newspapers		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Compliance with Accounting Standards	48	Check whether the listed entity has complied with all the applicable and notified Accounting Standards from time to time.	Auditor Report		
CHAPTER V – OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS NON-CONVERTIBLE SECURITIES					
Check applicability	49	Check whether the listed entity has listed its non-convertible securities on a recognized stock exchange in accordance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.	Listing approval and listing agreement		
Intimation to Stock Exchange (s)	50 (1)	Check whether the listed entity has given prior intimation to the stock exchange of at least two working days in advance, excluding the date of the intimation and the date of the meeting of the board of directors, about the Board meeting in which below proposals were considered - (a) an alteration in the form or nature of non-convertible securities that are listed on the stock exchange or in the rights or privileges of the holders thereof; (b) an alteration in the date of the interest/ dividend/ redemption payment of non-convertible securities; (c) financial results viz. quarterly or annual, as the case may be; (d) fund raising by way of issuance of non-convertible securities; or (e) any matter affecting the rights or interests of holders of non-convertible securities.	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
	50(2)	Check whether the listed entity has also intimated the stock exchange not later than the date of commencement of dispatch of notices, in case of: (a) any annual general meeting or extraordinary general meeting that is proposed to be held for obtaining shareholder approval for the proposals of financial results viz. quarterly or annual, as the case may be and fund raising by way of issuance of non-convertible securities; (b) any meeting of the holders of non-convertible securities in relation to the proposal at clause (e) of sub-regulation (1) of this regulation.	Copy of intimation to Stock Exchange		
Disclosure of information having bearing on performance/ operation of listed entity and/or price sensitive information	51(1)	Check whether the listed entity has promptly (but not later than twenty-four hours from the date of occurrence of the event or receipt of information) informed the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend or redemption of non-convertible securities. *Note: The expression 'promptly inform', shall imply that the stock exchange shall be informed as soon as reasonably possible as but not later than 24 hours from the date of occurrence of the event or receipt of information. In case the disclosure is made after twenty-four hours of the date of occurrence of the event or receipt of information, the listed entity shall, along with such disclosures provide an explanation for the delay.*	Copy of intimation to Stock Exchange		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
	51(3)	1. Check whether the listed entity has disclosed on its website, all such events or information which have been disclosed to the stock exchange(s) under this regulation. 2. Check whether such disclosures has been hosted on the website of the listed entity for a minimum period of 05 years and thereafter as per the archival policy of the listed entity, as disclosed on its website.	1. Website 2. Archival Policy		
Financial Results	52(1) and proviso	1. Check whether the listed entity has prepared and submitted to the recognized stock exchange(s) un-audited or audited quarterly and year to date standalone financial results on a quarterly basis in the format as specified by the Board within 45 days from the end of the quarter, other than last quarter. 2. Check whether, in case of entities which have listed their debt securities, has provided a copy of the financial results (submitted to stock exchanges) to Debenture Trustees on the same day the information is submitted to stock exchanges.	1. Copy of intimation to Stock Exchange 2. Copy of intimation to Debenture Trustees		
Annual and quarterly Financial Results	52(2)	Check whether the listed entity has complied with following requirements with respect to preparation, approval, authentication and publication of annual and quarterly financial results: (a) Un-audited financial results on quarterly basis to be accompanied by limited review report prepared by the statutory auditors of the listed entity:	Copy of Audited and un-audited Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		Provided that in case of issuers whose accounts are audited by the Comptroller and Auditor General of India, the report shall be provided by any practicing Chartered Accountant. (b) The quarterly results should be taken on record by the board of directors and signed by the managing director / executive director. (c) The audited results for the year shall be submitted to the recognized stock exchange(s) in the same format as is applicable for quarterly financial results. (d) The annual audited standalone and consolidated financial results for the financial year should be submitted to the stock exchange(s) within sixty days from the end of the financial year along with the audit report.			
Disclosure while submitting quarterly / annual financial results	52(4)	Check whether the listed entity has disclosed, while submitting quarterly / annual financial results, the following line items along with the financial results: ● debt-equity ratio; ● debt service coverage ratio; ● interest service coverage ratio; ● outstanding redeemable preference shares (quantity and value); ● capital redemption reserve/ debenture redemption reserve;	Financial Statements/ Result		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		● net worth; ● net profit after tax; ● earnings per share: ● current ratio; ● long term debt to working capital; ● bad debts to Account receivable ratio; ● current liability ratio; ● total debts to total assets; ● debtors turnover; ● inventory turnover; ● operating margin (%); ● net profit margin (%); ● sector specific equivalent ratios, as applicable.			
Additional Disclosures	52(6)	Check whether the listed entity which has listed its non-convertible redeemable preference shares has made the following additional disclosures as notes to financials: ● free reserve as on the end of half year; ● securities premium account balance (if redemption of redeemable preference share is to be done at a premium, such premium may be appropriated from securities premium account): Provided that disclosure on securities premium account balance may be provided only in the year in which non convertible redeemable preference shares are due for redemption;	Copy of Financial Audited and un-audited Financial Results		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		● track record of dividend payment on non-convertible redeemable preference shares: ● Provided that in case the dividend has been deferred at any time, then the actual date of payment shall be disclosed; ● (e) breach of any covenants under the terms of the non-convertible redeemable preference shares			
Statement submission Stock Exchange	52(7)	Check whether the listed entity has submitted to the stock exchange, a statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved, within forty-five days from the end of every quarter.	Statement submitted to Stock Exchange		
Publication of Financial Results	52(8)	Check whether the listed entity has published the financial results and statement referred to in sub-regulation (4), in at least one English national daily newspaper circulating in the whole or substantially the whole of India, within two working days of the conclusion of the meeting of the board of directors.	Copy of Publication of Financial Results		
Annual Report	53(1)	1. Check whether the annual report of the listed entity contains the following Disclosures: (a) audited financial statements i.e. balance sheets, profit and loss accounts etc., and Statement on Impact of Audit Qualifications, if applicable.	Copy of Annual Report		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(b) cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3 or Indian Accounting Standard 7, as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the ICAI, whichever is applicable; (c) auditors report; (d) directors report; (e) name of the debenture trustees with full contact details; (f) related party disclosures as specified in Para A of Schedule V. 2. Check whether the annual report contains any other disclosures specified in Companies Act, 2013.			
Submission and Publication of Annual Report	53(2)	Check whether the listed entity has submitted to the stock exchange and the debenture trustee and has published on its website- (a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders; and (b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.	1. Copy of intimation to Stock Exchange 2. Website Disclosure		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Security Cover	54(1)	Check whether the listed entity has maintained hundred per cent (100%) security cover or higher security cover in respect of its secured listed non-convertible debt securities, as per the terms of offer document/ Information Memorandum and/ or Debenture Trust Deed which was sufficient to discharge the principal amount and the interest thereon at all times for the non-convertible debt securities issued.	Proof of Assets being Secured sufficiently		
Disclosure of extent and nature Of Security	54(2)	Check whether the listed entity has disclosed to the stock exchange the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities in quarterly, half-yearly, year-to-date and annual financial statements, as applicable.	Copy of the Disclosure		
Disclosure of Security Cover	54(3)	Check whether the listed entity has disclosed the security cover available in case of non-convertible debt securities along with its financial results in the format as specified by the Board.	Copy of Financial Results		
Credit Rating	55	Check whether the each rating obtained by the listed entity with respect to non-convertible has been reviewed at least once a year by a credit rating agency registered by the Board.	Copy of the review report given by Credit Rating Agency		
Documents and Intimation to Debenture Trustees	56(1)	Check whether the listed entity has forwarded the following to the debenture trustee promptly: (a) a copy of the annual report at the same time as it is issued along with a copy of certificate from the listed	Copy of forward letter and documents		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		entity's auditors in respect of utilisation of funds during the implementation period of the project for which the funds have been raised; Provided that in the case of debentures or preference shares issued for financing working capital or general corporate purposes or for capital raising purposes whether the copy of the auditor's certificate has been submitted at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved. [Voluntary] (b) a copy of all notices, resolutions and circulars relating to- (i) new issue of non-convertible debt securities at the same time as they are sent to shareholders/ holders of non-convertible debt securities; (ii) the meetings of holders of non-convertible debt securities at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings; (c) intimations regarding : (i) any revision in the rating;			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(ii) any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities; (iii) failure to create charge on the assets; (iv) all covenants of the issue (including side letters, accelerated payment clause, etc.) (d) a half-yearly certificate regarding maintenance of hundred percent security cover or higher security cover as per the terms of offer document/ Information Memorandum and/or Debenture Trust Deed, including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the financial results. Provided that the submission of this certificate is not applicable where bonds are secured by a Government guarantee.			
Disclosure to the Debenture Trustee	56(1A)	Check whether the listed entity has disclosed to the Debenture Trustee at the same time as it has intimated to the stock exchange, all material events and/or information having bearing on performance/ operation of listed entity and/or price sensitive information in so far as it relates to the interest, principal, issue and terms of non-convertible debt securities, rating, creation of charge on the assets, notices, resolutions and meetings of holders of non-convertible debt securities.	Copy of the disclosure to the Debenture Trustee		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Information to Debenture Trustee	56 (2) & (3)	1. Check whether the listed entity has forwarded to the debenture trustee any such information sought and provide access to relevant books of accounts as required by the debenture trustee. 2. Check whether the listed entity, subject to the consent of the debenture trustee, has sent the information stipulated in sub-regulation (1), in electronic form/ fax.	Copy of intimation		
Intimations/ other submissions to Stock Exchange(s)	57(1)	Check whether the listed entity has submitted a certificate to the stock exchange within one working day of the interest or dividend or principal becoming due regarding status of payment in case of non-convertible securities.	Copy of intimation to Stock Exchange		
Details for all the Non-convertible Securities	57(4)	Check whether the listed entity has provided details for all the non-convertible securities for which interest/dividend/principal obligations shall be payable during the quarter, within 05 working days prior to the beginning of the quarter.	Intimation sent to Stock Exchange(s)		
Certificate confirming The Payment of Interest/ Dividend/ Principal Obligations	57(5)	Check whether the listed entity has provided (a) a certificate confirming the payment of interest/ dividend/ principal obligations for non-convertible securities which were due in that quarter; and (b) the details of all unpaid interest/ dividend/ principal obligations in relation to non-convertible securities at the end of the quarter, within seven working days from the end of the quarter.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Documents and information to holders of non – convertible Securities	58(1)	Check whether the listed entity has sent the following documents to all the holders of non – convertible Securities - (a) Soft copies of the full annual reports, who have registered their email address(es) either with the listed entity or with any depository; (b) Hard copy of statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder to those holders of non-convertible securities who have not so registered; (c) Hard copies of full annual reports to those holders of non-convertible securities, who request for the same.	Proof of Dispatch		
Notice of all Meetings specifying for appointment of proxcy	58(2)	Check whether the listed entity has sent the notice of all meetings of holders of non-convertible debt securities and holders of non-convertible redeemable preference shares specifically stating that the provisions for appointment of proxy shall be applicable for such meeting.	Proof of Dispatch		
Proxy Forms	58(3)	1. Check whether the listed entity has sent proxy forms to holders of non-convertible debt securities and non-convertible redeemable preference shares. 2. Check whether the form has worded in such a manner that holders of these securities may vote either for or against each resolution.	1. Proof of Dispatch 2. Copy of Proxy Form		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Structure of non-convertible debt securities and non-convertible redeemable preference shares	59(1)	1. Check whether the listed entity has made any material modification without prior approval of the stock exchange(s) – Where the non-convertible debt securities or non-convertible redeemable preference shares, as applicable, are listed, to the structure of the non-convertible debt securities debentures/ redeemable preference shares in terms of Coupon/dividend redemption, or otherwise. 2. Check whether the approval of the board of directors and the debenture trustee was taken before the approval of the stock exchange. 3. Check whether the obtained consent in writing of the holders of not less than three-fourths, by value of holders of that class of securities before the approval of the stock exchange. 4. Check whether the listed entity has provided the facility of remote e-voting to facilitate such consent.	Copy of Approvals		
Record Date	60(1) & 60(2)	1. Check whether the listed entity has fixed a record date for purposes of payment of interest, dividend and payment of redemption or repayment amount or for such other purposes as specified by the stock exchange. 2. Check whether the listed entity has given the notice of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date in advance	Copy of the notice of Record Date		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		of at least seven working days (excluding the date of intimation and the record date) to the recognized stock exchange(s).			
Payment of Dividend	61(1)	Check whether the listed entity has ensured timely payment of interest or dividend of non-convertible debt securities and/ or non-convertible redeemable preference shares or redemption payment: The listed entity should not have declared or distributed any dividend wherein it has defaulted in payment of interest on debt securities or redemption thereof or in creation of security as per the terms of the issue of debt securities.	Proof of Payment		
Details of redemption of Securities	61(3)	Check whether the listed entity unless the terms of issue provide otherwise, has not selected any of its listed securities for redemption otherwise than pro rata basis or by lot.	Redemption		
Proof of Compliance	61(4)	Check whether listed entity has complied with requirements as specified in regulation 40 for transfer and transmission of securities including procedural requirements specified in Schedule VII.	Compliance with procedural requirements		
Dealing with unclaimed non-convertible securities and benefits accrued thereon	61A	1. Check whether the listed entity has forfeited unclaimed interest/dividend/redemption amount. 2. Check whether the listed entity has transferred the amount to an escrow account to be opened by the listed entity in any scheduled bank within seven days from the date of	1. Register, if any 2. Other records containing particulars of dividends declared, paid or remaining. 3. Financials 4. Details of Escrow Account 5. Resolution		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		expiry of the period of thirty days if the interest/ dividend/ redemption amount has not been claimed within thirty days from the due date of interest/ dividend / redemption payment. 3. Check whether the listed entity has transferred the amount of escrow account that remains unclaimed for seven years to the 'Investor Education and Protection Fund'.			
Website	62	Check whether the listed entity has maintained a functional website containing the following information: (a) details of its business; (aa) composition of the Board; (b) financial information including: (i) notice of meeting of the board of directors where financial results shall be discussed; (ii) financial results, on the conclusion of the meeting of the board of directors where the financial results were approved; (iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.;	Website Link		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(c) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances; (d) email address for grievance redressal and other relevant details; (e) name of the debenture trustees with full contact details; (f) the information, report, notices, call letters, circulars, proceedings, etc. concerning non-convertible redeemable preference shares or non-convertible debt securities; (g) all information and reports including compliance reports filed by the listed entity; (h) information with respect to the following (i) default by issuer to pay interest or redemption amount; (ii) failure to create a charge on the assets; (i) all credit ratings obtained by the entity for all its listed non-convertible securities, updated immediately upon any revision in the ratings;			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(j) statements of deviation(s) or variation(s) as specified in sub-regulation (7) and sub-regulation (7A) of regulation 52 of these regulations; (k) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder.			
Website	62(1A)	Check whether the listed entity has made additional disclosures on their website – (a) composition of the various committees of the board of directors; (b) terms and conditions of appointment of independent directors; (c) code of conduct of the board of directors and senior management personnel; (d) details of establishment of vigil mechanism/ whistle blower policy; (e) criteria of making payments to non-executive directors, if the same has not been disclosed in the annual report; (f) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations; (g) policy on dealing with related party transactions; (h) policy for determining 'material' subsidiaries;	Website Links		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(i) details of familiarization programmes imparted to independent directors including the following details:- (i) number of programmes attended by the independent directors (during the year and on a cumulative basis till date), (ii) number of hours spent by the independent directors in such programmes (during the year and on cumulative basis till date), and (iii) other relevant details *Note- Applicability to whom regulations 15 to regulation 27 are applicable*			
Press Release	62(2)	Check whether the listed entity has issued a press release with respect to the events specified in sub-regulations (1) and (1A).	Details of Press Release or Media		
Ensuing the contents of Website	62(3)	Check whether the listed entity has ensured that the contents of the website are correct and updated at any given point of time.	Website Link with Supporting Documents		
Updation of Website	62(4)	Check whether the listed entity has updated any change in the content of its website within two working days from the date of such change in content.	Website Link with Supporting Documents		

4

FOREIGN DIRECT INVESTMENT

1. BACKGROUND

Back in the 70s, the Foreign Exchange transactions were regulated by the Foreign Exchange Regulation Act, 1973 (FERA) which came into force with effect from January 1, 1974.

The Act enacted by the Parliament regulated certain payments, dealing in foreign exchange and securities, transactions indirectly affecting foreign exchange and the import and export of currency, for the conservation of the foreign exchange resources of the country and the proper utilisation thereof in the interest of the economic development of the country.

However, on account of liberalization in the 90s, there was an increase in the flow of foreign exchange in India and foreign exchange reserves increased substantially. Considering the above, a bill was passed which received the President's assent and the Foreign Exchange Management Act, 1999 (FEMA) came into force w.e.f June 01, 2000.

Accordingly, the Foreign Exchange Regulation Act (FERA) was repealed and replaced by the new Foreign Exchange Management Act (FEMA) with effect from June 2000.

FEMA Regulations since 2000

Earlier, the Reserve Bank of India (RBI), pursuant to the power conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) issued notifications for prohibition/restriction/regulation of Transfer or Issue of Securities by a person resident outside India. Following were the notifications issued by the authority:

- Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 dated May 03, 2000- Notification No. FEMA 20 /2000-RB
- Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 dated November 07, 2017- Notification No. FEMA 20(R)/ 2017-RB

Later, pursuant to the powers conferred by clauses (aa) and (ab) of sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Central Government – Ministry of Finance (Department of Economic Affairs) came up with the following rules:

- Foreign Exchange Management (Non-debt Instruments) Rules, 2019 dated October 17, 2019.

These Rules were issued in suppression of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018.

Consolidated Foreign Direct Investment Policies

The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India issues the Foreign Direct Investment (FDI) Policies which are notified by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India as amendments to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under the Foreign Exchange Management Act, 1999 (42 of 1999) (FEMA).

Particulars	Effective date
Consolidated FDI Policy Circular of 2015	May 12, 2015
Consolidated FDI Policy Circular of 2016	June 07, 2016
Consolidated FDI Policy Circular of 2017	August 28, 2017
Consolidated FDI Policy Circular of 2020	October 15, 2020

In case of conflict, the relevant Notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 shall prevail.

Master Circulars

Foreign Investment in India	
Particulars	**Date**
Master Circular on Foreign Investment in India-**RBI/2008-2009/15 Master Circular No. 02/2008-09** which covered the following areas: – Acquisition of immovable property – Establishment of Branch/Liaison Office in India – Investment in capital of partnership firms or proprietary concern.	July 1, 2008
Master Circular on Foreign Investment in India- **RBI/2009-10/22 Master Circular No.2/2009-10** which covered the following areas: – Acquisition of immovable property – Establishment of Branch/Liaison Office in India – Investment in capital of partnership firms or proprietary concern.	July 1, 2009
Master Circular on Foreign Investment in India- **RBI/2010-11/13 Master Circular No.13/2010-11** which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 1, 2010
Master Circular on Foreign Investment in India- **RBI/2011-12/15 Master Circular No. 15/2011-12** which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 1, 2011
Master Circular on Foreign Investment in India- **RBI/2012-13/15 Master Circular No.15/2012-13** which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 2, 2012
Master Circular on Foreign Investment in India - **RBI/2013-14/15 Master Circular No.15/2013-14**which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 1, 2013
Master Circular on Foreign Investment in India - **RBI/2014-15/6 Master Circular No. 15/2014-15**which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 1, 2014
Master Circular on Foreign Investment in India- **RBI/2015-16/96 Master Circular No. 15/2015-16**which additionally covered the following area: – Investment in capital of partnership firms or proprietary concern.	July 1, 2015

Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin	
Particulars	**Date**
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2010-11/15 Master Circular No.15/2010-11**	July 01, 2010
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2011-12/4 Master Circular No.04/2011-12**	July 01, 2011
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2012-13/4 Master Circular No.4 /2012-13**	July 02, 2012
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2013-14/4 Master Circular No. 4/2013-14**	July 01, 2013
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2014-15/9 Master Circular No. 4/2014-15**	July 01, 2014
Master Circular on Acquisition and Transfer of Immovable Property in India by NRIs/PIOs/Foreign Nationals of Non-Indian Origin- **RBI/2015-16/79 Master Circular No. 4/2015-16**	July 01, 2015
Compounding of Contraventions under FEMA, 1999	
Particulars	**Date**
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2010-11/7Master Circular No.07/2010-11**	July 01, 2010
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2011-12/8Master Circular No.8 /2011-12**	July 01, 2011
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2012-13/9Master Circular No. 9/2012-13**	July 02, 2012
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2013-14/9Master Circular No.9/2013-14**	July 01, 2013
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2014-15/1Master Circular No. 9/2014-15**	July 01, 2014
Master Circular on Compounding of Contraventions under FEMA, 1999- **RBI/2015-16/67Master Circular No. 9/2015-16**	July 01, 2015

In the year 2015, the Reserve Bank of India stopped the Issuance of Master Circulars. Instead, the Bank started Issuing Master Directions. The last Master Direction was issued in 2018 which is available on RBI Website.

2. IMPORTANT DEFINITIONS

Definitions under Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 are given hereunder:

Rule No.	Term	Definition
2(k)	**Equity Instruments**	Equity Instruments means equity shares, convertible debentures, preference shares and share warrants issued by an Indian company *Explanation:-* (i) Equity shares issued in accordance with the provisions of the Companies Act, 2013 shall include equity shares that have been partly paid. "Convertible debentures" means fully, compulsorily and mandatorily convertible debentures. "Preference shares" means fully, compulsorily and mandatorily convertible preference shares. Share Warrants are those issued by an Indian company in accordance with the regulations issued by the Securities and Exchange Board of India. Equity instruments can contain an optionality clause subject to a minimum lock-in period of 01 year or as prescribed for the specific sector, whichever is higher, but without any option or right to exit at an assured price. (ii) Partly paid shares that have been issued to a person resident outside India shall be fully called-up within 12 months of such issue or as may be specified by the Reserve Bank from time to time. 25% of the total consideration amount (including share premium, if any) shall be received upfront. (iii) In case of share warrants, at least 25% of the consideration shall be received upfront and the balance amount within 18 months of the issuance of share warrants.
2(m)	**FDI Linked Performance Conditions**	FDI Linked Performance Conditions means the sector specific conditions specified in Schedule I of these Rules for companies receiving foreign investment.
2(n)	**FVCI**	FVCI means a Foreign Venture Capital Investor incorporated and established outside India and registered with the Securities and Exchange Board of India under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
2(r)	**FDI or Foreign Direct Investment**	FDI or Foreign Direct Investment means investment through equity instruments by a person resident outside India in an unlisted Indian company; or in 10% or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company.
2(s)	**Foreign Investment**	Foreign Investment means any investment made by a person resident outside India on a repatriable basis in equity instruments of an Indian company or to the capital of a Limited Liability Partnership (LLP).
2(t)	**Foreign Portfolio Investment**	Foreign Portfolio Investment means any investment made by a person resident outside India through equity instruments where such investment is less than 10% of the post issue paid-up share capital on a fully diluted basis of a listed Indian company or less than 10% of the paid-up value of each series of equity instrument of a listed Indian company.

Rule No.	Term	Definition
2(u)	**FPI or Foreign Portfolio Investor**	FPI or Foreign Portfolio Investor means a person registered in accordance with the provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
2(v)	**Government Approval**	Government Approval means the approval from the erstwhile Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion, Government of India and/ or the erstwhile Foreign Investment Promotion Board (FIPB) and/ or any of the ministry/ department of the Government of India, as the case may be.
2(w)	**Group Company**	Group company means two or more enterprises which, directly or indirectly, are in a position to (i) exercise 26%, or more of voting rights in other enterprise; or (ii) appoint more than 50% of members of Board of Directors in the other enterprise
2(ai)	**Non-Debt Instruments**	Non-debt instruments means the following instruments; namely: (i) all investments in equity instruments in incorporated entities: public, private, listed and unlisted; (ii) capital participation in LLP; (iii) all instruments of investment recognised in the FDI policy notified from time to time; (iv) investment in units of Alternative Investment Funds (AIFs), Real Estate Investment Trust (REITs) and Infrastructure Investment Trusts (InvIts); (v) investment in units of mutual funds or Exchange-Traded Fund (ETFs) which invest more than fifty per cent in equity; (vi) junior-most layer (i.e. equity tranche) of securitisation structure; (vii) acquisition, sale or dealing directly in immovable property; (viii) contribution to trusts; and (ix) depository receipts issued against equity instruments.
2(aj)	**NRI or Non-Resident Indian**	NRI or Non-Resident Indian means an individual resident outside India who is a citizen of India.
2(ak)	**OCI or Overseas Citizen of India**	OCI or Overseas Citizen of India means an individual resident outside India who is registered as an Overseas Citizen of India Cardholder under Section 7-A of the Citizenship Act, 1955.
2(am)	**Sectoral Cap**	Sectoral cap means the maximum investment including both foreign investment on a repatriation basis by persons resident outside India in equity and debt instruments of a company or the capital of a LLP, as the case may be, and indirect foreign investment, unless provided otherwise. This shall be the composite limit for the Indian investee entity.
2(ap)	**Transferable Development Rights (TDR)**	Transferable Development Rights (TDR) shall have the meaning assigned to it in the regulations made under Sub-section (2) of Section 6 of the Act.

Rule No.	Term	Definition
23(7)(a)	**Ownership of an Indian Company**	Ownership of an Indian Company shall mean beneficial holding of more than fifty percent of the equity instruments of such company. Ownership of an LLP shall mean contribution of more than fifty percent in its capital and having majority profit share.
23(7)(d)	**Control**	Control shall mean the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreement or voting agreement and for the purpose of LLP.
23(7)(g)	**Downstream Investment**	Downstream Investment shall mean investment made by an Indian entity which has total foreign investment in it, or an Investment Vehicle in the capital instruments or the capital, as the case may be, of another Indian entity.
23(7)(i)	**Indirect Foreign Investment**	Indirect Foreign Investment means downstream investment received by an Indian entity from, (A) another Indian entity (IE) which has received foreign investment and (i) the IE is not owned and not controlled by resident Indian citizens or (ii) is owned or controlled by persons resident outside India; or (B) an investment vehicle whose sponsor or manager or investment manager (i) is not owned and not controlled by resident Indian citizens or (ii) is owned or controlled by persons resident outside India: Provided that no person resident in India other than an Indian entity can receive Indirect Foreign Investment.
23(7)(j)	**Total Foreign Investment**	Total Foreign Investment means the total of foreign investment and indirect foreign investment and the same will be reckoned on a fully diluted basis.

Press Note No. 3 (2020 Series)

The Government of India has reviewed the extant FDI policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic and amended para 3.1.1 of extant FDI policy as contained in Consolidated FDI Policy, 2017 as under:

1. Present Position

Para 3.1.1: A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/ activities prohibited for foreign investment.

2. Revised Position

Para 3.1.1: 3.1.1(a) A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/ activities which are prohibited. However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest,

only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/ activities prohibited for foreign investment.

Para 3.1.1: 3.1.1(b) In the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the para 3.1.1(a), such subsequent change in beneficial ownership will also require Government approval.

3. AUTOMATIC AND APPROVAL ROUTE

Automatic Route

Under the Automatic Route, the foreign investor or the Indian company does not require any prior approval from the RBI or Government of India for the investment.

Approval Route

Approval Route is the entry route through which investment by a person resident outside India requires prior Government/RBI approval. Foreign investment received under this route shall be in accordance with the conditions stipulated by the Government/ RBI in its approval.

4. SECTORS PROHIBITED FOR FDI

- Lottery business including Government or private lottery, online lotteries, etc.
- Gambling and betting including casinos, etc.
- Chit Funds.
- Nidhi Company.
- Trading in Transferable Development Rights.
- Real Estate Business or Construction of Farm Houses.

***Explanation*:** For the purpose of this rule, 'real estate business shall not include development of townships, construction of residential or commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations, 2014.

- Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.
- Activities or sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in paragraph (3) of Schedule I)
- Foreign technology collaborations in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for lottery business and gambling and betting activities.

5. ELIGIBLE INVESTORS

- Person resident outside India (Non-Resident Investor).
- Foreign Portfolio Investor (FPI).
- Non-Resident Indian or an Overseas Citizen of India.
- Foreign Venture Capital Investor.

6. PERMITTED INVESTMENTS BY PERSONS RESIDENT OUTSIDE INDIA

Unless otherwise specifically stated in Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 &

relevant schedules (Amended from time to time), any investment made by a person resident outside India shall be subject to the entry routes, sectoral caps or the investment limits, as the case may be, and the attendant conditionality for making such investment as laid down in these Rules. A person resident outside India may make investment as stated hereinafter

1. Purchase or sale of equity instruments of an Indian company by a person resident outside India (Schedule I)
2. Investments by Foreign Portfolio Investors (Schedule II)
3. Investments by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis (Schedule III)
4. Investment by NRI or OCI on non-repatriation basis (Schedule IV)
5. Investment by other non-resident investors (Schedule V)
6. Investment in a Limited Liability Partnership (LLP) (Schedule VI)
7. Investment by a Foreign Venture Capital Investor (FVCI) (Schedule VII)
8. Investment by a person resident outside India in an Investment Vehicle (Schedule VIII)
9. Investment in Depository Receipts by a person resident outside India (Schedule IX)
10. Issue of Indian Depository Receipts (Schedule X)

7. LATE SUBMISSION FEES

As per Master Direction – Reporting under Foreign Exchange Management Act, 1999 as amended from time to time, the person/ entity responsible for filing the reports provided in Part IV of the said Master Direction shall be liable for payment of Late Submission Fee (LSF) for any delays in reporting.

(i) The Late Submission Fee shall be applicable for the transactions undertaken on or after November 7, 2017.

(ii) The payment of Late Submission Fee is an option for regularizing reporting delays without undergoing the compounding procedure.

The amount of Late Submission Fee will be as per the following Matrix:

Amount involved in reporting (in Rs.)	Late Submission Fee (LSF) as % of amount involved *	Maximum amount of LSF applicable
Up to 1 Crore	0.05%	Rs. 10,00,000 or 300% of the amount involved, whichever is lower
More than 1 Crore	0.15%	Rs. 1 Crore or 300% of the amount involved, whichever is lower
* The % of LSF will be doubled in every 12 months The floor (minimum applicable amount) for LSF will be Rs 100.		

8. INTRODUCTION OF THE FIRMS PORTAL

The RBI with an objective of integrating the extant reporting structures of various types of foreign investment in India, introduced a Single Master Form pursuant to A. P. (DIR Series) Circular No. 30 dated June 07, 2018 w.e.f June 28, 2018.

The RBI introduced an online application, FIRMS (Foreign Investment Reporting and Management System) on the RBI Websitehttps://firms.rbi.org.in, which provided for the Single Master Forms.

9. TRANSACTION BASED CHECKLISTS

RIGHTS ISSUE/BONUS ISSUE

A person resident outside India having investment in an Indian company is permitted to invest in the capital instruments (other than share warrants) issued by such company as a rights issue or a bonus issue subject to the following conditions:

1. The offer made by the Indian company is in compliance with the provisions of the Companies Act, 2013;
2. The issue does not result in a breach of the sectoral cap applicable to the company;
3. The shareholding on the basis of which the rights issue or the bonus issue has been made must have been acquired and held as per the provisions of Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 as amended from time to time.
4. In case of a listed Indian company, the rights issued to persons resident outside India shall be at a price determined by the company;
5. In case of an unlisted Indian company, the rights issued to persons resident outside India should not be at a price less than the price offered to persons resident in India;
6. Such investment made through rights issue or bonus issue is subject to the conditions as are applicable at the time of such issue;
7. The amount of consideration may be paid as inward remittance from abroad through banking channels or out of funds held in NRE/ FCNR(B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016;

Where the original investment has been made on a non-repatriation basis, the amount of consideration may also be paid by debit to the NRO account maintained in accordance with the **Foreign Exchange Management (Deposit) Regulations, 2016**.

Attention Point

Ensure the compliances under the Income Tax Act, 1961 with regard to withholding tax before giving effect to the transfer of shares from Non-Resident to Resident or vice versa in the register of members of the Company.

Checklist for Compliances under FEMA Regulations regarding Foreign Direct Investment

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Reporting in Single Master Form		Check whether the entity has created entity user and business user.	Entity Master Form on FIRMS Portal		
Prohibited Sector	Schedule 1 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the main objects of the company falls under the prohibited sector as explained above. 2. Check whether the main object of the company falls under Automatic Route or Approval Route.	Memorandum of Association		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Government approval for approval route	Schedule 1 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the government approval has been taken and the terms and conditions (if any) for Government approval have been complied with, in case of activity falls under approval route.	RBI Approval Letter		
Type of Security	Rule 2 (k) of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the securities issued on rights basis were equity or compulsorily convertible into equity shares.	1. Form PAS-3 2. Resolution for Issue and Allotment 3. Share/ Security Certificate		
Determination of Price / Conversion Formula	Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the price or conversion formula of the instrument has been determined upfront at the time of issue of instrument, in case of issue of Convertible Instruments.	1. Resolution for Issue and Allotment of Convertible Security 2. Terms of the Securities Issued 3. Form PAS-3		
Approval in case of investment from person belonging to a country sharing land borders with India	Rule 6 Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the investment was made by way of capital contribution or by way of acquisition or transfer of profit shares of an LLP and in subject to the terms and conditions specified in Schedule VI. 2. Check whether the investment was made in units of an investment vehicle, and in subject to the terms and conditions specified in Schedule VIII. 3. Check whether the investment was made by foreign depositories against eligible securities in the manner and in subject to the terms and conditions specified in Schedule IX.	1. KYC Report of the Investor 2. Shareholding Structure of the Overseas Investor including the list of Ultimate Beneficial Ownership 3. Shareholding Structure of the Entire group if there are multiple layers of Companies		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Acquisition through rights issue	Rule 7 Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the rights issue to persons resident outside India was made at a price determined by the company, in case of a listed Indian company. 2. Check whether the rights issue to persons resident outside India was made at a price less than the price offered to persons resident in India, in case of an unlisted Indian company.	1. Offer Letter 2. Board Resolution for Allotment 3. Form PAS-3		
Renunciation	Rule 7A Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Where the shares have been renounced by a person resident in India in favour of a person Resident outside India, then, check whether the pricing guidelines have been adhered to.			
Taxes and remittances of sale proceeds	Rule 22 Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether all transactions have come through proper banking channels in India and subject to the payment of applicable taxes and other duties or levies in India. 2. Check whether the security was held by the seller on repatriation basis and either the security has been sold in compliance with the pricing guidelines or the Reserve Bank's approval has been obtained in other cases for sale of the security and remittance of the sale proceeds thereof.	1. FIRC Copy issued by the AD Bank 2. KYC Report of the Investor		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Reporting Requirements	Rule 4 Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019	Check whether Form FC-GPR has been filed within 30 days from the date of issue of equity instruments.	Form - FC GPR		
UDIN	ICSI UDIN Guidelines	Check whether UDIN was generated and mentioned in the CS Certificate.	Certificate of Prac-tising Professional		
Preservation of Approvals		Check whether the company has preserved the approval emails/taken on record the letters received from the various concerned authorities.	1. Records of the Company 2. Emails of RBI/ Letters received		
Compliance of the provisions of Companies Act, 2013	Companies Act, 2013	Check whether the offer made was in compliance with the provisions of Companies Act, 2013.	1. Offer Letter 2. Board Resolution		
Return of Allotment	Section 62 read with Rule 12 of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Check whether return of allotment in Form PAS-3 has been filed with the Registrar of Companies within 30 days from the date of allotment of securities.	Form PAS-3 along with its Challan		
Compliance of SEBI Guidelines	SEBI Guidelines	Check whether the price at which shares allotted was not less than the price worked out in accordance of the SEBI Guidelines, in case of listed entity.			

Additional Check Point for Compliances under FEMA Regulations regarding Private Placement

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Reporting of previous allotments		Check whether all the previous allotments have been reported to RBI and approval letters were taken on record.	1. Entity Master Form on Firms Portal 2. Approval/ Acknowledgement letter of previous FC-GPR		
Pricing guidelines: Equity Instruments Issued by Indian company to a person resident outside India	Rule 21 of Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the price was not be less than the price worked out in accordance with the SEBI guidelines in case of a listed Indian company. 2. Check whether the price was not be less than the valuation of equity instruments done as per any internationally accepted pricing methodology for valuation on an arm's length basis duly certified by a Chartered Accountant or a Merchant Banker registered with the SEBI or a practising Cost Accountant, in case of an unlisted Indian Company.	Valuation Report		
Pricing guidelines: Equity Instruments Issued by Indian company transferred from a person resident in India to a person resident outside India	Rule 21 of Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the price was not be less than the price worked out in accordance with the SEBI guidelines in case of a listed Indian company. 2. Check whether the price was not be less than the price at which a preferential allotment of shares can be made under the SEBI Guidelines, in case of a listed Indian company.	Valuation Report		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		3. Check whether the price was not be less than the valuation of equity instruments done as per any internationally accepted pricing methodology for valuation on an arm's length basis duly certified by a Chartered Accountant or a Merchant Banker registered with the SEBI or a practising Cost Accountant, in case of an unlisted Indian company.			
Pricing guidelines: Equity Instruments Issued by Indian company transferred by a person resident outside India to a person resident in India	Rule 21 of Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the price have not exceeded the price worked out in accordance with the SEBI guidelines in case of a listed Indian company. 2. Check whether the price have not exceeded the price at which a preferential allotment of shares can be made under the SEBI Guidelines, in case of a listed Indian company. 3. Check whether the price have not exceeded the valuation of equity instruments done as per any internationally accepted pricing methodology for valuation on an arm's length basis duly certified by a Chartered Accountant or a Merchant Banker registered with the SEBI or a practising Cost Accountant, in case of an unlisted Indian company.	Valuation Report		

EMPLOYEES STOCK OPTIONS AND SWEAT EQUITY SHARES

An Indian company is permitted to issue "employees' stock option" and/ or "sweat equity shares" to its employees/ directors or employees/ directors of its holding company or joint venture or wholly owned overseas subsidiary/ subsidiaries who are residents outside India, subject to the following conditions:

1. The ESOP scheme has been drawn either in terms of regulations issued under the Securities and Exchange Board of India Act, 1992 or the Companies (Share Capital and Debentures) Rules, 2014, as the case may be;
2. The “employee’s stock option”/ “sweat equity shares” are in compliance with the sectoral cap applicable to the said company;
3. Issue of “employee’s stock option”/ “sweat equity shares” in a company where investment by a person resident outside India is under the approval route requires prior Government Approval;
4. Issue of “employee’s stock option”/ “sweat equity shares” to a citizen of any country sharing land borders with India requires prior Government Approval.

Sl. No.	Particulars	Response
1.	Check the main object of the company. Check whether the main object of the company falls under the prohibited sector mentioned above.	
2.	Check whether the main object of the company falls under automatic route or approval route.	
3.	Check whether the options and/ or sweat equity shares have been issued only to employees or directors or employees or directors of its holding company or joint venture or wholly owned overseas subsidiary or subsidiaries that are resident outside India.	
4.	Check whether the scheme has been drawn in accordance with the SEBI Regulations/Companies Act.	
5.	Check whether the limits of the Sectoral caps have not been breached.	
6.	If the activity of the company issuing Stock Options falls under approval route, has government approval been taken and the terms and conditions (if any) for Government approval been complied with.	
7.	Check whether UDIN is generated and mentioned in the CS Certificate.	
8.	Check whether Form ESOP has been filed within 30 days from the date of issue of employees' stock option.	
9.	Check whether the company has preserved the approval email/taken on record received from the authority.	

MERGER/DEMERGER/AMALGAMATION

In case a Scheme of merger or amalgamation of two or more Indian companies or a reconstruction by way of demerger or otherwise of an Indian company has been approved by the National Company Law Tribunal (NCLT)/ Competent Authority, the transferee company or the new company, as the case may be, may issue equity instruments to the existing holders of the transferor company who are resident outside India, subject to the following conditions:

1. The transfer or issue should comply with entry routes, sectoral caps or investment limits, as the case may be, and the attendant conditionality of foreign investment.
2. In case the foreign investment is likely to breach the Sectoral caps or the attendant conditionality, the transferor company or the transferee or the new company should obtain necessary Central Government approval.

3. The transferor company or the transferee company or the new company should not be in a sector prohibited for foreign investment.

Where a scheme of merger or amalgamation of two or more Indian companies or a reconstruction by way of demerger or otherwise of an Indian company where any of the companies involved is listed on a recognized stock exchange in India, then the scheme of arrangement shall be in compliance with the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Additional Check Point for Compliances under FEMA Regulations regarding Merger/Demerger/ Amalgamation

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval of Scheme	Rule 6 of Foreign Exchange Management (Debt Instruments) Regulations, 2019	Check whether the scheme of merger/demerger/ amalgamation has been approved by NCLT.	NCLT Order		
Sectoral Limits	Schedule 1 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	1. Check whether the Limits of the Sectoral caps have not been breached. 2. If, yes, approval of the Central Government was obtained.	1. Scheme of arrangement / compromise 2. Application to CG /Approval Letter		
Form FC-TRS	Rule 4 of Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019	Check whether Form FC-TRS has been filed within 60 days of transfer of equity instruments or receipt / remittance of funds whichever was earlier.	Form FC-TRS		

Transfer of Equity Instruments of an Indian Company by or To a Person Resident Outside India

Transfer by a person resident outside India, not being a non-resident Indian or an overseas citizen of India or an erstwhile overseas corporate body may transfer by way of sale or gift the equity instruments of an Indian company or units held by him to any person resident outside India.

1. Transfer by person resident outside India to a person resident in India by way of sale or gift or sale on a recognized stock exchange in India in the manner specified by the Securities and Exchange Board of India.
2. Transfer by a person resident in India to a person resident outside India by way of sale, subject to the

adherence to entry routes, sectoral caps or investment limits, pricing guidelines and other attendant conditions as applicable for investment by a person resident outside India.

3. A person resident outside India holding equity instruments of an Indian company containing an optionality clause.
4. Transfer by way of Deferred payment consideration.
5. Transfer of equity instruments between a person resident in India and a person resident outside India, a person resident outside India by opening an escrow account funded by way of inward remittance through banking channels and/ or by way of guarantee issued by an authorized dealer bank.
6. Transfer by way of pledge.

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Price not less than Valuation	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the shares were transferred from resident to non- resident, check whether such transfer is taking place at a price not less than the price arrived at by way of Valuation obtained.	1. Valuation Report 2. Share Purchase Agreement 3. Form SH-4 4. FIRC		
Valuation		Check whether such transfer was taking place at a price not exceeding the price arrived at by way of Valuation obtained, in case shares were transferred from non-resident to resident.	1. Valuation Report 2. Share Purchase Agreement 3. Form SH-4 4. Form A2		
Eligibility	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the donee was eligible to do so, in case a resident transfer shares to non-resident by way of a gift.	List of Relative		
Relative	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the donor and the donee are relatives as per the Companies Act, 2013.	List of Relative		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Quantum of Gift	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the gift was in excess 5% of the paid-up share capital of the company.	Annual Return/ Latest PAS 3/ Financial Statements /Allotment Resolution /Minutes		
Value of Security	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the value of security to be transferred by the donor together with any security transferred to any non-resident as gift during the financial year exceeds the rupee equivalent of $50,000.			
Deferred Payments	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether 75% of the amount of consideration has been received upfront, in case of deferred payments.	Bank Statement		
Residual payment	Rule 9 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the residual 25% has been received within 18 months from the date of transfer agreement.	Bank Statement		
Repatriation Basis		Check whether the shares are being transferred were held on repatriation basis by NRI, in case the transfer was between NRI and Resident.	1. FC-TRS 2. Pricing Guidelines 3. Share Purchase Agreement		
Filing Form FC-TRS	Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019	Check whether Form FC-TRS has been filed upon receipt of every tranche of payment within 60 days of transfer of equity instruments or receipt / remittance of funds whichever is earlier.			

Summary Table for Automatic and Approval for Share Transfer

Transfer under Automatic Route	Transfer under Approval Route
Transfer of equity instruments in case the company is engaged in a sector which falls under automatic route.	Transfer of equity instruments in case the company is engaged in a sector which requires Government Approval.
Transfer by person resident outside India, holding equity instruments of an Indian company to a person resident in India by way of sale or gift or sale on a recognized stock exchange.	Transfer from a person resident in India holding equity instruments or units of an Indian company on a non- repatriation basis to a person resident outside India by way of gift.
A person resident outside India holding equity instruments of an Indian company containing an optionality clause.	-
Transfer by way of deferred payment consideration. (Subject to compliance of conditions specified).	-
Transfer of equity instruments between a person resident in India and a person resident outside India, a person resident outside India by opening an escrow account funded by way of inward remittance through banking channels and/ or by way of guarantee issued by an authorized dealer bank.	-
Transfer by way of pledge.	-

REDUCTION OF CAPITAL AND BUY-BACK

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Approval of the scheme		Check whether the scheme has been approved by the NCLT, in case of Capital Reduction.	NCLT Order		
Reporting of allotments		Check whether the company has reported the allotments made to the investors and does the company possess taken on record letters for the same.	Taken on record letters		
Taxability under Income Tax Act, 1961		Check whether Form 15CA/ CB has been obtained.			
Filing Form	Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019	Check whether Form FC-TRS has been filed upon receipt of every tranche of payment within 60 days of transfer of equity instruments or receipt / remittance of funds whichever is earlier.			

DOWNSTREAM INVESTMENT

Downstream investment is investment made by an Indian entity which has total foreign investment in it or an Investment Vehicle in the capital instruments or the capital, as the case may be, of another Indian entity.

If the investor company has total foreign investment in it and is not owned and not controlled by resident Indian citizens or is owned or controlled by persons resident outside India then such investment shall be "Indirect Foreign Investment" for the investee company.

Indian entity which has received indirect foreign investment shall comply with the entry route, sectoral caps, pricing guidelines and other attendant conditions as applicable for foreign investment.

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Intimation to Secretariat Industrial Assistance, DPIIT	Rule 23 of the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019	Check whether the Indian entity making downstream investment has intimated the Secretariat for Industrial Assistance, DPIIT within 30 days of such investment (FIFP).	Intimation Letter		
Filing Form DI	Rule 4 Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019	Check whether Form DI has been filed within 30 days from the date of allotment of equity instruments.			

10. MODE OF PAYMENT

As per Schedule I to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, an Indian company may issue, subject to the fulfilment of the conditions prescribed by the Central Government and/or the Reserve Bank of India, equity instruments to a non-resident (under automatic route if the activity carried out by the Indian Investee company falls under the automatic sector) against the following:

1. Swap of Equity Instruments; or
2. Import of Capital Goods or machinery or equipment (excluding second-hand machinery); or
3. Pre-operative or pre-incorporation expenses (including payments of rent etc.).

Further, where the Indian Investee company carries out an activity which required Government approval, then in all the above circumstances, approval of the Central Government shall be required.

5

DIRECT INVESTMENT BY RESIDENTS IN JOINT VENTURE/WHOLLY OWNED SUBSIDIARY ABROAD

BACKGROUND

Overseas investments by persons resident in India enhance the scale and scope of business operations of Indian entrepreneurs by providing global opportunities for growth. Such ventures through easier access to technology, research and development, a wider global market and reduced cost of capital along with other benefits increase the competitiveness of Indian entities and boost their brand value. These overseas investments are also important drivers of foreign trade and technology transfer thus boosting domestic employment, investment and growth through such interlinkages.

In keeping with the spirit of liberalisation and to promote ease of doing business, the Central Government (CG) and the Reserve Bank of India (RBI) have been progressively simplifying the procedures and rationalising the rules and regulations under the Foreign Exchange Management Act, 1999.

In this direction, a significant step has been taken with operationalisation of a new Overseas Investment regime.

- Foreign Exchange Management (Overseas Investment) Rules, 2022 have been notified by the Central Government vide Notification No. G.S.R. 646(E) dated August 22, 2022 and
- Foreign Exchange Management (Overseas Investment) Regulations, 2022 have been notified by the Reserve Bank vide Notification No. FEMA 400/2022-RB dated August 22, 2022 in supersession of the Notification No. FEMA 120/2004-RB dated July 07, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] and Notification No. FEMA 7 (R)/2015-RB dated January 21, 2016 [Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015].

The new regime simplifies the existing framework for overseas investment by persons resident in India to cover wider economic activity and significantly reduces the need for seeking specific approvals. This will reduce the compliance burden and associated compliance costs.

APPLICABLE REGULATORY FRAMEWORK FOR OVERSEAS DIRECT INVESTMENT

- Section 6 of Foreign Exchange Management Act, 1999 – Capital Account Transactions
- Master Direction on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad
- Foreign Exchange Management (Overseas Investment) Regulations, 2022 ("**OI Regulations**")
- Foreign Exchange Management (Overseas Investment) Rules, 2022 ("**OI Rules**")

  (in supersession of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015)
- Foreign Exchange Management (Overseas Investment) Directions, 2022 ("**OI Directions**")

- AP DIR Circulars issued by RBI from time to time
- FAQs issued by RBI

Section 6(3) of the Foreign Exchange Management Act, 1999 confers upon the Reserve Bank of India (RBI) powers to prohibit, restrict or regulate the transactions by imposing necessary restrictions.

AMENDMENTS TO FOREIGN EXCHANGE MANAGEMENT (TRANSFER AND ISSUE OF ANY FOREIGN SECURITY) REGULATIONS

Sr. No.	Particulars	Date of notification
1.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004 vide Notification No. FEMA 120/ RB-2004	July 7, 2004
2.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2005 vide Notification No.FEMA.132/2005-RB	March 31, 2005
3.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2005 vide Notification No. FEMA 135/2005-RB	May 17, 2005
4.	Foreign Exchange Management (Transfer or issue of any Foreign Security) (Third Amendment) Regulations, 2005 vide Notification No.FEMA.139/2005-RB	August 11, 2005
5.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2006 vide Notification No. FEMA.150/2006-RB	August 21, 2006
6.	Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations 2007 vide Notification No. FEMA. 164 / 2007-RB	October 9. 2007
7.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Third Amendment) Regulations, 2007vide Notification No. FEMA. 173 / 2007-RB	December 19, 2007
8.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2008 vide Notification No. FEMA.180/RB-2008	September 5, 2008
9.	Foreign Exchange Management (Transfer of Issue of any security (Second amendment) Regulations, 2008 vide Notification No. FEMA.181 / RB-2008	October 1, 2008
10.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2009vide Notification No. FEMA.184 / 2009-RB	January 20, 2009
11.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment)Regulations, 2009)vide Notification No. FEMA 188 / 2009-RB	February 3, 2009
12.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations, 2009vide Notification No. FEMA 196 / 2009-RB	July 28, 2009
13.	Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2012 Notification No. FEMA.225/2012- RB	March 7, 2012
14.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2012) Notification No. FEMA .231/2012-RB	May 30, 2012

15.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations, 2012vide Notification No. FEMA.249/RB-2012	November 22, 2012
16.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2013 vide Notification No. FEMA.263/RB-2013	March 05, 2013
17.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Third Amendment) Regulations, 2013 vide Notification No. FEMA.271/RB-2013	March 19, 2013
18.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations, 2013 vide Notification No.277/2013-RB	May 08, 2013
19.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fifth Amendment) Regulations, 2013 vide Notification No.283/2013-RB	August 14, 2013
20.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2014 vide Notification No. 299 /2014-RB	March 24, 2014
21.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2014vide Notification No. FEMA.314/RB-2014	July 3, 2014
22.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Third Amendment) Regulations, 2014vide Notification No. FEMA.322/RB-2014	October 14, 2014
23.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fourth Amendment) Regulations, 2014 vide Notification No. FEMA. 325/RB-2014	November 12, 2014
24.	Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fifth Amendment) Regulations, 2014 vide Notification No. FEMA. 326/ RB-2014	November 12, 2014

IMPORTANT DEFINITIONS UNDER ODI FRAMEWORK

Rule no.	Term	Definition
2 (r)	Overseas Investment or OI	"Overseas Investment" or "OI" means financial commitment and Overseas Portfolio Investment by a person resident in India;
2 (q)	Overseas Direct Investment or ODI	"Overseas Direct Investment" or "ODI" means investment by way of acquisition of unlisted equity capital of a foreign entity, or subscription as a part of the memorandum of association of a foreign entity, or investment in ten per cent or more of the paid-up equity capital of a listed foreign entity or investment with control where investment is less than ten per cent of the paid-up equity capital of a listed foreign entity Note: Once an investment in a foreign entity is classified as ODI, the investment shall continue to be treated as ODI even if such investment falls below 10% of the paid-up equity capital or the investor loses control in the foreign entity.
2 (s)	Overseas Portfolio Investment or OPI	"Overseas Portfolio Investment" or "OPI" means investment, other than ODI, in foreign securities, but not in any unlisted debt instruments or any security issued by a person resident in India who is not in an International Financial Services Centre (IFSC) or any derivatives unless otherwise permitted by Reserve Bank or any commodities including Bullion Depository Receipts (BDRs).

Rule no.	Term	Definition
		Provided that OPI by a person resident in India in the equity capital of a listed entity, even after its delisting shall continue to be treated as OPI until any further investment is made in the entity.
2 (c)	Control	"Control" means the right to appoint majority of the directors or to control management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements that entitle them to ten per cent. or more of voting rights or in any other manner in the entity
2 (f)	Financial Commitment	'Financial Commitment means the aggregate amount of investment made by a person resident in India by way of Overseas Direct Investment, debt other than Overseas Portfolio Investment in a foreign entity or entities in which the Overseas Direct Investment is made and shall include the non-fund-based facilities extended by such person to or on behalf of such foreign entity or entities
The total financial commitment shall not include capitalisation of retained earnings for reckoning such limit but shall include– (i) utilisation of the amount raised by the issue of American Depository Receipts or Global Depositary Receipts and stock-swap of such receipts; and (ii) utilisation of the proceeds from External Commercial Borrowings to the extent the corresponding pledge or creation of charge on assets to raise such borrowings has not already been reckoned towards the above limit. Provided that the financial commitment made by Maharatna or Navratna or Miniratna or subsidiaries of such public sector undertakings in foreign entities outside India engaged in strategic sectors shall not be subject to the limits laid down under this paragraph.		
2 (e)	Equity capital	"Equity capital" means equity shares or perpetual capital or instruments that are irredeemable or contribution to non-debt capital of a foreign entity in the nature of fully and compulsorily convertible instruments
2 (h)	Foreign entity	"Foreign entity" means an entity formed or registered or incorporated outside India, including International Financial Services Centre that has limited liability. Provided that the restriction of limited liability shall not apply to an entity with core activity in a strategic sector
2 (i)	Host Country or Host jurisdiction	"Host country" or "Host jurisdiction" means the country or jurisdiction, including the International Financial Services Centre, in which the foreign entity is formed, registered or incorporated, as the case may be

Rule no.	Term	Definition
2(j)	Indian Entity	"Indian entity" means– (i) a company defined under the Companies Act, 2013; (ii) a body corporate incorporated by any law for the time being in force; (iii) a Limited Liability Partnership duly formed and incorporated under the Limited Liability Partnership Act, 2008; and (iv) a partnership firm registered under the Indian Partnership Act, 1932
2(p)	Net worth	"Net worth" shall have the same meaning as assigned to it in clause (57) of section 2 of the Companies Act, 2013. *Explanation* – For the purposes of this clause, "net worth" of registered partnership firm or Limited Liability Partnership shall be the sum of the capital contribution of partners and undistributed profits of the partners after deducting therefrom the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the last audited balance sheet
2 (t)	Relative	"Relative" shall have the same meaning as assigned to it in clause (77) of section 2 of the Companies Act, 2013
5	Debt instruments	Debt instruments include: (i) Government bonds; (ii) corporate bonds; (iii) all tranches of securitisation structure which are not equity tranche; (iv) borrowings by firms through loans; and (v) depository receipts whose underlying securities are debt securities.
5	Non-debt instruments	Non-debt instruments include: (i) all investments in equity in incorporated entities (public, private, listed and unlisted); (ii) capital participation in Limited Liability Partnerships; (iii) all instruments of investment as recognised in the Foreign Direct Investment policy from time to time; (iv) investment in units of Alternative Investment Funds and Real Estate Investment Trust and Infrastructure Investment Trusts; (v) investment in units of mutual funds and Exchange-Traded Fund which invest more than fifty per cent in equity; (vi) the junior-most layer (i.e. equity tranche) of securitisation structure; (vii) acquisition, sale or dealing directly in immovable property; (viii) contribution to trusts; and (ix) depository receipts issued against equity instruments.

Rule no.	Term	Definition
2 (z)	Strategic sector	"Strategic sector" shall include energy and natural resources sectors such as oil, gas, coal, mineral ores, submarine cable system and start-ups and any other sector or sub-sector as deemed necessary by the Central Government
19	Real estate activity	'Real estate activity' means buying and selling of real estate or trading in Transferable Development Rights (TDRs) but does not include development of townships, construction of residential/commercial premises, roads or bridges for selling or leasing

NON-APPLICABILITY OF ODI RULES AND REGULATIONS IN CERTAIN CASES

Nothing in the OI rules or the OI regulations shall apply to –

(a) any investment made outside India by a financial institution in an IFSC;

(b) acquisition or transfer of any investment outside India made–

(i) out of Resident Foreign Currency Account; or

(ii) out of foreign currency resources held outside India by a person who is employed in India for a specific duration irrespective of length thereof or for a specific job or assignment, duration of which does not exceed three years; or

(iii) in accordance with sub-section (4) of section 6 of the Act.

Section 6 (4) of the FEMA act has been reproduced below:

"A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India."

GENERAL PERMISSION FOR OVERSEAS DIRECT INVESTMENT/ OVERSEAS DIRECT INVESTMENT UNDER AUTOMATIC ROUTE

The total financial commitment made by an Indian entity in all the foreign entities taken together at the time of undertaking such commitment shall not exceed 400 percent of its net worth as on the date of the last audited balance sheet or as directed by the Reserve Bank, in consultation with Central Government from time to time. Financial commitment by an Indian entity, exceeding USD 1 (one) billion (or its equivalent) in a financial year shall require prior approval of the Reserve Bank even when the total financial commitment of the Indian entity is within the eligible limit under the automatic route.

Checklist for Compliances regarding ODI Rules/Regulations and Directions

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Prohibitions	Rule 19	1. Check whether the foreign entity is not engaged in real estate (buying and selling of real estate or trading in Transferable Development Rights (TDRs), gambling in any form or dealing with financial products linked to the Indian rupee without specific approval of the Reserve Bank.	Financial Statements		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether ODI in start-ups has been made by an Indian entity only from the internal accruals whether from the Indian entity or group or associate companies in India and in case of resident individuals, from own funds of such an individual. 3. Whether the financial commitment in a foreign entity that has invested or invests into India, at the time of making such financial commitment or at any time thereafter, either directly or indirectly, results in a structure with more than two layers of subsidiaries	Certificate from the statutory auditors/ chartered accoun-tant of the Indian entity/investor		
		Check whether the Indian Entity giving loan has acquired control in the foreign entity. If not, whether RBI approval is obtained before making loan	Copy of RBI approval Financial Statement		
		Check whether the foreign entity is engaged in financial services. If yes, whether prior approval has been obtained for making investment.	Copy of approval		
One branch of an Authorised Dealer bank	OI Regulations	Check whether all the transactions of the foreign entity are routed through one branch of an Authorized Dealer bank.	Bank Statement		
Bonus shares or Rights issue	Rule 7	1.Check whether the further purchase / acquisition of securities is made by rights issue or by way of Bonus Issue 2. In case of rights issue, whether there is any renunciation of shares 3. Whether reporting for acquisition of equity capital through exercise of rights has been made.	Copy of Board Resolution Form FC		
ODI in strategic sector	OI Directions	Whether Indian entity has obtained necessary permission from the competent authority for making ODI in strategic sector.	Copy of permission		

Checklist for Compliances regarding Overseas Investment

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Manner of making ODI	Schedule I of OI Rules	Whether ODI has been made by any of the following modes/ways: (i) subscription as part of memorandum of association or purchase of equity capital, listed or unlisted; (ii) acquisition through bidding or tender procedure; (iii) acquisition of equity capital by way of rights issue or allotment of bonus shares; (iv) capitalisation, within the time period, if any, specified for realisation under the Act, of any amount due towards the Indian entity from the foreign entity, the remittance of which is permitted under the Act or does not require prior permission of the Central Government or the Reserve Bank under the Act or any rules or regulations made or directions issued thereunder; (v) the swap of securities; (vi) merger, demerger, amalgamation or any scheme of arrangement as per the applicable laws in India or laws of the host country or the host jurisdiction, as the case may be.	Form FC		
	OI Directions	Check the manner of making Investments/ financial commitment in Nepal and Bhutan.			
Pricing guidelines	Rule 16 and OI Directions	Whether valuation has been conducted as per internationally accepted pricing methodology Valuation not required in cases of transfer on account of merger, amalgamation or demerger or liquidation and where price is readily available on a recognised stock exchange.	Valuation report		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
	Rule 9	Whether investment made in a foreign entity engaged in a bona fide business activity, directly or through step down subsidiary or the special-purpose vehicle.			
	Rule 9	Whether the structure of such subsidiary or step-down subsidiary of the foreign entity complies with the structural requirements of a foreign entity.			
Acquisition or transfer by way of deferred payment	Regulation 7 and OI Directions	1. Whether the period of deferment has been defined upfront 2. Whether valuation in accordance with pricing guidelines, wherever applicable, have been done upfront 3. Whether reporting of subsequent payments towards deferred consideration has been done.	Underlying agreement/ documents/ applicable laws Valuation report Form FC		
	Rule 9	Whether prior approval of CG has been taken for overseas investment or transfer of such investment including swap of securities in a foreign entity formed, registered or incorporated in Pakistan or in any other jurisdiction.	Copy of CG approval		
	Rule 9	Whether a No Objection Certificate (NOC) has been obtained from the lender bank or regulatory body or investigative agency before making financial commitment or undertaking disinvestment.	Copy of NOC		
Approval from the Central Government	OI Directions	Whether Indian entity has obtained prior CG approval for overseas investment/ financial commitment in Pakistan/other jurisdiction as may be advised by the Central Government from time to time.	Copy of CG approval		
Mode of payment	Regulation 8	Whether payment for ODI has been made: (i) by remittance made through banking channels; (ii) from funds held in an account maintained in accordance with the provisions of the Act;			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(iii) by swap of securities; (iv) by using the proceeds of American Depository Receipts or Global Depositary Receipts or stock swap of such receipts or external commercial borrowings raised in accordance with the provisions of the Act and the rules and regulations made thereunder for making ODI or financial commitment by way of debt by an Indian entity.			

Checklist for Compliances regarding investment in foreign entity in instruments other than equity

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Financial commitment by Indian entity by modes other than equity capital	Regulation 3	Check whether following conditions within the financial commitment limit as prescribed in the Foreign Exchange Management (Overseas Investment) Rules, 2022 are complied: (i) the Indian entity is eligible to make Overseas Direct Investment (ODI); (ii) the Indian entity has made ODI in the foreign entity; (iii) the Indian entity has acquired control in such foreign entity at the time of making such financial commitment.	1. ODI Compliance certificate from the chartered accountant 2. Financials of the Company		
Financial commitment by Indian entity by way of debt	Regulation 4	1. Check whether overseas entity has made ODI in the foreign entity and acquired control in such foreign entity. 2. Check whether debt Instruments issued to the Indian entity are duly backed by a loan agreement. 3. Check whether interest payable by the Indian entity is charged on *arm's length basis. *"arm's length" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.	Agreement between the Indian entity and overseas investee.		

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Financial commitment by way of guarantee	Regulation 5	1. Check whether guarantee is issued to or on behalf of foreign entity or any of its stepdown subsidiary in which Indian entity has made ODI in the foreign entity and acquired control in such foreign entity. 2. Check whether guarantee is issued in any of the following forms: (i) corporate or performance guarantee by such Indian entity; (ii) corporate or performance guarantee by a group company of such Indian entity in India, being a holding company (which holds at least 51 per cent. stake in the Indian entity) or a subsidiary company (in which the Indian entity holds at least 51 per cent. stake) or a promoter group company, which is a body corporate; (iii) personal guarantee by the resident individual promoter of such an Indian entity; (iv) bank guarantee, which is backed by a counter-guarantee or collateral by the Indian entity or its group company as above, and issued, by a bank in India. 3. Check whether the financial commitment limits are not exceeding. 4. Check whether guarantee is extended by a promoter, which is a body corporate or an individual, the Indian entity shall be a part of the promoter group. 5. Check whether guarantee is not open-ended.			
Financial commitment by way of pledge or charge	Regulation 6	1. Check whether creation or enforcement of pledge or charge be in accordance with the Rules and Regulations.			

Compliance requirement	Relevant regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether "negative pledge" or "negative charge" created by an Indian entity or a bid bond guarantee obtained for participation in a bidding or tender procedure for the acquisition of a foreign entity was not reckoned towards the financial commitment limit.			

DISINVESTMENT CAPITAL

Disinvestment pursuant to transfer, sale, liquidation or merger or amalgamation shall be as per Rule 17 and Rule 18 of ODI Rules as amended from time to time.

Compliance to the Regulations and reporting requirements since the time of investment need to ensure prior to disinvestment.

Checklist for Compliances regarding Disinvestment Capital

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pli-ance status	Re-marks
First compliances		Check whether all the compliances and reporting are done since the date of investment			
		Check whether disinvestment is made at a price not less than fair value of shares OR at a price less than the original amount of investment OR does not lead to write off.	Valuation report		
Transfer by way of sale of shares of a foreign entity	Rule 17	Check whether the Indian party has any outstanding dues from foreign entity in terms of dividend/ technical know-how, royalty, consultancy, commission or export proceeds	Financial Statement		
		Check whether transferor has stayed invested for at least one year from date of making ODI	Records of Investment made		
		Check whether there are any outstanding dues for receipt			
		Whether approval from competent authority for transfer on account of merger, amalgamation or demerger, buyback of foreign securities, liquidation of foreign entity	Approval of competent authority		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pli-ance status	Re-marks
Restructuring	Rule 18	1. Whether foreign entity has incurred losses for the previous two years as evidenced by its last audited balance sheets 2. Whether total value of the outstanding dues towards such person resident in India on account of investment in equity and debt, after such restructuring does not exceed the proportionate amount of the accumulated losses 3. In case the amount of corresponding original investment is more than USD 10 million or such diminution exceeds twenty per cent of the total value of the outstanding dues towards the Indian entity or investor, whether the diminution in value has been duly certified on an arm's length basis by a registered valuer or corresponding valuer registered with the regulatory authority or certified public accountant in the host jurisdiction 4. Ensure that the contents of certificate are correct and the certificate is dated not more than six months before the date of the transaction has been submitted to the designated AD bank	Certificate submitted to AD Bank		

COMPLIANCES REGARDING INVESTMENT/ FINANCIAL COMMITMENT BY INDIAN PARTY IN FINANCIAL SERVICE SECTOR

An Indian Party shall make investment in an entity outside India engaged in financial services subject to fulfilment of conditions specified in the Rules.

In case if the Indian party does not fulfil the specified conditions as per the Rules, prior approval of the Reserve Bank of India needs to be obtained for such Investment/ financial commitment.

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Additional conditions	Schedule I of OI Rules	1. Check whether the Indian party is registered with the regulatory authority in India for conducting the financial sector activities.			

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		2. Check whether the Indian party has earned net profit during the preceding three financial years from the financial services activities. If an Indian entity does not meet the net profits requirement due to the impact of Covid-19 during the period from 2020-2021 to 2021-2022, then the financial results of such period may be excluded for considering the profitability period of three years 3. Check whether requisite approvals from regulatory authorities in India as well as host country is obtained for carrying out the financial activity.			
Additional investment		Check whether the conditions for investment in financial service sector has been complied in case of any additional investment/ financial commitment in existing foreign entity.			

Checklist for Compliance regarding Roll Over of Guarantee

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Rollover of guarantees	OI Directions	Roll-over of guarantee shall not be treated as fresh financial commitment. Check the reporting of roll-over	Form FC		

Checklist for Compliances regarding investment by OPI by an Indian entity

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Investment by OPI by an Indian entity	Schedule II of OI Rules	Check whether Indian entity has not exceeded 50% of its net worth as on date of its last audited balance sheet	Last audited balance sheet		
Investment by OPI by an Indian entity	Schedule II of OI Rules	Check whether the unlisted entity has made OPI only under Clause III to VI of sub para (2) of para 1 of Schedule I			

Checklist for Compliance regarding ODI by Resident Individual

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
ODI by Resident Individual	Schedule III of OI Rules	Check whether ODI/ OPI made by resident individual is under the LRS ceiling			
		ODI in an operating foreign entity not engaged in financial service activity and which does not have subsidiary or step down subsidiary where the resident individual has control over the foreign entity			
		Whether investment in ODI/OPI has been made by way of: (a) capitalisation, within the time period, if any, specified for realisation under the Act, of any amount due from the foreign entity the remittance of which is permitted under the Act or does not require prior permission of the Central Government or the Reserve Bank; (b) swap of securities on account of a merger, demerger, amalgamation or liquidation; (c) acquisition of equity capital through rights issue or allotment of bonus shares; (d) gift as per the conditions laid down under this Schedule;			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(e) inheritance; (f) acquisition of sweat equity shares; (g) acquisition of minimum qualification shares issued for holding a management post in a foreign entity; (h) acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme. Provided that ODI in respect of clauses (e), (f), (g) and (h) may be made in a foreign entity whether or not such foreign entity is engaged in financial services activity or has subsidiary or step down subsidiary where the resident individual has control. Provided further that the acquisition of less than ten per cent. of the equity capital, whether listed or unlisted, of a foreign entity without control under clauses (f), (g) and (h), shall be treated as OPI. For the purposes of this Schedule, a foreign entity will be considered to be engaged in the business of financial services activity if it undertakes an activity,			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		which if carried out by an entity in India, requires registration with or is regulated by a financial sector regulator in India.			
Acquisition by way of gift or inheritance	Schedule III	1. Check whether Resident individual has acquired foreign securities by way of inheritance from a person resident in India who is holding such securities in accordance with the provisions of the Act or from a person resident outside India. 2. Check whether resident individual, has acquired foreign securities by way of gift from a person resident in India who is a relative and holding such securities in accordance with the provisions of the Act. 3. Check whether resident individual has acquired foreign securities by way of gift from a person resident outside India in accordance with the provisions of the Foreign Contribution (Regulation) Act, 2010 and the rules and regulations made thereunder	Proof of such acquisition through inheritance; Copy of Gift deed		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme or sweat equity shares		Check whether the acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme or sweat equity shares offered by such overseas entity is by an a resident individual, who is either an employee or a director of an office in India or branch of an overseas entity or a subsidiary in India of an overseas entity or of an Indian entity in which the overseas entity has direct or indirect equity holding Check whether the issue of Employee Stock Ownership Plan or Employee Benefits Scheme are offered by the issuing overseas entity globally on a uniform basis.			

Checklist for Compliances regarding Overseas Investment by person resident in India other than Indian entity and resident Individual

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
ODI by Registered Trust or Society	Schedule IV of OI Rules	Any person being a registered Trust or a registered Society engaged in the educational sector or which has set up hospitals in India may make ODI in a foreign entity with the prior approval of the Reserve Bank, subject to the following conditions:			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		(i) the foreign entity is engaged in the same sector that the Indian Trust or Society is engaged in; (ii) the Trust or the Society, as the case may be, should have been in existence for at least three financial years before the year in which such investment is being made; (iii) the trust deed in case of a Trust, and the memorandum of association or rules or bye-laws in case of a Society shall permit the proposed ODI; (iv) such investment have the approval of the trustees in case of a Trust and the governing body or council or managing or executive committee in case of a Society; (v) in case the Trust or the Society require special licence or permission either from the Ministry of Home Affairs, Central Government or from the relevant			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		local authority, as the case may be, the special licence or permission has been obtained and submitted to the designated AD bank.			
OI by Mutual Funds or Venture Capital Funds or Alternative Investment Funds	Schedule IV of OI Rules	In case of OI by the Mutual Funds or Venture Capital Funds or Alternative Investment Funds, check the compliance of the following- – A mutual fund or Venture Capital Fund or Alternative Investment Fund may acquire or transfer foreign securities as stipulated by SEBI from time to time in accordance with the provisions of these rules and subject to such other terms and conditions as may be laid down by the Reserve Bank and the SEBI under applicable laws from time to time. – Every transaction relating to the purchase and sale of foreign security by the funds referred to in subparagraph (1) shall be routed through the designated AD bank in India			

Checklist for Overseas Investment in IFSC by person resident in India

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Overseas Investment in IFSC by person resident in India	Schedule V	1. In the case of an ODI made in an IFSC, Check whether the approval by the financial services regulator concerned, wherever applicable, is received. (If approval not received within forty-five days from the date of application it shall be deemed to be approved) 2. Ensure the compliance of these requirements w.r.t. to entity being audited: – An Indian entity not engaged in financial services activity in India, making ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, except banking or insurance, who does not meet the net profit condition as required under these rules, may make ODI in an IFSC. – A person resident in India may make contribution to an investment fund or vehicle set up in an IFSC as OPI; – A resident individual may make ODI in a foreign entity, including an entity engaged in financial services activity, (except in banking and insurance), in IFSC if such entity does not have subsidiary or step down subsidiary outside IFSC where the resident individual has control in the foreign entity.			

Checklist for Compliances regarding Obligations and Reporting Requirements

The Indian entity making investment/ financial commitment in the foreign entity shall be obliged to ensure reporting of Investment/ financial commitment in the foreign entity, any changes in the capital structure or shareholding, submission of evidence of Investment, Annual performance report, disinvestment as mentioned in OI Regulations from time to time.

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Reporting Requirement	Regulation 9	Whether requisite documents for obtaining UIN (on or before making initial ODI) have been submitted to AD Bank	Form FC		
Obligations of Indian entity	Regulation 9	Check whether Share Certificates/ evidence of investment was submitted to AD Bank within 6 months of issue of shares.	Copy of documents submitted along with proof of submission		
		Check whether Annual Performance Report (APR) in Form ODI Part II is filed every year subsequent to the year of investment by 31st December.	Copy of Annual Performance Report (APR) in Form ODI Part II along with proof of submission.		
Obligations of Indian entity	Regulation 9	1. Whether all dues receivable from foreign entity have been realised and repatriated to India? 2. Whether the amount of consideration received on account of transfer or disinvestment of ODI and the net realisable value of the assets on account of the liquidation of the foreign entity as per the laws of the host country or the host jurisdiction, have been received within ninety days from the date when such receivables fall due or the date of such transfer or disinvestment or the date of the actual distribution of assets made by the official liquidator.	Copy of Bank statement; Financial statement; Share Purchase Agreement		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Annual Return on Foreign Liabilities and Assets		Check whether Annual Return on Foreign Liabilities and Assets (FLA) is filed by 15 July every year or as may be directed by RBI from time to time.	Copy of Annual Return along with proof of filing		
		Check whether reporting for ODI has been made in following manner: (a) financial commitment, whether it is reckoned towards the financial commitment limit or not, at the time of sending outward remittance or making a financial commitment, whichever is earlier; (b) disinvestment within thirty days of receipt of disinvestment proceeds; (c) restructuring within thirty days from the date of such restructuring.	Copy of the disclosure		
		Check whether reporting of OPI made or transfer by way of sale in case of OPI is within sixty days from the end of the half-year in which such investment or transfer is made as of September or March-end	Copy of the disclosure made		
		Check whether the office in India or branch of an overseas entity or a subsidiary in India of an overseas entity or the Indian entity in which the overseas entity has direct or indirect equity holding where the resident individual is an employee or director has reported acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme in case of OPI.	Copy of reporting about acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme, in case of OPI.		

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Restriction on further financial commitment or transfer	Regulation 12	Check whether financial commitment towards investment in foreign entity is made until prior delay in filings is regularised.	Reporting approvals and acknowledgements for previous reporting requirements.		

6

EXTERNAL COMMERCIAL BORROWINGS (ECBs)

FEMA REGULATIONS SINCE 2000

Transactions on account of External Commercial Borrowings (ECB) and Trade Credit (TC) are governed by sub-section (2) of Section 6 of the Foreign Exchange Management Act, 1999 (FEMA). Various provisions in respect of these two types of borrowing are included in the following Regulations framed under FEMA:

i. Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, notified vide Notification No. FEMA 3R/2018-RB dated December 17, 2018, as amended from time to time; and

ii. Foreign Exchange Management (Guarantees) Regulations, 2000, notified vide Notification No. FEMA 8/2000-RB dated May 03, 2000, as amended from time to time.

List of Circulars issued by RBI	
Particulars	**Date**
A.P. (DIR Series) Circular No. 01 - External Commercial Borrowings (ECB) Policy – Relaxation in the period of parking of unutilized ECB proceeds in term deposits	April 07, 2021
A.P. (DIR Series) Circular No. 19 - External Commercial Borrowings (ECB) and Trade Credits (TC) Policy – Changes due to LIBOR transition	December 08, 2021

IMPORTANT TERMS AND DEFINITIONS

ECBs are commercial loans raised by eligible resident entities from recognized non-resident entities and should conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc. All the ECB parameters apply in totality and not on a standalone basis.

Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations

Sr. No.	Term	Meaning
1	All-in-Cost	It includes rate of interest, other fees, expenses, charges, guarantee fees, ECA charges, whether paid in foreign currency or INR but will not include commitment fees and withholding tax payable in INR. In the case of fixed rate loans, the swap cost plus spread should not be more than the floating rate plus the applicable spread. Additionally, for Foreign Currency Convertible Bonds (FCCBs), the issue related expenses should not exceed four percent (4%) of the issue size and in case of private placement, these expenses should not exceed two per cent (2%) of the issue size, etc. Under Trade Credits Framework, all-in-cost shall include rate of interest, other fees, expenses, charges, guarantee fees whether paid in foreign currency or INR. Withholding tax payable in INR shall not be a part of all-in-cost. Various components of all-in-cost have to be paid by the borrower without taking recourse to the drawdown of ECB/ TC, i.e., ECB/TC proceeds cannot be used for payment of interest/charges.

Sr. No.	Term	Meaning
2	Benchmark Rate	Benchmark rate in case of FCY ECB/TC refers to any widely accepted interbank rate or ARR of 6-month tenor, applicable to the currency of borrowing. Benchmark rate in case of Rupee denominated ECB/TC will be prevailing yield of the Government of India securities of corresponding maturity.
3	ECB Liability-Equity Ratio	For the purpose of ECB liability-equity ratio, ECB amount will include all outstanding amount of all ECB (other than INR denominated) and the proposed one (only outstanding ECB amounts in case of refinancing) while equity will include the paid-up capital and free reserves (including the share premium received in foreign currency) as per the latest audited balance sheet. Both ECB and equity amounts will be calculated with respect to the foreign equity holder. Where there is more than one foreign equity holder in the borrowing company, the portion of the share premium in foreign currency brought in by the lender(s) concerned shall only be considered for calculating the ratio. The ratio will be calculated as per latest audited balance sheet.
4	Foreign Currency Convertible Bonds (FCCBs)	It refers to foreign currency denominated instruments which are issued in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, as amended from time to time. Issuance of FCCBs shall also conform to other applicable regulations. Further, FCCBs should be without any warrants attached.
5	Foreign Currency Exchangeable Bonds (FCEBs)	It refers to foreign currency denominated instruments which are issued in accordance with the Issue of Foreign Currency Exchangeable Bonds Scheme, 2008, as amended from time to time. FCEBs are exchangeable into equity share of another company, to be called the Offered Company, in any manner, either wholly, or partly or on the basis of any equity related warrants attached to debt instruments. Issuance of FCEBs shall also conform to other applicable regulations.
6	Foreign Equity Holder	It means (a) direct foreign equity holder with minimum 25% direct equity holding in the borrowing entity, (b) indirect equity holder with minimum indirect equity holding of 51%, or (c) group company with common overseas parent.
7	Infrastructure Sector	It has the same meaning as given in the Harmonized Master List of Infrastructure sub-sectors, approved by Government of India vide Notification F. No. 13/06/2009-INF, as amended / updated from time to time. For the purpose of ECB, “Exploration, Mining and Refinery” sectors will be deemed as in the infrastructure sector.
8	Real Estate Activities	Any real estate activity involving own or leased property, for buying, selling and renting of commercial and residential properties or land and also includes activities either on a fee or contract basis assigning real estate agents for intermediating in buying, selling, letting or managing real estate. However, this would not include, (i) construction/development of industrial parks/integrated townships/SEZ (ii) purchase/long term leasing of industrial land as part of new project/ modernization of expansion of existing units and (iii) any activity under ‘infrastructure sector’ definition.

Foreign Exchange Management (Borrowing and Lending) Regulations, 2018

Sr. No.	Term	Definition
1	**External Commercial Borrowings (ECB)**	External Commercial Borrowings (ECB) means borrowing by an eligible resident entity from outside India in accordance with framework decided by the Reserve Bank in consultation with the Government of India.
2	**External Commercial Lending (ECL)**	External Commercial Lending (ECL) means lending by a person resident in India to a borrower outside India in accordance with framework decided by the Reserve Bank in consultation with the Government of India.
3	**Indian Entity**	Indian Entity means a company incorporated in India under the Companies Act, 2013, as amended from time to time, or a Limited Liability Partnership formed and registered in India under the Limited Liability Partnership Act, 2008, as amended from time to time.
4	**Restricted End Uses**	Restricted End Uses shall mean end uses where borrowed funds cannot be deployed and shall include the following: (a) In the business of chit fund or Nidhi Company; (b) Investment in capital market including margin trading and derivatives; (c) Agricultural or plantation activities; (d) Real estate activity or construction of farm houses; and (e) Trading in Transferrable Development Rights (TDR), where TDR shall have the meaning as assigned to it in the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2015.
5	**Trade Credit**	Trade Credit refer to the credits extended by the overseas supplier, bank /financial institution for imports into India in accordance with the Trade Credit framework decided by the Reserve Bank in consultation with the Government of India. ***Explanation:*** Depending on the source of finance, such trade credits include both suppliers' credit and buyers' credit. Suppliers' credit relates to the credit for imports into India extended by the overseas supplier, while buyers' credit refers to loans for payment of imports into India arranged by the importer from overseas bank or financial institution. Imports should be as permissible under the extant Foreign Trade Policy of the Director General of Foreign Trade (DGFT).

IMPORTANT POINTS IN ECB FRAMEWORK

A. Recognized Lenders

The lender should be resident of Financial Action Task Force (FATF) or The International Organization of Securities Commissions (IOSCO) compliant country, including on transfer of ECB. However,

(a) Multilateral and Regional Financial Institutions where India is a member country will also be considered as recognized lenders;

(b) Individuals as lenders can only be permitted if they are foreign equity holders or for subscription to bonds/ debentures listed abroad; and

(c) Foreign branches / subsidiaries of Indian banks are permitted as recognized lenders only for FCY ECB (except FCCBs and FCEBs). Foreign branches / subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers/underwriters/market-makers/traders for Rupee

denominated Bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

B. Eligible Borrowers

(a) FCY denominated ECB

All entities eligible to receive FDI. Further, the following entities are also eligible to raise ECB:

i. Port Trusts;

ii. Units in SEZ;

iii. SIDBI; and

iv. EXIM Bank of India.

(b) INR denominated ECB

a) All entities eligible to raise FCY ECB; and

b) Registered entities engaged in micro-finance activities, viz., registered Not for Profit companies, registered societies/trusts/ cooperatives and Non-Government Organizations.

C. Minimum Average Maturity Period (MAMP)

MAMP for ECB will be 3 years. Call and put options, if any, shall not be exercisable prior to completion of minimum average maturity. However, for the specific categories mentioned below, the MAMP will be as prescribed therein:

Sr. No	Category	MAMP
(a)	ECB raised by manufacturing companies up to USD 50 million or its equivalent per financial year.	1 year
(b)	ECB raised from foreign equity holder for working capital purposes, general corporate purposes or for repayment of Rupee loans.	5 years
(c)	ECB raised for (i) working capital purposes or general corporate purposes (ii) on-lending by NBFCs for working capital purposes or general corporate purposes.	10 years
(d)	ECB raised for (i) repayment of Rupee loans availed domestically for capital expenditure (ii) on-lending by NBFCs for the same purpose.	7 years
(e)	ECB raised for (i) repayment of Rupee loans availed domestically for purposes other than capital expenditure (ii) on-lending by NBFCs for the same purpose.	10 years
For The categories mentioned at (b) to (e) – (i) ECB cannot be raised from foreign branches / subsidiaries of Indian banks. (ii) The prescribed MAMP will have to be strictly complied with under all circumstances.		

D. End-uses (Negative list)

The negative list, for which the ECB proceeds cannot be utilized, would include the following:

(a) Real estate activities.

(b) Investment in capital market.

(c) Equity investment.

(d) Working capital purposes, except in case of ECB mentioned above at Sl. No (b) and (c) under Section C above.

(e) General corporate purposes, except in case of ECB mentioned above at Sl. No (b) and (c) under Section C above.

(f) Repayment of Rupee loans, except in case of ECB mentioned above at Sl. No (d) and (e) under Section C above.

(g) On-lending to entities for the above activities, except in case of ECB raised by NBFCs as above at Sl. No (c), (d) and (e) under Section C above.

E. Late Submission Fee (LSF) For Delay in Reporting

Any borrower, who is otherwise in compliance of ECB guidelines, can regularize the delay in reporting of drawdown of ECB proceeds before obtaining Loan Registration Number (LRN) or delay in submission of Form ECB 2 returns, by payment of late submission fees as detailed in the following matrix:

Sr. No.	Type of return/Form	Period of delay	Applicable Late Submission Fee
1	Form ECB 2	Up to 30 calendar days from due date of submission	INR 5,000
2	Form ECB 2/Form ECB	Up to three years from due date of submission/ date of drawdown	INR 50,000 per year
3	Form ECB 2/Form ECB	Beyond three years from due date of submission/ date of drawdown	INR 100,000 per year

Non-payment of Late Submission Fee will be treated as contravention of reporting provision and shall be subject to compounding or adjudication as provided in FEMA, 1999 or regulations/rules framed thereunder.

Checklist for Compliances with regard to External Commercial Borrowings

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Eligible borrowers	Para 2.1 of Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/ FED/2018-19/67 FED Master Direction No.5/2018-19	Check whether the borrower falls under the category of eligible borrowers as stated above in Point II.B.	Certificate of Incor-poration/ Registra-tion of Borrowing Entity		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Compliance status	Remarks
Recognized lenders	Para 2.1	Check whether the lender was a recognized lender as stated above in Point II.A.			
Negative list of end-use	Para 2.1	Check whether the ECB proceeds were utilized for the purposes other than mentioned in the negative list/ prohibited end-use as stated above in Point II.D.	1. Loan Agreement 2. Bank Statements 3. Form ECB-2 (Monthly ECB Returns) 4. Utilization Certificate		
Foreign Equity Holder	Para 1.11	Check whether ECB was raised from foreign equity holder for working capital purposes or for general corporate purposes and it was to the extent of: ● Equity holder holds direct foreign equity with minimum 25% direct equity holding in the borrowing entity; or ● Indirect equity holder with minimum indirect equity holding of 51%; or ● Group company with common overseas parent.	Form FC-GPR		
Instruments of borrowings covered by ECB	Para 2.1	Check whether the form of ECB was as below: i. **For FCY denominated ECB:** Loans including bank loans; floating/ fixed rate notes/ bonds/ debentures (other than fully and compulsorily convertible instruments); Trade credits beyond 3 years; FCCBs; FCEBs and Financial Lease. ii. **For INR denominated ECB**: Loans including bank loans; floating/ fixed rate notes/ bonds/ debentures/ preference shares (other than fully and compulsorily convertible instruments); Trade credits	Loan Agreement executed between Lender and Borrowing Entity		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
		beyond 3 years; and Financial Lease. Also, plain vanilla Rupee denominated bonds issued overseas, which can be either placed privately or listed on exchanges as per host country regulations.			
Currency of borrowing	Para 2.1	Check whether the ECB availed was foreign currency denominated or INR denominated.	1. Loan Agreement 2. Form ECB 3. LRN Approval letter		
Costs	Para 2.1	Check whether the all-in cost ceiling have not exceeded the following: i. In case of FCY denominated ECB – a. Existing ECBs linked to LIBOR whose benchmarks were changed to ARR: Benchmark rate plus 550 bps spread b. New ECBs: Benchmark rate plus 500 bps spread ii. In case of INR denominated ECB- Benchmark rate plus 450 bps spread.	1. Loan Agreement 2. Form ECB		
Other Costs	Para 2.1	Check whether all the other costs were up to 2% over and above the contracted rate of interest on the outstanding principal amount and outside the all-in-cost ceiling.	1. Loan Agreement 2. Form ECB		
Minimum Average Maturity Period	Para 2.1	Check whether the MAMP was as stated above in Point II.C.	1. Form ECB 2. ECB Repayment Schedule		
Hedging Risk	Para 2.1	1. Check whether entities receiving ECB have hedged their ECB exposure. 2. If yes, check whether the entities have followed the guidelines for hedging issued by the concerned sectoral or prudential regulator in case of foreign currency exposure.	Financial State-ments for hedging disclosure		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Limit and leverage	Para 2.2	1. Check whether the amount of loan raised is not more than USD 750 million or equivalent per financial year. 2. Check whether the ECB liability-equity ratio exceeds 7:1.	Loan Agreement/ Terms of ECB		
Parking of ECB Proceeds	Para 4	Check whether ECB proceeds have been parked abroad or domestically in approved financial assets as per para 4.1 & 4.2 of the master direction.	Deposit Certificates/ Other proof		
Procedure of raising ECB	Para 5	1. Check whether ECB was obtained under Approval route or Automatic route. 2. If obtained under Approval route, check whether prior RBI approval taken.	1. Approval of RBI, if any 2. Form ECB and its approval.		
Reporting Requirements	Para 6	Check whether all the details of ECB loan agreement were correctly reflecting in Form ECB and ECB 2 return.	Form ECB and ECB2		
Reporting Requirements	Para 6.1	Check whether Loan Registration Number (LRN) has been obtained from RBI.	Form ECB		
Changes in terms and conditions of ECB	Para 6.2	Check whether any changes/ modifications in the ECB parameters (draw down/repayment schedule, debt servicing, etc.) was reported in Form ECB within 7 days of such change and form ECB for the following month.	1. Form ECB 2. Prior approval of AD Bank		
Monthly reporting of actual transactions	Para 6.3	Check whether duly filled in ECB 2 monthly return was filed with DSIM through AD Bank within 7 working days from the last day of month.	Form ECB-2		
Late Submission Fee	Para 6.4	Check whether Late Submission Fee (as stated in point II.E above) has been paid for delayed reporting of form ECB-2.	Form ECB-2		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Drawdown	Para 6.1	1. Check whether draw down was scheduled post obtaining Loan Registration Number. 2. If yes, check whether the drawdown was as per the schedule to agreement.	1. Bank Account Statement 2. LRN		
Refinancing	Para 7.3	Check whether the borrower has refinanced the existing ECBs.			
Conversion of ECB into equity	Para 7.4	Check whether in case of partial or full conversion of ECB into equity: (a) FDI guidelines were followed. (b) Form FC-GPR along with ECB 2 was filed.	1. Form- FC GPR 2. Form ECB-2		
Security for raising ECB	Para 7.5	1. Check whether ECB has been secured against any asset. 2. If yes, check whether the conditions have been satisfied.	Loan Agreement		
Interest		1. Interest as per ECB Circular was charged or not. 2. If yes, check whether interest has been paid.	1. Loan agreement/ Terms of Loan 2. Bank Details		
ECB raised by Startups	Para 8.2	1. Check whether in case of ECB raised by Startups: – the MAMP was more than 3 years. – the borrowing was in the form of loans or non-convertible, optionally convertible or partially convertible preference shares. – the amount of borrowing was not more than USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or combination of both. – all other provisions w.r.t. parking of ECB proceeds, reporting, hedging, security, etc. have been complied with.			

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Pendency of investiga-tions/ adjudi-cations	Para 9	Check whether the borrowing entity has informed about the pendency of investigations/ adjudications/ appeals to AD/ RBI.			

TRADE CREDITS FRAMEWORK

Trade Credits (TC) refer to the credits extended by the overseas supplier, bank, financial institution and other permitted recognized lenders for maturity, for imports of capital/non-capital goods permissible under the Foreign Trade Policy of the Government of India. Depending on the source of finance, such TCs include suppliers' credit and buyers' credit from recognized lenders:

Suppliers' credit: Supplier of goods located outside India.

Buyers' credit: Banks, financial institutions, foreign equity holder(s) located outside India and financial institutions in IFSCs located in India.

Participation of Indian banks and non-banking financial companies (operating from IFSCs) as lenders will be subject to the prudential guidelines issued by the concerned regulatory departments of the Reserve Bank. Further, foreign branches/subsidiaries of Indian banks are permitted as recognized lenders only for FCY TC.

Checklist for Compliances with regard to Trade Credits

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Forms of Trade Credits	Para 14(i) of Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/ FED/2018-19/67 FED Master Direction No.5/2018-19	1. Check whether the trade credit raised was in the form of Buyers' credit or Suppliers' credit. 2. Check whether the Trade Credits availed was foreign currency denominated or INR denominated.	Terms of Contract		
Eligible borrower	Para 14(ii)	Check whether the Eligible borrower was a person resident in India acting as an importer.	Import Export Code		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Amount under automatic route	Para 14(iii)	1. Check whether the Trade Credits raised was not more than USD 150 million or equivalent per import transaction for oil/gas refining & marketing, airline and shipping Companies. 2. For others, whether the TC raised was not more than USD 50 million or equivalent per import transaction. 3. If the limits were exceeding, then in that case, whether RBI approval was obtained.	Terms of Contract		
Period of TC	Para 14(v)	1. Check whether the period of Trade Credits, reckoned from the date of shipment was not more than 3 years for import of capital goods. 2. Check whether the period of TC for non-capital goods, was not more than 1 year or the operating cycle, whichever is less. 3. In case of shipyards/ shipbuilders, the period of TC for import of non-capital goods was not more than three years.	Terms of Contract		
All-in-cost ceiling per annum	Para 14(vi)	Check whether the all-in cost ceiling have not exceeded the following: i. **In case of FCY denominated TC –** a. Existing TCs linked to LIBOR whose benchmarks were changed to ARR: Benchmark rate plus 350 bps spread b. New TCs: Benchmark rate plus 300 bps spread ii. **In case of INR denominated TC** - Benchmark rate plus 250 bps spread.	Terms of Contract		

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Trade Credits in SEZ/FTWZ/ DTA	Para 15	Check whether TC raised in SEZs and DTAs also complied with the applicable provisions of SEZ Act, 2005 as amended from time to time.	Terms of Contract		
Security for Trade Credit	Para 16.1	1. Check whether bank guarantee has been given by the AD Bank, on behalf of importer, in favour of overseas lender of TC. 2. If yes then check whether the period of such guarantee was not beyond the maximum permissible period for TC. 3. Check whether the guarantees given by Indian bank or its branches or subsidiaries, located outside India, have complied with Regulation Master Circular No.DBR.No.Dir. BC.11/13.03.00/2015-16 dated July 1, 2015.	Terms of Contract		
	Para 16.2	1. Check whether importer has offered security of movable (including financial assets)/ immovable assets (excluding land in SEZs) /corporate or personal guarantee for raising TC. 2. If yes, check whether charge has been created on such security.	Terms of Contract		

STRUCTURED OBLIGATIONS

NON-RESIDENT GUARANTEE FOR DOMESTIC FUND BASED AND NON-FUND BASED FACILITIES

In cases where a Rupee facility which is either fund based or non-fund based (such as letter of credit / guarantee / letter of undertaking / letter of comfort) or is in the form of derivative contract by residents that are subsidiaries of multinational companies, is guaranteed by a non-resident (non-resident group entity in case of derivative contracts), there is no transaction involving foreign exchange until the guarantee is invoked and the non-resident guarantor is required to meet the liability under the guarantee.

Checklist for Compliances with regard to Non-Resident Guarantee

Compliance requirement	Relevant section/ rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Discharge of liability	Para 19(i) of Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/ FED/2018-19/67 FED Master Direction No.5/2018-19	Check whether the non-resident guarantor has discharged the liability by: i) payment out of rupee balances held in India; or ii) by remitting the funds to India; or iii) by debit to his FCNR(B)/NRE account maintained with an AD bank in India.	Terms of Guarantee		
NRO account of the non-resident guarantor	Para 19(ii)	Check whether the amount recovered has been credited to the NRO account of the non-resident guarantor, in case where the liability was discharged by payment out of Rupee balances.	Terms of Guarantee		
Repayment by credit to the FCNR(B)/ NRE/NRO account	Para 19(iv)	Check whether the repayment has been made by credit to the FCNR(B)/NRE/NRO account of the guarantor, provided, the amount remitted/credited has not exceeded the rupee equivalent of the amount paid by the non-resident guarantor against the invoked guarantee, in cases where the liability was met by the non-resident out of funds remitted to India or by debit to his FCNR(B)/NRE account.			

FACILITY OF CREDIT ENHANCEMENT

The facility of credit enhancement by eligible non-resident entities (viz. Multilateral financial institutions (such as, IFC, ADB, etc.) / regional financial institutions and Government owned (either wholly or partially) financial institutions, direct/ indirect equity holder) to domestic debt raised through issue of capital market instruments, such as Rupee denominated bonds and debentures, is available to all borrowers eligible to raise ECB under automatic route.

Checklist for Compliances with regard to Credit Enhancement

Compliance requirement	Relevant section/rule/ regulation	Auditor check point	Documents to be checked	Com-pliance status	Re-marks
Maturity of underline debt instrument	Para 20(i) of Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/FED/2018-19/67 FED Master Direction No.5/2018-19	Check whether the underlying debt instrument has a minimum average maturity of 03 years.	Term of Original ECB/ Borrowing		
Guarantee fee	Para 20(iii)	Check whether the guarantee fee and other costs in connection with credit enhancement have been restricted to a maximum 2 % of the principal amount involved.	Term of Original ECB/ Borrowing		
Rate of interest	Para 20(v)	Check whether the applicable rate of interest is as follows in case of default and if the loan was serviced in Indian Rupees: – The coupon of the bonds or 250 bps over the prevailing secondary market yield of 5 years Government of India Security, as on the date of novation, whichever is higher.	Term of Original ECB/ Borrowing		
Eligibility criteria	Para 20(vi)	1. Check whether the eligibility criteria and prudential norms laid down in the circular DNBS. PD.CC No.168/03.02.089/2009-10 dated February 12, 2010 has been complied with by NBFC-IFC proposing to avail of the credit enhancement facility. 2. Check whether in case the novated loan was designated in foreign currency, the IFC has hedged the entire foreign currency exposure.	Term of Original ECB/ Borrowing		
Reporting arrangements	Para 20(vii)	Check whether the reporting arrangements have been complied with.	Term of Original ECB/ Borrowing		

7

SECRETARIAL STANDARDS

INTRODUCTION

The Institute of Company Secretaries of India (ICSI), recognizing the need for integration, harmonization and standardization of diverse secretarial practices, has constituted the Secretarial Standards Committee (SSC) with the objective of formulating Secretarial Standards/Guidance Notes. To support and facilitate the SSC, an "Expert Group on Secretarial Standards" is also formed comprising of eminent members of ICSI representing industry as well as practicing side of the profession and nominated members of major industry associations, regulators, stock exchanges and professional bodies.

Secretarial Standards are formulated taking into consideration the applicable laws, business environment and the prevalent best secretarial practices. Secretarial Standards are developed:

- in a transparent manner;
- after extensive deliberations, analysis, research; and
- after taking views of corporates, regulators and the public at large.

APPLICABILITY AND SCOPE OF SECRETARIAL STANDARDS

Section 118(10) of the Companies Act, 2013 requires every company to observe the Secretarial Standards with respect to Board and General Meetings specified by the ICSI and approved as such by the Central Government.

Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the ICSI are applicable to all companies w.e.f. 1st July, 2015 (except One Person Company where there is one director and class or classes of companies which are exempted through any notification of the Central Government).

Since then, the SS-1 and SS-2 have been revised by the ICSI and approved by the Central Government under Section 118(10) of the Companies Act, 2013, which are applicable w.e.f. 1st October, 2017.

The revised version of SS-1 and SS-2 applies to Board and General Meetings respectively, in respect of which Notices are issued on or after 1st October, 2017.

Secretarial Standards are in conformity with the provisions of the Companies Act, 2013 and rules made thereunder ("the Act"). However, if due to subsequent changes in the Act, a particular Standard or any part thereof becomes inconsistent with the Act, the provisions of the Act shall prevail.

The Secretarial Standards do not seek to substitute or supplant any existing laws or the rules and regulations framed thereunder but, in fact, seek to supplement such laws, rules and regulations.

NEED AND BENEFITS OF SECRETARIAL STANDARDS

Companies follow diverse secretarial practices evolved over a period of time through varied usages and as a response to differing business cultures. Therefore, a need was felt to integrate, consolidate, harmonize and standardize all the prevalent diverse secretarial practices, so as to ensure that uniform practices are followed by the companies throughout the country.

By following the Secretarial Standards in letter and spirit, companies will be able to ensure adoption of uniform, consistent and best secretarial practices. Such uniformity of best practices, consistently applied, will result in furthering the shareholders' democracy by laying down principles for better corporate disclosures thus adding value to the general endeavor to strive for good corporate governance.

The Secretarial Standards have been introduced under the legal umbrella of Companies Act, 2013 which is first of its kind in the world. It is a great recognition to the profession of Company Secretaries and the ICSI, as the Company Secretaries in employment as well as in practice are entrusted to ensure the compliance of the applicable Secretarial Standards.

While the basic principles for Board and General Meetings are articulated under the Companies Act, 2013, the Secretarial Standards act as extended tone of those principles by giving clarity and standardizing the diverse practices. Secretarial Standards play indispensable role in enhancing the corporate culture and governance across the organizations.

In the Secretarial Standards, standard practices are articulated and comprehensively made available at one place. Incidentally, many litigations are on account of non-following of proper procedures and non- availability of proper records, improper maintenance/ manipulation and tampering of Minutes, agenda papers, etc. The Standards address all these issues and facilitate ease of doing business, improved governance, confidence building in minds of investors, improved compliance level etc.

COMPLIANCE CHECKLIST

Since, the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) are mandatory for observance as prescribed under Section 118(10) of the Companies Act, 2013, it is necessary to ensure compliance of Secretarial Standards by the members of the profession and accordingly, the respective checklist on SS-1 and SS-2 has been placed here for the reference.

Relaxations granted by MCA due to Covid-19

Due to the COVID-19 outbreak, various provisions of the Companies Act, 2013 and rules made thereunder pertaining to Board and General Meetings were relaxed by the Ministry of Corporate Affairs (MCA) for ease of compliance by the stakeholders. Accordingly, wherever applicable, the provisions of Secretarial Standards should be construed in the light of such relaxations granted by the MCA for a limited period of time.

CHECKLISTS – SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS (SS-1)

Sl. No.	Particulars	Compliance	Remarks
	Convening a Meeting		
1.	Check whether the Meeting has been convened by the authorized person in accordance with the Standards.		
2.	Check whether notice of the Meeting (original/adjourned) was given in writing to all directors at least 7 days before the Meeting through one of the stipulated modes in accordance with the Standards or within such longer period as provided in the Articles of the Company.		
3.	Check whether the notice has specified the serial number, day, date, time and full address of the venue of the Meeting.		

Sl. No.	Particulars	Compliance	Remarks
4.	Check whether the notice has contained all necessary information to enable the Directors to avail the facility of participation through Electronic Mode.		
5.	Check whether Agenda and Notes on Agenda for the Meeting were given to all directors at least 7 days before the Meeting through one of the stipulated modes in accordance with the Standards or within such longer period as provided in the Articles of the Company.		
6.	Check whether the procedure as per the Standards was followed in case of a Meeting called at shorter notice/sending agenda in respect of Unpublished Price Sensitive information at shorter notice.		
7.	Check whether the proof of sending Notices, Agenda and Notes thereon and their delivery have been retained in accordance with the Standards.		
8.	Check whether any other item not included in the agenda was taken up for consideration and approved in accordance with the Standards.		
	Frequency of the Meetings		
9	Check whether 01st Meeting of the Board was held within 30 days of incorporation.		
10.	Check whether the specified numbers of Meetings were held in a year (calendar year) and the gaps between two consecutive Meetings did not exceed the specified period.		
11.	Check whether Meetings of the Committees were held as prescribed by any law or authority or as stipulated by the Board.		
12.	Check whether Meeting of the Independent Directors was held in accordance with the Standards.		
	Quorum		
13.	Check whether the requisite quorum of dis-interested directors was present throughout the Meeting of the Board/Committees and no business was transacted when the required quorum in accordance with the Standards was not present.		
14.	Check whether the directors participated through electronic mode in a Meeting were counted for the quorum except in case of restricted items of business as specified under the law.		
15.	Check whether the Board was properly constituted at the time of Meeting and no business was transacted if the number of directors reduced below the quorum fixed by the Articles / Act, except those permissible under the Act.		
	Attendance at Meetings		
16.	Check whether the Attendance Register for the Board and Committee Meetings were duly maintained and signed in accordance with the Standards and kept in the custody of the Company Secretary or any other person authorized by the Board.		

Sl. No.	Particulars	Compliance	Remarks
17.	Check whether the attendance registers have been preserved for a period of at least eight financial years from the date of last entry made therein and destruction thereof, if any, during the year was made with the approval of the Board.		
18.	Check whether leave of absence was granted to a director in accordance with the Standards, if requested for.		
	Chairman		
19.	Check whether the Chairman of the Company or any other director duly elected as Chairman of the Board, has conducted the Meetings of the Board in accordance with the Standards.		
20.	Check whether the Chairman of the committee as appointed by the Board or duly elected by the committee members in case of committees, has conducted the Meetings of the Committee in accordance with the Standards.		
	Passing of Resolution by Circulation		
	Authority		
21.	Check whether the decision/approval of competent authority was obtained before a particular business by means of a resolution by circulation had been circulated in accordance with the Standards.		
22.	Check whether the items required to be transacted only at a Meeting of the Board have passed by conducting meeting only.		
23.	Check whether the matter was placed for consideration at a Meeting of the Board where requisite number of directors have requested the matter to be taken up at a Board Meeting.		
	Procedure		
24.	Check whether the draft of the resolution proposed to be passed by circulation along with necessary papers including explanatory note had been circulated to all the directors of the company through the specified modes of delivery.		
25.	Check whether the explanatory note indicated the last date by which the directors had to respond with their assent/dissent and manner thereof.		
	Approval		
26.	Check whether the resolution, if approved by the requisite majority had been taken on record in accordance with the Standards.		
	Recording		
27.	Check whether the resolutions passed by circulation had been noted at the next Board Meeting and the text thereof with dissent or abstention, if any, were recorded in the minutes of such Meeting including the fact that the Interested Director, if any, did not vote on the resolution.		

Sl. No.	Particulars	Compliance	Remarks
	Minutes		
28.	Check whether the Minutes of the Board/Committee Meetings were signed by the respective Chairman of that Meeting or the next Meeting.		
	Preservation of Minutes and Other Records		
29.	Check whether: (i) Minutes were recorded in the books maintained for that purpose. (ii) Distinct Minutes book was maintained in respect of Board and Committee Meeting. (iii) Minutes maintained in electronic form, if any, with Timestamp. (iv) The pages of the Minutes book were consecutively numbered.		
30.	Check whether minutes have not pasted or attached to the Minutes Book, altered or tampered with in any manner.		
31.	Check whether the minutes if maintained in loose-leaf form, have bounded periodically in accordance with the Standards.		
32.	Check whether the Minutes Books have kept at the registered office of the company or at a place approved by the Board.		
	Contents		
33.	Check whether: (i) Minutes stated the number and type of the Meeting, name of the company, day, date, venue and time of commencement and conclusion of the Meeting. (ii) Minutes record the names of the directors present physically or through electronic mode, the Company Secretary in attendance at the Meeting and invitees, if any. (iii) Minutes contain a record of all appointments made at the Meeting. (iv) Minutes include other specific contents in accordance with the Standards.		
34.	Check whether the Minutes have mentioned the brief background of all proposals and summarize the deliberations thereof. In case of major decisions, the rationale thereof was also mentioned.		
35.	Check whether the Minutes have recorded the fact about the resolution passed pursuant to the casting vote (if any) of the Chairman of the Meeting.		
	Recording		
36.	Check whether the unsigned documents tabled or presented at the Meeting, which were not part of the Notes on Agenda and referred to in the minutes were suitably identified by initialing in accordance with the Standards.		

Sl. No.	Particulars	Compliance	Remarks
37.	Check whether the Minutes contain a specific reference to such earlier resolution / decision or state that the Resolution was in supersession of all earlier Resolutions passed in that regard, where a decision was superseded or modified subsequently by the Board.		
38.	Check whether the Minutes of the preceding Meeting were noted at the next Meeting of the Board held immediately following the date of entry of such minutes in the Minutes Book.		
	Finalization and Entry in Minutes Books		
39.	Check whether the draft minutes were circulated to all directors / Committee members within 15 days from the date of conclusion of the Meeting in accordance with the Standards.		
40.	Check whether the Minutes were finalized and entered in the Minutes Books within 30 days from the date of conclusion of the original / adjourned Meeting in accordance with the Standards.		
41.	Check whether the Alteration in the Minutes, if any, was made with the express approval of the Board at its subsequent Meeting at which the minutes were noted by the Board and the fact of such alteration was recorded in the Minutes of such subsequent Meeting.		
	Signing and dating		
42.	Check whether the Minutes were initialed, dated and signed by the Chairman in accordance with the Standards.		
43.	Check whether a certified copy was circulated to all the directors in accordance with the Standards within 15 days of signing of the Minutes.		
	Inspection & Extracts		
44.	Check whether the inspection of Minutes was allowed and Extracts thereof were provided in accordance with the Standards.		
	Preservation of Minutes		
45.	Check whether the Minutes of all Meetings have been preserved permanently in physical/electronic form in accordance with the Standards and kept in the custody of Company Secretary or any Director duly authorized for the purpose by the Board, if there was no Company Secretary.		
46.	Check whether the office copies of Notices, Agenda, Notes on Agenda and other related papers have been preserved in good order in physical or electronic form in accordance with the Standards.		
47.	Check whether the Minutes of all Meetings of the transferor company as handed over to the transferee company, if any, have been duly preserved permanently.		

Sl. No.	Particulars	Compliance	Remarks
48.	Check whether the Office copies of Notices, Agenda, Notes on Agenda and other related papers of the transferor company, as handed over to the transferee company, if any, have been duly preserved in accordance with the Standards.		
49.	Check whether the requisite approval of the Board/Central Government has been obtained, wherever necessary to destroy any document in accordance with the Standards.		
50.	Check whether the Report of the Board of Directors included a statement on compliances of applicable Secretarial Standards.		

CHECKLIST – SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2)

Sl. No.	Particulars	Compliance	Remarks
	Convening a Meeting		
1.	Check whether the General Meetings during the year have been convened by or under the authority of the Board in accordance with the Standards.		
2.	Check whether Annual General Meeting and the requisitioned Meeting, if any, called by the Board of Directors / Requisitionists convened between 9 am to 6 pm on a day other than National Holiday in accordance with the Standards.		
3.	Check whether the Notice along with accompanying documents were given in writing to all Members, Directors, Auditors, Secretarial Auditors, Debenture Trustees and to other persons entitled to receive notice through one of the specified modes at least 21 clear days in advance of the Meeting.		
4.	Check whether Proof of sending of the notice and accompanying document was retained by the company in accordance with the Standards.		
5.	Check whether the notice has clearly specified the day, date, time and full address of the venue of the Meeting including the route map and prominent landmark wherever required besides clearly specifying the nature of the Meeting and the business to be transacted thereat. In case of AGM, the serial number of the Meeting was mentioned in Notice.		
6.	Check whether the Notice was also hosted on the website of the company, if any.		
7.	Check whether the Notice was accompanied by attendance slip and a Proxy form with clear instructions for filling, stamping, signing and/or depositing the Proxy form.		

Sl. No.	Particulars	Compliance	Remarks
8.	Check whether the notice was provided all necessary information to enable the Members to access facility of e-voting in accordance with the Standards.		
9.	Check whether in all cases relating to the appointment or re-appointment and/or fixation of remuneration of directors the details in accordance with the Standards has been provided in the explanatory statement.		
10.	Check whether the nature of the concern or interest (financial or otherwise), if any, of the prescribed persons, in any item of business or in a proposed Resolution, was disclosed in the explanatory statement.		
11.	Check whether in case of Meetings held at shorter notice, due procedure as per the Standard was followed.		
12.	Check whether no items of business other than those specified in the Notice and those specifically permitted under law were taken up for consideration at the Meeting.		
13.	Check whether a Meeting convened upon due Notice had not been postponed or cancelled, except for reasons beyond the control of the Board. In such case, check whether it had been duly reconvened.		
14.	Check whether no business was transacted at a Meeting, if the Notice was not given in accordance with the Standards.		
	Frequency of the Meeting		
15.	Check whether the Annual General Meeting was held during the year in accordance with the requirement of the Act and the Standards.		
16.	Check whether items of business other than Ordinary Business have been considered at an Extra-Ordinary General Meeting or by means of a postal ballot, if thought fit by the Board.		
	Quorum		
17.	Check whether the requisite quorum was present throughout the Meeting in accordance with the Standards.		
	Presence of Directors and Auditors		
18.	Check whether all the directors of the company had attended the General Meetings of the company. If any director was unable to attend the Meeting, the reasons thereof were explained by the Chairman at the Meeting.		
19.	Check whether the Auditors, unless exempted by the company, attended the General Meetings of the company either by themselves or through their authorized representative.		
20.	Check whether the Secretarial Auditor, unless exempted by the company, attended the Annual General Meeting, either by himself or through his authorized representative.		

Sl. No.	Particulars	Compliance	Remarks
	Chairman		
21.	Check whether Meetings were conducted either by Chairman of the Board or any other director so designated or any other elected Chairman in accordance with the Articles of Company or the Standards, as the case may be.		
22.	Check whether the objectives and implications of the Resolutions were explained by the Chairman before the same were put to vote at the Meeting.		
23.	Check whether in case of a public company, the Chairman entrusted the conduct of the proceedings in respect of an item in which he was concerned or interested to any Non-Interested Director / Member and resumed the Chair after that item of business has been transacted at the Meeting.		
	Proxies		
24.	Check whether Requirements of the Standards relating to Notice of Right to Appoint Proxies, Form of Proxy, Stamping of Proxies, Execution of Proxies, Proxies in Blank and Incomplete Proxies, Deposit, Revocation, Inspection and Record of Proxies have been duly complied with.		
	Voting		
25.	Check whether every resolution, except a Resolution which has been put to vote through Remote e-Voting or on which a poll has been demanded, was duly proposed by a member and seconded by another member.		
26.	Check whether the e- voting facility was provided to its members to exercise their voting rights and also every resolution was put to vote through a ballot process at the Meeting, in case of a company having its equity shares listed on a recognized stock exchange and other companies as prescribed (except the exempted companies).		
27.	Check whether every resolution except those placed for voting through remote e-voting, in the first instance was put to vote on a show of hands, unless a poll was validly demanded.		
28.	Check whether Voting at the Meeting was in accordance with the law and the Standards.		
	Conduct of E-Voting		
29.	Check whether Company provided e-voting facility to its members in compliance with applicable provisions.		
30.	Check whether the Board has appointed an agency to provide electronic platform for e-voting.		
31.	Check whether the Board has appointed scrutinizer(s), who was not an officer or employee of the company for the e- voting/ballot process.		

Sl. No.	Particulars	Compliance	Remarks
32.	Check whether the report of the Scrutinizer was submitted to the Chairman or any other person authorized by the Chairman for this purpose.		
33.	Check whether the requirements of Standards w.r.t. conduct of e-voting, declaration / publishing of results, custody of Scrutinizer's Report & related papers had been duly complied with.		
	Conduct of Poll		
34.	Check whether the demand / conduct of poll, if any, at the Meeting was in accordance with the law and the Standards.		
35.	Check whether in case of a poll not taken forthwith, the Chairman had announced the date, venue and time of taking the poll to enable Members to have adequate and convenient opportunity to exercise their vote.		
36.	Check whether each resolution put to vote by poll was put to vote separately.		
37.	Check whether the Chairman has appointed such number of scrutinizers, as necessary in accordance with the Standard to ensure scrutiny of votes cast on a poll in a fair and transparent manner.		
38.	Check whether the requirements of Standards w.r.t. declaration / publishing of results had been duly complied with.		
	Prohibition on Withdrawal of Resolutions		
39.	Check whether no Resolution was withdrawn w.r.t. items of business likely to affect market price of the securities of the company or proposed for consideration through e-voting.		
	Rescinding of Resolutions		
40.	Check whether no resolution passed at a Meeting has been rescinded otherwise than by a Resolution passed at a subsequent Meeting.		
	Modification to Resolutions		
41.	Check whether no material modification to text of the Resolution, as set out in the notice, was made at the Meeting which alters the substance of the Resolution.		
42.	Check whether no modification was made to any Resolution which has already been put to vote by Remote e-voting before the Meeting.		
	Reading of Reports		
43.	Check whether the qualifications, observations or comments on the financial statements or matters which have any adverse/material adverse effect on the functioning of the company, if any, mentioned in the Auditor's Report / Secretarial Audit Report were read at the Annual General Meeting alongwith explanations / comments given by the Board of Directors in their report to such qualifications / observation and comments of the Auditors / Secretarial Auditors.		

Sl. No.	Particulars	Compliance	Remarks
	Distribution of Gifts		
44.	Check whether no gifts, gift coupons or cash in lieu of gifts were distributed to any member at or in connection with the Meeting.		
	Adjournment of Meetings		
45.	Check whether the adjournment of Meeting was in accordance with the Standards.		
46.	Check whether notice of the adjourned Meeting was given in accordance with the Standards.		
47.	Check whether quorum requirements were fulfilled in adjourned Meeting.		
48.	Check whether only the unfinished business of the original Meeting was taken up at an adjourned Meeting.		
	Passing of Resolutions by Postal Ballot		
49.	Check whether passing of resolution by Postal Ballot, if any, was in accordance with the Standard.		
50.	Check whether the Board has appointed scrutinizer and an agency for the remote e-voting in case of postal ballot.		
51.	Check whether the Report of the Scrutinizer was submitted to the Chairman / any other person authorized by the Chairman for this purpose.		
52.	Check whether the requirements of Standards w.r.t. Notice of Postal Ballot, Declaration / publishing of results, custody of Scrutinizer's Report & related papers, rescinding / modification of resolutions had been duly complied with.		
	Minutes		
53.	Check whether minutes of the General Meetings were entered in the minutes book and signed within 30 days of conclusion of the Meeting. The date of entry of minutes in the books was recorded by the Company Secretary / any other person authorized for this purpose in accordance with the Standards.		
54.	Check whether: ● Minutes were recorded in books maintained for that purpose. ● Distinct Minutes Book was maintained in respect of Meeting of Members, Creditors etc. ● Minutes maintained in electronic form, if any, with Timestamp. ● The pages of the Minutes book were consecutively numbered.		
55.	Check whether Minutes were not pasted or attached to Minutes Book, altered or tampered with in any manner.		

Sl. No.	Particulars	Compliance	Remarks
56.	Check whether Minutes if maintained in loose-leaf form were bound periodically in accordance with the Standards.		
57.	Check whether the Minutes Books were kept at the Registered Office of the company.		
	Contents and Recording of Minutes		
58.	Check whether: ● Minutes stated the name of Meeting, name of the company, day, date, venue and time of commencement and conclusion of the Meeting. Minutes of Annual General Meeting, also stated the serial number of the Meeting. ● Minutes recorded the names of the Directors and Company Secretary present at the Meeting in alphabetical order or in any other logical manner, starting with the name of the person in the Chair. ● Minutes included the other specific contents, wherever applicable, in accordance with the Standards.		
59.	Check whether the summary / brief report on e-voting or postal ballot including the summary of scrutinizers report in respect of resolutions passed through e- Voting / postal ballot has been recorded in the minutes book.		
60.	Check whether each item of business taken up at the Meeting was numbered to enable ease of reference or cross reference.		
	Signing and Dating		
61.	Check whether Minutes were initialed, dated and signed in accordance with the Standards.		
	Inspection & Extracts of Minutes		
62.	Check whether the requirements of the Standards in respect of inspection of Minutes and providing extracts thereof were duly complied with.		
	Preservation of Minutes and other Records		
63.	Check whether Minutes of all Meetings have been preserved permanently in physical or in electronic form with Timestamp in the custody of Company Secretary or any Director duly authorized by the Board.		
64.	Check whether Minutes of all Meetings of the transferor company as handed over to the transferee company, if any, were preserved permanently.		
65.	Check whether Office copies of Notices, scrutinizer's report and other related papers have been preserved in good order in physical or electronic form in accordance with the Standards.		

Sl. No.	Particulars	Compliance	Remarks
66.	Check whether Office copies of Notices, scrutinizer's report and related papers of the transferor company, as handed over to the transferee company, were preserved in accordance with the Standards.		
67.	Check whether the requisite approval of the Board / Central Government was obtained, wherever necessary to destroy any document in accordance with the Standards.		
	Report on Annual General Meeting		
68.	Check whether in case of listed public company, a report on the Annual General Meeting (AGM), including a confirmation that the Meeting was convened, held and conducted as per the provisions of the Act was prepared in the prescribed form and filed with the Registrar of Companies within 30 days of the conclusion of the AGM.		
	Disclosure		
69.	Check whether the Annual Return of the Company has disclosed the date of Annual General Meeting held during the financial year.		

8

GENERAL AND INDUSTRY SPECIFIC LAWS

SECRETARIAL AUDIT – TO ENSURE COMPLIANCE OF SPECIFIC LAWS AND GENERAL LAWS

The Form MR-3 as notified by the MCA under section 204 of the Companies Act, 2013 has provided that the Secretarial Auditor shall report on the status of the compliance of other laws as may be applicable specifically to the company as specified in point No. (vi) of MR-3.

Further the MR-3 also provides for further reporting on the status of the compliance along with the comments on the adequacy of the systems and procedures in the company to manage the compliance of the laws, rules, regulations and guidelines applicable to the company under the following paragraph of the report.

> "I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.''

This part of the Secretarial Audit report specifically refers to the compliance of the other applicable laws apart from the Laws covered in the MR- 3 and Laws specifically applicable to the company.

IDENTIFICATION OF APPLICABLE LAWS

The Secretarial Auditor may take note of various laws applicable to the Company as identified by the Management of the company; also the auditor shall carry his own efforts to identify various other laws as may be applicable to the company.

Segregation of Specific Laws and General Laws

Segregation of laws applicable on the Company into the Industry specific and general is essential for Secretarial Audit. After considering the following factors the auditor should make the segregation of the same based on the laws being applicable on the Company:

- Key financial parameters such as turnover, paid-up share capital, net worth, borrowings, etc.
- Geographic location of registered office, units / divisions / plants / branches, etc.
- Status of company such as listed / unlisted.
- Type / class of company such as Private, Public, Holding, Subsidiary, Foreign, Nidhi, Producer, Section 8, etc.
- Registration with various authorities such as SEZ, Sectoral Regulators, etc.
- Segment such as manufacturing / trading / service / e-commerce and industry classification thereof.
- Agreements governing rights, obligations of shareholders such as Joint venture, shareholders' agreements.
- Number, class and category of employees / workers such as women, contractual employees, etc.

The auditor should comprehensively verify all laws, rules, regulations made for regulation of specific Industry and should assess the adequacy of systems and process for other general laws applicable to the company other than industry specific laws and laws specifically covered under Form MR-3.

Further, the Secretarial Auditor should also report on whether –

- the Board of Directors of the company is duly constituted with proportion of executive directors, non-executive directors, independent directors, and women director.
- the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least 07 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

Secretarial Auditor is required to report and provide details of specific events and actions that occurred during the reporting period having major bearing on the affairs of the company in pursuance of above referred laws / rules & regulations.

REPORTING OF GENERAL LAWS

As stated above, the Secretarial Auditor should verify and report that adequate system and processes are in place to monitor and ensure compliance with general laws like labour laws, competition law, and environmental laws. *The General Laws relating to Labour laws includes:*

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947;
3. The Payment of Wages Act, 1936;
4. The Minimum Wages Act, 1948;
5. Employees' State Insurance Act, 1948;
6. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
7. The Payment of Bonus Act, 1965;
8. The Payment of Gratuity Act, 1972;
9. The Contract Labour (Regulation & Abolition) Act, 1970;
10. The Maternity Benefit Act,1961;
11. The Child Labour (Prohibition & Regulation) Act, 1986;
12. The Industrial Employment (Standing Order) Act, 1946;
13. The Employees' Compensation Act, 1923;
14. The Apprentices Act, 1961;
15. Equal Remuneration Act,1976;
16. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
17. Labour Welfare Fund Act;
18. E-Waste (Management & Handling) Rules, 2011.

These 29 central labour laws are being consolidated into four codes on industrial dispute, social security, wage and occupational safety. While the parliament approved the Code on Wages in August 2019, the rest three were passed in September 2020. But none of them has been rolled out as yet.

To ensure existence of adequate systems and processes in the company, the Compliance status of the above indicative list of Central / State Labour laws and Local laws should be verified by the Secretarial Auditor. Further the Auditor should also verify the procedure followed by the company, Responsibility / onus of doing compliance, timelines for doing compliance, Compliance chart, etc.

INDUSTRY SPECIFIC LAWS

1. Trading & Retail Industry

List of laws that are specifically applicable to trading and retail industries:-

1. The Trade Marks Act, 1999;
2. The Patents Act, 1970;
3. The Indian Copyright Act, 1957;
4. Legal Metrology Act, 2009;
5. Shops and Establishment Act & Rule (State wise);
6. The Food Safety & Standard Act, 2006;
7. Local Municipal Corporation Act & Bye Laws (city-wise);
8. Acts prescribed related to Retail activities;
9. The Consumer Protection Act, 2019 and rules made thereunder;
10. Acts prescribed under prevention and control of pollution;
11. Acts prescribed under Environmental protection;
12. Acts as prescribed under Direct Tax and Indirect Tax including GST and others;
13. Land Revenue laws of respective States;
14. Labour Welfare Act of respective States;
15. Local laws as applicable to various stores as per the respective Municipal Authority;
16. Whistle Blowers Protection Act, 2011;
17. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

2. IFSC & Bullion Exchange Industry

List of laws that are specifically applicable to IFSC and bullion exchange companies: -

Act and Guidelines

1. SEZ Act, 2005;
2. The Securities and Exchange Board of India Act, 1992;
3. SEBI (International Financial Services Centres) Guidelines, 2015;
4. The Insurance Regulatory and Development Authority Act, 1999;
5. Insurance Regulatory and Development Authority of India (International Financial Services Centre) Guidelines, 2015;
6. Insurance Regulatory and Development Authority of India {Registration and Operations of International Financial Service Centre Insurance Offices(IIO)} Guidelines, 2017;

7. Insurance Regulatory and Development Authority of India (International Financial Service Centre Insurance Intermediary Office) Guidelines, 2019;
8. The International Financial Services Centres Authority Act, 2019;
9. International Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Intermediary Offices) Guidelines, 2021;
10. International Financial Services Centre (IFSC) in Special Economic Zones (SEZs), Regulations and Guidelines;
11. The Foreign Exchange Management Act, 1999;
12. The Foreign Exchange Management (International Financial Services Centre) Regulations, 2015;
13. The Pension Fund Regulatory and Development Authority Act, 2013;
14. The Payment and Settlement Systems Act, 2007;
15. The Government Securities Act, 2006;
16. The Credit Information Companies (Regulation) Act, 2005;
17. The Depositories Act, 1996;
18. The General Insurance Business (Nationalisation) Act, 1972.

Regulations

19. Consolidated IFSCA (Insurance Intermediary) Regulations,2021;
20. Consolidated IFSCA (Registration of Insurance Business) Regulations, 2021;
21. International Financial Services Centres Authority (Registration of Insurance Business) Regulations, 2021;
22. International Financial Services Centres Authority (Insurance Intermediary) Regulations, 2021;
23. International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021;
24. International Financial Services Centres Authority (Banking) Regulations, 2020 (as amended up to July 06, 2021);
25. International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021;
26. IFSCA (Bullion Exchange) (Amendment) Regulations, 2021;
27. IFSCA (Procedure for making regulations) Regulations, 2021;
28. IFSCA (Banking) (Second Amendment) Regulations, 2021;
29. International Financial Services Centres Authority (Banking) Regulations, 2020;
30. International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021;
31. International Financial Services Centres Authority (Finance Company) Regulations, 2021;
32. International Financial Services Centres Authority (Banking) (Amendment) Regulations, 2021;
33. International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020;
34. International Financial Services Centres Authority (Banking) Regulations, 2020;
35. International Financial Services Centres Authority (Employees' Service) Regulations, 2020;
36. International Financial Services Centres Authority (Procedure for Authority Meetings) Regulations, 2020;
37. International Financial Services Centres Authority (Global In-House Centres) Regulations, 2020.

3. Start-ups

List of laws that are specifically applicable to Startups:-

1. Shop and Establishment Act, 1953;
2. Environment and Protection Act, 1986;
3. Competition Act, 2002;
4. The Trade Unit Act, 1926;
5. The Inter-State Migrant Workmen (Regulation of Employment and Service) Act, 1979;
6. Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996;
7. Foreign Investments - For encouraging foreign investment in the start-up there are regulations for foreign venture capital investors (FVCI). Schedule 6 of the Foreign Exchange Management Act (FEMA), 2000, and the third amendment to the same legislation in 2016 regulates such investments;
8. The government has provided an exemption from labour inspection for a start-up if they apply all the major 9 labour laws of the country regularly for worker's benefit; Whistle Blowers Protection Act, 2011;
9. Whistle Blower Protection Act, 2011;
10. The Consumer Protection Act, 2019 and rules made thereunder;
11. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

4. Non-Banking Financial Company (NBFC)

List of laws that are specifically applicable to NBFCs:-

1. The Reserve Bank of India Act, 1934 & Rules, Regulations, guidelines, circulars, directions, and notifications made there under;
2. Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company' (subsequently reclassification as 'NBFC - Investment and Credit Company (NBFC-ICC)' vide RBI circular dated 22 February 2019); which are specifically applicable to the Company;
3. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
4. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
5. Raising Money through Private Placement of Nonconvertible Debentures (NCDs) by NBFCs - RBI Guidelines;
6. Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;
7. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016;
8. NBFC rules and regulations;
9. The DPE Guidelines;
10. Prevention of Money Laundering Act, 2002;
11. The Competition Act, 2002;
12. Labour and Social Security Laws as possible;

13. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
14. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
15. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
16. Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016);
17. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
18. Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016;
19. Master Direction - Residuary Non-Banking Companies (Reserve Bank) Directions, 2016;
20. Master Direction - Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016;
21. Master Direction - Exemptions from the provisions of RBI Act, 1934;
22. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016;
23. Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits;
24. (Reserve Bank) Directions, 2016 (Updated as on February 22, 2019);
25. Master Direction - Information Technology Framework for the NBFC Sector;
26. Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform;
27. (Reserve Bank) Directions, 2017 (Updated as on October 05, 2021);
28. Master Direction - Fit and Proper Criteria for Sponsors - Asset Reconstruction;
29. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021;
30. Notification dated 15th Nov, 2021 - Appointment of Internal Ombudsman by Non-Banking Financial Companies;
31. Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL);
32. Issue and regulation of share capital and securities - State Co-operative Banks and District Central Co-operative Banks;
33. Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL);
34. Loans and Advances – Regulatory Restrictions - NBFCs;
35. Disclosures in Financial Statements- Notes to Accounts of NBFCs;
36. Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs;
37. Risk Management System – Appointment of Chief Risk Officer (CRO) for NBFCs;
38. Harmonisation of different categories of NBFCs;
39. Master Direction - Know Your Customer (KYC) Direction, 2016.

5. Pharma Industry

List of laws that are specifically applicable to Pharma Industries:-

1. The Food Safety and Standards Act, 2006;

2. The Narcotic Drugs and Psychotropic Substances Act, 1985;
3. The Drugs and Cosmetics Act, 1940 and Drugs Rules, 1945;
4. The Drugs and Cosmetics Act, 1940 and The New Drugs and Clinical Trials Rules, 2019;
5. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954;
6. The Essential Commodities Act, 1955 - Drug Price Control Order, 2013;
7. Pharmacy Act , 1948;
8. Drugs (Price Control) Order, 1995;
9. Uniform Code for Pharmaceutical Marketing Practices , 2014;
10. Bio Medical Waste (Management and Handling) Rules , 1998;
11. The Air (Prevention and Control of Pollution) Act, 1981;
12. The Water (Prevention and Control of Pollution) Act, 1974;
13. The Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers;
14. The Maharashtra Non-Biodegradable Garbage (Control) Act, 2006;
15. The Water (Prevention and Control of Pollution) Act, 1974;
16. The Environment (Protection) Act,1986 and allied rules;
17. The Electricity Act, 2003;
18. The Explosives Act, 1884 read with The Gas Cylinder Rules 2016;
19. The Explosives Act, 1884 read with The Static and Mobile Pressure Vessels (Unfired) Rules, 2016;
20. The Petroleum Act, 1934;
21. The Boilers Act, 1923;
22. State Shop and Establishment Act (Respective States where Company has presence);
23. The Cigarette and Other Tobacco Products (Prohibition of Advertisement and the Regulation of Trade and commerce, Production, Supply and Distribution) Act, 2003;
24. The Rights of Persons with Disabilities Act, 2016;
25. The Industries (Development and Regulation) Act 1951;
26. The Legal Metrology Act, 2009;
27. Trademarks Act, 1999;
28. The Patents Act, 1970;
29. The Sales Promotion Employees (Conditions of Service) Act, 1976.

6. Banking Industry

List of laws that are specifically applicable to Banking industries:-

1. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 read with The Banking Regulation Act, 1949;
2. Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI from time to time;

3. The Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970;
4. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
5. Recovery of Debts Due to Banks and Financial Institutions Act, 1993;
6. Transfer of Property Act, 1882;
7. Negotiable Instruments Act, 1881;
8. Sale of Goods Act, 1930;
9. Foreign Contribution Regulation Act, 2010;
10. Prevention of Money Laundering Act, 2002;
11. Credit Information Companies (Regulation) Act, 2005;
12. Trade Union Act, 1956;
13. Micro, Small and Medium Enterprises Development Act, 2006;
14. Public Liability Insurance Act, 1991;
15. Bank of Maharashtra (Shares and Meetings) Regulations, 2004;
16. Insurance Act, 1938 and Insurance Rules, 1939;
17. The Shops and Establishments Act, 1953;
18. Indian Stamp Act, 1899;
19. Indian Contract Act, 1872;
20. The Foreign Trade (Development and Regulation) Act, 1992;
21. Chapter V of Finance Act, 1994;
22. The Reserve Bank of India Act, 1934 and Guidelines issued by RBI;
23. National Tax Tribunal Act, 2005;
24. Limitation Act, 1963;
25. Indian Trusts Act. 1882;
26. Society Registration Act, 1860;
27. Information Technology Act, 2000;
28. Energy Conservation Act, 2001;
29. Right to Information Act, 2005;
30. Trade Marks Act, 1999;
31. Copyright Act, 1957;
32. Patents Act, 1970;
33. Labour Laws (Exemptions from furnishing returns and maintaining returns) by certain Establishments Act, 1988;
34. Weekly Holiday Act, 1942;
35. General Clauses Act, 1897;
36. The Air (Prevention and Control of Pollution) Act, 1981.

7. Insurance Industry

List of laws that are specifically applicable to Insurance industries:-

1. Insurance Act, 1938 and Insurance Rules, 1939;
2. Insurance Regulatory and Development Authority (IRDAI) Act, 1999;
3. Anti-Money Laundering Regulation issued by IRDAI;
4. The State Shop and Establishment Act;
5. Indian Stamp Act, 1899 and the State Stamp Acts;
6. Copyright Act, 1957;
7. Prevention of Money Laundering Act, 2002;
8. Trademarks Act, 1999;
9. Indian Contract Act, 1872;
10. Negotiable Instruments Act, 1881;
11. Registration Act, 1908;
12. Limitation Act, 1963;
13. Information Technology Act, 2000;
14. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
15. Employment Standing Orders Act, 1946;
16. Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & the scheme provided thereunder.

8. Housing Finance Companies

List of laws that are specifically applicable to Housing Finance Companies:-

1. National Housing Bank Act, 1987;
2. The Housing Finance Companies (NHB) Directions, 2010;
3. Guidelines on Know your Customer and Anti-Money Laundering Measures;
5. Guidelines for Asset Liability Management System in Housing Finance Companies;
6. Housing Finance Companies- Issuance of Non-convertible Debentures on private placement basis (NHB) Directions, 2014;
7. Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016;
8. Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016;
9. Guidelines on Fair Practices Code for Housing Finance Companies;
10. Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies;
11. Information Technology Framework for HFCs – Guidelines;
12. Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;
13. Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015;
14. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

9. Real Estate Companies

List of laws that are specifically applicable to Real Estate Companies:-

(A) Pre-constructions

1. Environment (Protection) Act, 1986;
2. The Air (Prevention and Control of Pollution) Act, 1981;
3. The Water (Prevention and Control of Pollution) Act, 1974;
4. The Aircraft Act, 1934;
5. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
6. The Electricity Act, 2003;
7. The Control of National Highways (Land and Tariff) Act, 2002;
8. The Forest (Conservation) Act, 1980;
9. The Mines and Minerals (Development and Regulation) Act, 1957;
10. The Petroleum Act, 1934;
11. The Railways Act, 1989;
12. The Transfer of Property Act, 1882 and Registration Act, 1908;
13. The Wildlife Protection Act 1972 ;
14. The Works of Defence Act 1903;
15. The Ancient Monuments and Archaeological Sites and Remains Act, 1958;
16. The Special Economic Zones Act, 2005;
17. Housing Board Act, 1965.

Haryana

18. The Haryana Fire Service Act, 2009;
19. The Haryana Water Resources (Conservation, Regulation And Management) Authority Act, 2020;
20. The Haryana Building Code, 2017;
21. The Gurugram Metropolitan Development Authority Act, 2017;
22. The Haryana Development and Regulation of Urban Areas Act, 1975.

Punjab

23. Punjab Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1964;
24. The Punjab Slum Areas (Improvement and Clearance) Act, 1961;
25. The Punjab Land Preservation Act, 1900;
26. Punjab New Capital Periphery Control Act, 1952.

Rules

1. The Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005;
2. The Haryana Air (Prevention & Control of Pollution) Rules, 1983 and The Haryana (Prevention and Control of Water Pollution) Rules, 1978;

3. The Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014;
4. The Haryana Minor Mineral Concession, Stocking, Transportation of Minerals and Prevention of Illegal Mining Rules, 2012;
5. The Haryana Building Code, 2017;
6. The Haryana Development and Regulation of Urban Areas Rules, 1976.
7. Environment (Protection) Rules, 1986 read with S. O. 25 (E) dated 9th January, 1992;
8. The Aircraft (Demolition of Obstructions caused by Buildings and Trees etc.) Rules, 1994 read with Govt. of India (Ministry of Civil Aviation) Order GSR751 (E) dated 30 Sep 2015;
9. Guidelines/Norms for grant of permission of private property;
10. The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
11. The Construction & Demolition Waste Management Rules, 2016;
12. The Bio-Medical Waste Management Rules, 2016;
13. The Environment Impact Assessment Notification, 2006;
14. The Forest (Conservation) Rules, 2003;
15. The Petroleum Rules 2002;
16. The Indian Railways Works Manual;
17. The Wild Life (Protection) Rules, 1995 read with O.M. F. No. 22-43/ 2018-IA.

(B) During the constructions

1. The Air (Prevention and Control of Pollution) Act, 1981;
2. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
3. The Electricity Act, 2003;
4. The Environment (Protection) Act, 1986;
5. The Explosives Act, 1884;
6. The Water (Prevention and Control of Pollution) Act, 1974;
7. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003;
8. The Emblems and Names (Prevention of Improper Use) Act, 1950;
9. The Food Safety and Standards Act, 2006;
10. The Forest (Conservation) Act, 1980;
11. The Motor Vehicles Act, 1988;
12. The Indian Wireless Telegraphy Act, 1933;
13. The Private Security Agencies (Regulation) Act, 2005;
14. The State municipal Corporation Act; The State Town & Country Planning Act; The State Building Bye-laws; The Development Control Regulations;
15. The Real Estate (Regulation and Development) Act, 2016 including rules & regulations made thereunder;
16. The Equal Remuneration Act, 1976;

17. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
18. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Haryana

19. The Haryana Fire Service Act, 2009;
20. The Haryana Lifts and Escalators Act, 2008;
21. The Haryana Municipal Corporation Act, 1994;
22. The Haryana Development and Regulation of Urban Areas Act, 1975;
23. The Haryana Non-Biodegradable Material Manufacturing, Sale, Distribution, Stock, Usage, Disposal and Garbage (Control) Act, 1998;
24. The Haryana Water Resources (Conservation, Regulation and Management) Authority Act, 2020;
25. The State Municipal Corporation Act; The State Town & Country Planning Act; The State Building Bye-laws;
26. The Haryana Building Code, 2017 read with the Haryana Development and Regulation of Urban Areas Act, 1975.

Punjab

27. Punjab Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1964 and rules thereof.

Rules

1. The Haryana Air (Prevention and Control of Pollution) Rules, 1983;
2. The Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005;
3. The Haryana Building Code, 2017;
4. The Haryana Lifts and Escalators Rules, 2009;
5. The Haryana Municipal Corporation Advertisement Bye-Laws, 2018;
6. The Haryana Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Rules, 1981;
7. The Haryana Water (Prevention and Control of Pollution) Rules, 1978;
8. The Haryana Development and Regulation of Urban Areas rules, 1976;
9. The Haryana Contract Labour (Regulation and Abolition) Rules, 1975.
10. The Building and Other Construction Workers' Welfare Cess Rules, 1998;
11. Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
12. The Solid Waste Management Rules, 2016;
13. The Plastic Waste Management Rules, 2016;
14. The Environment Impact Assessment Notification, 2006;
15. The Construction & Demolition Waste Management Rules, 2016;
16. The Bio-Medical Waste Management Rules, 2016;
17. The E-Waste (Management) Rules, 2016;

18. The Batteries (Management and Handling) Rules, 2001;
19. The Gas Cylinder Rules, 2016;
20. The Petroleum Rules 2002;
21. The Prohibition of Smoking in Public Places Rules, 2008;
22. The Noise Pollution (Regulation and Control) Rules, 2000;
23. The Flag Code of India;
24. The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
25. The Environment (Protection) Rules, 1986;
26. Guidelines to regulate and control Ground Water Extraction 2020;
27. Fly Ash Notification, 1999;
28. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
29. The Forest (Conservation) Rules, 2003;
30. The Central Motor Vehicle Rules, 1989;
31. The Equal Remuneration Rules, 1976.

(C) Post constructions

1. The Air (Prevention and Control of Pollution) Act, 1981;
2. The Electricity Act, 2003;
3. The Emblems and Names (Prevention of Improper Use) Act, 1950;
4. The Environment (Protection) Act, 1986;
5. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003;
6. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
7. The Human Immunodeficiency Virus and Acquired immune Deficiency Syndrome (Prevention and Control) Act, 2017;
8. The Indian Wireless Telegraphy Act, 1933;
9. The Motor Vehicles Act, 1988;
10. The Petroleum Act, 1934;
11. The Public Liability Insurance Act, 1991;
12. The Representation of the People Act, 1951;
13. The Rights of Persons with Disabilities Act, 2016;
14. The Water (Prevention and Control of Pollution) Act, 1974;
15. Transgender Persons (Protection of Rights) Act, 2019;
16. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Haryana

17. The Haryana Fire Service Act, 2009;

18. The Haryana Lifts and Escalators Act, 2008;
19. The Haryana Municipal Corporation Act, 1994 read with the Haryana Municipal Corporation (Amendment) Act, 2021;
20. The Haryana Municipal Act, 1973 read with the Haryana Municipal (Amendment) Act, 2021;
21. The Haryana Non-Biodegradable Material Manufacturing, Sale, Distribution, Stock, Usage, Disposal and Garbage (Control) Act, 1998;
22. The Haryana Police Act, 2007;
23. The Haryana Water Resources (Conservation, Regulation and Management) Authority Act, 2020.

Punjab

24. The Punjab Labour Welfare Fund Act, 1965;
25. The Punjab Shops and Commercial Establishments Act, 1958;

Rules

Haryana

1. The Haryana Air (Prevention and Control Of Pollution) Rules, 1983;
2. The Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005;
3. The Haryana Contract Labour (Regulation And Abolition) Rules, 1975 and The Contract Labour (Regulation and Abolition) Haryana Amendment Act, 2016 read with Haryana Government Labour Dept Notification No 20934-70 dated 24 July 2019;
4. The Haryana Lifts and Escalators Rules, 2009;
5. The Haryana Municipal Corporation Advertisement Bye-Laws, 2018;
6. The Haryana Water (Prevention and Control of Pollution) Rules, 1978.

Others

1. The Punjab Shops and Commercial Establishments Rules, 1958.
2. The Building and Other Construction Workers' Welfare Cess Rules, 1998;
3. The Prohibition of Smoking in Public Places Rules, 2008;
4. Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
5. The Flag Code of India;
6. The Noise Pollution (Regulation and Control) Rules, 2000;
7. The Equal Remuneration Rules, 1976 and Rationalization of Forms and Reports under Certain Labour Laws Rules, 2017;
8. The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Rule, 2018;
9. The Central Motor Vehicle Rules, 1989;
10. The Petroleum Rules 2002;
11. The Public Liability Insurance Rules, 1991;
12. The Rights of Persons With Disabilities Rules, 2017;

13. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
14. The Transgender Persons (Protection of Rights) Rules, 2020;
15. The Intimation of Accidents (Form and Time of service of Notice) Rules, 2004;
16. The Plastic Waste Management Rules, 2016;
17. The Hazardous and Other Wastes (Management and Trans boundary Movement) Rules, 2016;
18. The Solid Waste Management Rules, 2016;
19. The Batteries (Management and Handling) Rules, 2001;
20. The Construction & Demolition Waste Management Rules, 2016;
21. The E-Waste (Management) Rules, 2016;
22. Guidelines to regulate and control Ground Water Extraction 2020.

10. Telecom Industry

List of laws that are specifically applicable to Telecom industries:-

1. The Indian Telegraph Act, 1885;
2. The Telecom Regulatory Authority of India Act, 1997 and Rules and Regulations made thereunder;
3. The Indian Wireless Telegraphy Act, 1933;
4. The Information Technology Act, 2000;
5. Guidelines on Corporate Governance by Department of Public Enterprises (DPE);
6. Department of Telecommunication guidelines and License Agreements.

11. Information & Technology Industry

List of laws that are specifically applicable to Information & Technology industries:-

1. The Information Technology Act, 2000;
2. The Special Economic Zones Act, 2005;
3. Software Technology Parks of India rules and regulations
4. The Indian Copy Rights Act, 1957;
5. The Patents Act, 1970;
6. The Trade Marks Act, 1999;
7. The Registration Act, 1908;
8. Indian Stamp Act, 1899 and amendments thereto;
9. Limitation Act, 1963;
10. Indian Contract Act, 1872;
11. Negotiable Instrument Act, 1881 and amendments thereto;
12. Sale of Goods Act, 1930;
13. Designs Act, 2000;
14. Trade Unions Act, 1926;
15. Weekly Holidays Act, 1942;

16. The Telecom Regulatory Authority of India Act, 1997;
17. The Insurance Act, 1938;
18. The General Clauses Act, 1897;
19. Foreign Trade (Development and Regulation) Act, 1992;
20. Bureau of Indian Standards Act, 1986;
21. The Information Technology (Certifying Authorities) Rules, 2000;
22. The State Acts, rules, guidelines and regulations to the extent applicable to the Company based on the location of its offices across India.

12. Media and Communication Industry

1. List of laws that are specifically applicable to Media and Communication industries:-
2. The Right to Information Act, 2005;
3. The Information Technology Act, 2000;
4. The Telecom Regulatory Authority of India Act, 1997;
5. Copyright Act, 1957;
6. State Emblem of India (Prohibition of Improper Use) Act, 2005;
7. The Sports Broadcasting Signals (Mandatory Sharing with Prasar Bharati) Act, 2007;
8. The Cable Television Networks (Regulation) Act, 1995;
9. The Delivery of Books and Newspapers (Public Libraries) Act, 1954;
10. The Newspaper (Prices and Pages) Act, 1956;
11. The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955;
12. The Working Journalists (Conditions of Service) and Miscellaneous Provisions Rules, 1957;
13. The Working Journalists (Fixation of Rates of Wages) Act, 1958;
14. The Working Journalists and other Newspaper Employees Tribunal Rules, 1979;
15. Registration of Newspapers (Central) Rules, 1956;
16. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954;
17. The Emblems and Names (Prevention of Improper Use) Act, 1950;
18. The Parliamentary Proceedings (Protection of Publication) Act, 1977;
19. The Young Persons (Harmful Publications) Act, 1956;
20. The Punjab Special Powers (Press) Act, 1956 (Relevant Provisions);
21. The Dramatic Performances Act, 1876 (Relevant Provisions);
22. The Cinematograph Act, 1952;
23. The Cine-workers and Cinema Theatre Workers (Regulation of Employment) Act, 1981;
24. The Cine-Workers Welfare Cess Act, 1981;
25. The Cine-Workers Welfare Fund Act, 1981;
26. The Prasar Bharati (Broadcasting Corporation of India) Act, 1990;

27. The Press and Registration of Books Act, 1867;
28. The Press and Registration Appellate Board (Practice and Procedure) Order, 1961;
29. The Press Council Act, 1978;
30. The Indian Telegraph Act, 1885 (Relevant Provisions);
31. The Indian Post Office Act, 1898 (Relevant Provisions);
32. The Common Charter of Telecom Services, 2005;
33. The Regulation on Quality of Service of Basic and Cellular Mobile Telephone Services, 2005.

Rules

1. The Right to Information (Regulation of Fee and Cost) Rules, 2005;
2. The Central Information Commission (Appeal Procedure) Rules, 2005;
3. The Drugs and Magic Remedies (Objectionable Advertisements) Rules, 1955;
4. The Emblems and Names (Prevention of Improper Use) Rules, 1982;
5. State Emblem of India (Regulation of Use) Rules, 2007;
6. The Cinematograph (Certification) Rules, 1983;
7. The Cine-Workers and Cinema Theatre Workers (Regulation of Employment) Rules, 1984;
8. The Cine-workers Welfare Cess Rules, 1984;
9. The Cine-Workers Welfare Fund Rules, 1984;
10. The Sports Broadcast Signals (Mandatory Sharing with Prasar Bharati) Rules, 2007;
11. The Cable Television Networks Rules, 1994;
12. The Radio, Television and Video Cassette Recorder Sets (Exemption from Licensing Requirements) Rules, 1997;
13. The Telecom Regulatory Authority of India (Miscellaneous) Rules, 1999;
14. The Telecom Regulatory Authority of India (Period for Filing of Application to Authority) Rules, 1999;
15. The Telecom Disputes Settlement and Appellate Tribunal (Form, Verification and the Fee for Filing an Appeal) Rules, 2003;
16. The Telecom Regulatory Authority of India (Salaries, Allowances and Other Conditions of Service of Chairperson and Whole-time Members) Rules, 2000;
17. The Telecom Regulatory Authority of India (Procedure for Conducting Inquiry Against a Member) Rules, 1999;
18. The Telecom Regulatory Authority of India (Annual Report and Returns) Rules, 1999;
19. The Telecom Regulatory Authority of India (Form of Annual Statement of Accounts and Records) Rules, 1999;
20. Prasar Bharati Investment of Money Rules, 2007;
21. The Press Council Rules, 1979;
22. The Press Council (Procedure for Nomination of Members) Rules, 1978.

Regulations

1. The Central Information Commission (Management) Regulations, 2007;

2. The Standards of Quality of Service (Broadcasting and Cable services) (Cable Television – CAS Areas) Regulation, 2006;
3. The Telecommunication Interconnection (Port Charges) Regulation, 2001;
4. The TRAI (Levy of Fees and Other Charges for Tariff Plans) Regulations, 2002;
5. The Telecommunication Interconnection (Charges and Revenue Sharing) Regulation, 2001;
6. The Telecommunication Interconnection Usage Charges Regulation, 2003;
7. The Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2004;
8. The Telecom Regulatory Authority of India (Access to Information) Regulations, 2005;
9. Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulation, 2006;
10. The Standards of Quality of Service (Broadcasting and Cable Services) (Cable Television – CAS Areas) Regulation, 2006;
11. The Quality of Service of Broadband Service Regulations, 2006;
12. The Telecom Consumers Protection and Redressal of Grievances Regulations, 2007;
13. The Telecom Unsolicited Commercial Communications Regulations, 2007;
14. The International Telecommunication Access to Essential Facilities at Cable Landing Stations Regulations, 2007;
15. The Telecommunication Consumers Education and Protection Fund Regulations, 2007;
16. The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007;
17. Domestic Leased Circuits Regulations, 2007;
18. The Register of Interconnect Agreements Regulations, 1999;
19. The Press Council (Procedure for Inquiry) (Amendment) Regulations, 2006;
20. The Press Council (Procedure for Conduct of Meetings and Business) Regulations, 1979;
21. The Press Council of India (Grant of Certified Copies) Regulations, 1999.

13. Infra Industry

List of laws that are specifically applicable to Infra industries:-

1. Building and other Construction Workers (Regulation of Employment And Conditions of Service) Act, 1996;
2. Building and other Construction Workers' Welfare Cess Act, 1996;
3. Contract Labour (Regulation and Abolition) Act, 1970 and the Rules thereunder;
4. Inter State Migrant Workmen (Regulation of Employment & Conditions Of Service) Act, 1979;
5. The Reserve Bank of India Act, 1934 (Chapter IIIB) read with the extant Master Circular and prudential norms issued by the Reserve Bank of India ('RBI') and as applicable to a systemically important non-deposit accepting core investment company registered with RBI under section 45-IA of the RBI Act as a nonbanking financial company.

ENVIRONMENTAL LAWS

India's economic development propelled by rapid industrial growth and urbanization is causing severe

environmental problems that have local, regional and global significance. Recognizing the need for regulating the factors which are affecting environment, Government of India has established an environmental legal and institutional system to meet these challenges within the overall framework of India's development agenda and international principles and norms.

1. Legal Framework

India has an elaborate legal framework with number of laws relating to environmental protection. key national laws include the following:

a. Water (Prevention and Control of Pollution) Act, 1974;

b. Water (Prevention and Control of Pollution) Cess Act, 1977;

c. Air (Prevention and Control of Pollution) Act, 1981;

d. Environment (Protection) Act, 1986;

e. The Public Liability Insurance Act, 1991;

f. The Biodiversity Act, 2002;

g. The National Green Tribunal Act, 2010;

h. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;

i. Plastic Waste Management Rules, 2016;

j. Bio-Medical Waste Management Rules, 2016;

k. Construction and Demolition Waste Management Rules, 2016;

l. E-waste Management Rules, 2016;

m. The Batteries (Management and Handling) Rules, 2001 made under the Act.

2. List of Projects Requiring Environmental Clearance from the Central Government

a) Nuclear Power and related projects such as Heavy Water Plants, Nuclear Fuel Complex, Rare Earths.

b) River valley projects including hydel power, major irrigation and their combination including flood control.

c) Ports, harbours, airports (except minor ports and harbours).

d) Petroleum refineries including crude and product pipelines.

e) Chemical fertilizers (nitrogenous and phosphatic other than single super phosphate).

f) Pesticides (Technical).

g) Petrochemical complexes (Both Olefinic and aromatic) and Petrochemical intermediates such as DMT, Caprolactam LAB etc. and production of basic plastics such as LLDPE, HDPE, PP, PVC.

h) Bulk drugs and pharmaceuticals.

i) Exploration for oil and gas and their production, transportation and storage.

j) Synthetic rubber.

k) Asbestos and asbestos products.

l) Hydrocyanic acid and its derivatives: (a) Primary metallurgical industries (such as production of Iron and Steel, Aluminium, Copper, Zinc, Lead and Ferro Alloys), (b) Electric arc furnaces (mini steel plants).

m) Chloralkali industry.

n) Integrated paint complex including manufacture of resins and basic raw materials required in the manufacture of paints.

o) Viscose staple fibre and filament yam.

p) Storage batteries integrated with manufacture of oxides of lead and lead antimony alloys.

q) All tourism projects between 200-500 meters of High Water Line and at locations with an elevation of more than 1,000 metres with investment of more than Rs. 5 crores.

r) Thermal Power Plants.

s) Mining Projects (major minerals) with leases more than 5 hectares.

t) Highway Projects.

u) Tarred roads in Himalayan and or Forest areas.

v) Distilleries.

w) Raw Skins and Hides.

x) Pulp, Paper and Newsprint.

y) Dyes.

z) Cement.

aa) Foundries (Individual).

bb) Electroplating.

cc) Meta amino phenol.

3. Industries which require Industrial Licensing

a. Coal and Lignite.

b. Petroleum (other than crude) and its distillation products.

c. Distillation and brewing of alcoholic drinks.

d. Sugar.

e. Animal fats and oils and their preparations.

f. Cigars and cigarettes of tobacco and manufactured tobacco substitutes.

g. Asbestos and asbestos-based products.

h. Plywood, decorative veneers and other wood based products such as particle board, medium density fibre board, and block board.

i. Leather.

j. Tanned or dressed fur skins.

k. Paper and Newsprint except bagasse based unit. (i.e., except units based on minimum 75% pulp from agricultural residues, bagasse and other non-conventional raw materials).

l. Electronic aerospace and defence equipment of all types.

m. Industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches, explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations.

n. Drugs and Pharmaceuticals (according to Drug Policy).

o. Entertainment electronics (VCRS, colour TVs, CD players, tape recorders).

4. List of Polluting Industries

a. Primary metallurgical producing industries viz., zinc, lead, copper, aluminium and steel.

b. Paper, pulp and newsprint.

c. Pesticides / insecticides.

d. Refineries.

e. Fertilizers.

f. Paints.

g. Dyes.

h. Leather tanning.

i. Rayon.

j. Sodium / potassium cyanide.

k. Basic drugs.

l. Foundry.

m. Storage Batteries (lead acid type).

n. Acids / alkalies.

o. Plastics.

p. Rubber - synthetic.

q. Cement.

r. Asbestos.

s. Fermentation Industry.

t. Electroplating Industry.

EXTRACTS FROM GUIDANCE NOTE ON ICSI AUDITING STANDARDS (CSAS-4)

ICSI **Guidance Note on CSAS-4 i.e. Guidance note on Secretarial Audit** provides guidance on such identification of general and specific laws which is given hereunder.

1. Identification and segregation of applicable laws

The Auditor shall take note of the industry specific laws and other laws as may be applicable to the auditee based on the identification/ segregation by the Management and his own verification.

What are Industry specific laws?

Identification of all laws applicable to the auditee, as well as industry specific laws and the segregation thereof, is the primary responsibility of the auditee. Auditor's role is to verify that the laws identified and segregated by the management are appropriate and sufficient having regard to the business of the auditee and the auditee should communicate the same to the secretarial auditor. The Auditor shall exercise his professional judgment to verify that the identification and segregation of the laws made by the Management, as may be applicable specifically to the auditee, is correct. In case, the Auditor is not satisfied by the identification and segregation made by the

Management, or no such identification and segregation has been made, he should seek explanation from the management to form the opinion and report accordingly.

*The Institute of Company Secretaries of India vide communication dated 22*nd *December, 2014 and 15*th *May, 2015 has clarified regarding the scope of Secretarial Audit with regard to industry specific and other laws as under:*

(1) Reporting on the compliance of 'other laws as may be applicable specifically to the company' include all the laws which are applicable to specific industry, For example, for Banks - all laws applicable to Banking Industry; for insurance companies - 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. - all laws specifically applicable to them;

(2) Examining and reporting whether the adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, and environmental laws.

(3) The provisions relating to audit of accounts and financial statement of a company are dealt in the Statutory Audit, and that relating to taxation is dealt in Tax Audit. Hence, the Secretarial Auditor may rely on the reports given by statutory auditors or other designated professionals.

What are other Applicable Laws?

"Other laws as may be applicable specifically to the company" shall mean all the laws, rules and regulations that are applicable specifically to the company. The Secretarial Auditor may take note of all such laws, rules and regulations identified by the management of the company;

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.

Principles for making such segregation

Segregation of laws applicable on the Company into the industry specific and general is essential for Secretarial Audit. Based on the following factors auditor should verify the correctness of the segregation of the laws:

- *Registration with various authorities such as SEZ, Sectoral Regulators, etc.*
- *Segments such as Manufacturing/ Trading/ Service/ E-commerce and Industry classification thereof*
- *Status of company such as listed/ unlisted*
- *Geographic location of registered office, units/ divisions/ plants/ branches, etc.*

However, for identification of laws applicable on the company, in addition to above following factors shall also be considered:

- *Key financial parameters such as Turnover, Paid-up Share Capital, Net Worth, Borrowings, etc.*
- *Type/Class of company such as Private, Public, Holding, Subsidiary, Foreign, Nidhi, Producer, Section 8, etc.*
- *Agreements governing rights, obligations of shareholders such as Joint venture agreements, shareholders agreements etc.*
- *Number, class and category of employees/ workers such as women, contractual employees, etc.*

It is important to note that certain laws which may fall in the category of General Laws may also become specific laws for particular industries.

Illustrations for various Industries Specific Laws

Illustration 1: *For a food & beverages manufacturing & processing unit, industry specific laws includes National Food Security Act, 2013, Food Safety and Standard Act, 2006 and State specific laws, if any .*

Illustration 2 : *For a Coal Mining company, industry specific laws includes Mines Act, 1952, Indian Explosives Act, 1884, Colliery Control Order, 2000 and rules & regulations made thereunder, Coal Mines Pension Scheme, 1998, Coal Mines Conservation & Development Act, 1974, The Mines Vocational Training Rules, 1966, The Mines Creche Rules, 1961, The Mines Rescue Rules, 1985 etc.*

Illustration 3: *For a Print Media company, industry specific laws includes: The Broadcasting Act 1997, The Press and Registration of Books Act, 1867 & rules made thereunder, Press Council Act, 1978, The Registration of Newspaper Rules 1956, The Indian Telegraph Act 1885, Working Journalists and other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955, Delivery of Books and Newspapers (Public Libraries) Act, 1954, Wage Board along with rules and regulations w.r.t. Newsprint and Electronic Media, etc.*

2. Verification of corporate conduct and compliance of laws

Identification of Events/ Corporate Actions

The Auditor shall identify events/ corporate actions that took place during the audit period. The identification shall be made by reviewing the website of the regulators, website of the Auditee, statutory records including books and papers, interaction with the Management and in any other appropriate manner.

What are events/ corporate action?

A corporate action is an event initiated by a company that brings or could bring an actual change to the working of the company, such as the investment made during the period under audit, change in the borrowing limits, issuance of the securities--equity or debt, appointment of the KMPs, etc., as approved by its board of directors and/or shareholders.

An action based event may be defined as any activity that amends the functioning of an organization and impacts its stakeholders, including Shareholders, both common and preferred, as well as Lenders. These events are generally approved by the company's board of directors or shareholders of the company, some of the examples are given below for reference:

- *Events/ actions altering the Charter documents of the company*
- *Changes in the Capital structure of the company*
- *Change in the Affairs/ Management of the company*
- *Change in the Licensing or permission for the business operation of the company*
- *Casual Vacancy of statutory auditor/ director/ KMP*
- *Borrowing in excess of limits specified in Section 180 of the Companies Act, 2013*

How to identify events/ corporate actions?

The Auditor is expected to identify the Corporate Actions from which a compliance requirement may arise. Corporate actions may primarily be identified from the following:-

- *Financial statements;*
- *Agenda and Notes on Agenda of Board/ Committee/ Members' Meetings;*

- *Minutes of the Board/ Committees/ Members' Meetings;*
- *Reporting and Filing to the regulators;*
- *Annual Report;*
- *Statutory Disclosures on website of the company, website of the Ministry of Corporate Affairs and on any other platform such as Stock Exchange;*
- *Third party sources which may include registrar and transfer agents, banks, financial auditor, stakeholders etc.*

Verification of Compliance

The Auditor shall verify all event and calendar based compliances from the Records of the Auditee, database or website of the regulators and other relevant sources.

How to verify the compliances?

The Auditor shall use systematic and comprehensive audit checklists for carrying out the audit and verifying the compliance requirements. The Auditor shall compile and validate the checklists for use in the audit process on the basis of information gathered about the Auditee and scope of the audit. It is a useful tool to ensure that no compliance point is missed or omitted while conducting the audit. The audit checklist should provide structure and continuity to an audit. Audit checklists should be reviewed and updated from time to time to meet the scope of audit and its effectiveness.

The Auditor should verify the compliances of applicable laws and rules based on the information gathered by the Auditor.

9

BOARD PROCESSES

INTRODUCTION

Directors, collectively called the Board of Directors, in fulfilling the fiduciary objectives need to ensure that the company adheres to transparent, ethical and responsible governance of the company. It is, therefore, important that the Board processes of the company are robust.

The Board process refers to the processes followed for decision-making by the Board and its committees. They can be broadly divided into two parts namely:-

1. Part A – Board Structure
2. Part B – Board Systems and Procedures

PART A – BOARD STRUCTURE

The expression covers various attributes and dimensions of boards ranging from size and diversity to balancing various interests and independence.

CSAS-4: Auditing Standard on Secretarial Audit

It provides guidance on verifying the Board Composition and Board Processes. Relevant Extract from Guidance Note on CSAS-4 is as under:

➢ BOARD COMPOSITION

The Auditor shall verify compliance of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Agreement with Lenders/ Investors, Articles of Association and provisions of other Acts/ Rules/ Regulations specific to the industry, Guidelines and Policies of the Government for promotion of particular industry or location-specific industry, board decisions, shareholders decisions, as may be applicable to the Auditee with regard to:

The overall composition of the Board including the minimum and maximum strength of the Board.

Various provisions mandating the Board Composition

There are certain companies which are governed by the Specific Acts and legislations, as applicable in addition to the Companies Act, 2013 with certain exemptions, for example., Banking Companies, Insurance Companies, State Financial Corporations, Public Sector Undertakings, in such cases the Auditor shall ensure the Board Composition is as per the requirements of the applicable laws and acts to the Auditee. A few examples of special situations are given below for reference:

Illustration 1: *In case the Auditee is a non-scheduled flight operator, then it will require prior approval from the Ministry of Civil Aviation for the appointment of a new member on its Board.*

Illustration 2: *The board composition in the State Bank of India (SBI) is regulated by the State Bank of India Act, 1955.*

Role of Auditor in the verification of Board Composition

The Auditor should identify the laws and rules that govern the company and check the compliances of the Board Composition in accordance with those applicable laws and rules. For example, a Banking Company is regulated by the Banking Regulation Act, 1949, therefore, the Auditor should ensure that the Board Composition is in compliance of the Banking Regulation Act, 1949 or any other law specifically applicable to the Auditee in addition to the basic governing laws enumerated under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of audit of any nationalized bank, the Auditor should check the Board Composition in line with Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and Nationalised Bank (Management & Miscellaneous Provisions) Scheme, 1980.

The Auditor should examine the applicability of the various laws and regulations applicable to the Auditee to verify the requirement of a minimum and maximum number of directors on the Board of the Auditee. In the case of specific categories of companies to which special Acts apply such as the Insurance Act, 1938, the Banking Regulation Act, 1949 and the Electricity Act, 2003, different rules are prescribed w.r.t a minimum and maximum number of the Board of Directors and accordingly the auditor should consider the compliances envisaged under those laws, Articles of Association and arrangements as may be appropriate in the context.

Optimum Combination of the Board include a proportion of executive, non-executive, independent, non-independent, retiring, non-retiring, women and nominee directors.

Various provisions mandating optimum combination

The optimum combination of the Board should be as per the provisions laid down in various Statutes such as the Companies Act, 2013, the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Banking Regulation Act, 1949, the Insurance Act, 1938, etc., as may be applicable to the company.

For example, provisions of the Companies Act, 2013 w.r.t. the Board Composition is given as under:

- *As per section 149(2), Every Company shall have at least 01 director who stays in India for a total period of not less than 182 days during the financial year.*

  Provided that in the case of a newly incorporated company the requirement under this sub-section shall apply proportionately at the end of the financial year in which it is incorporated.

- *As per section 149(3), Every Listed Public Company shall have at least one-third of the total number of directors as independent directors and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.*

Explanation – for the purposes of this sub-section, any fraction contained in such one-third numbers shall be rounded off as one.

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director.

As per second Proviso to Section 149(1) read with Rule 3 of The Companies (Appointment and Qualification of Directors) Rules, 2014 of the Companies Act, 2013, the following classes of companies are required to appoint at least 01 Woman Director:

(i) Every Listed Company;

(ii) Every Other Public Company having –

(a) paid–up share capital of 100 crore Rupees or more; or

(b) turnover of 300 crore Rupees or more.

For the appointment of Woman Director, paid up share capital or turnover, as the case may be, as on the last date of latest audited financial statements has to be taken into account.

Similarly, Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 provides Board Composition as under:

(1) The composition of the Board of Directors of the listed entity shall be as follows:

(a) Board of Directors shall have an optimum combination of executive and non-executive directors with at least 01-woman director and not less than 50% of the Board of Directors shall comprise of non-executive directors.

Provided that the Board of Directors of the top 500 listed entities shall have at least 01 independent woman director by April 1, 2019 and the Board of Directors of the top 1000 listed entities shall have at least 01 independent woman director by April 1, 2020.

Explanation: The top 500 and 1000 entities shall be determined on the basis of market capitalization, as at the end of the immediate previous financial year.

(b) Where the Chairperson of the Board of Directors is a non-executive director, at least one-third of the Board of Directors shall comprise independent directors and where the listed entity does not have a regular non-executive Chairperson, at least half of the Board of Directors shall comprise independent directors.

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of the Board of Directors or at one level below the Board of Directors, at least half of the Board of Directors of the listed entity shall consist of independent directors.

(c) The Board of Directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.

Explanation: The top 1000 and 2000 entities shall be determined on the basis of market capitalization as at the end of the immediate previous financial year.

(d) Where the listed company has outstanding Superior Voting Rights (SR) equity shares, at least half of the Board of Directors shall comprise of independent directors.

Role of Auditor in the verification of optimum combination

Laws specifically applicable to the company may also mandate to have optimum combination of directors. The Auditor should also verify the compliance thereof and report deviations, if any.

➢ ELIGIBILITY CRITERIA INCLUDING DISQUALIFICATIONS OF DIRECTORS

Various provisions mandating qualifications/ disqualification

The conditions for qualifications/ disqualification of a director prescribed in the Companies Act, 2013 or any other industry specific Act or law, need to be checked while verifying the Board Composition of the company. For example, Section 164 of the Companies Act, 2013 lays down the provisions for disqualifications for the appointment as Director on the board of the company. Further, the Auditor also needs to check the eligibility criteria including disqualifications of the directors as may be prescribed in any other industry specific Act or laws applicable to the company.

➢ CONSTITUTION AND COMPOSITION OF COMMITTEES OF THE BOARD

Various provisions mandating Board Committees

The constitution of various Committees and the terms of reference of the Committees can be as per various regulatory requirements.

For example, for banking companies, stipulated Committees shall mean committees constituted in compliance with the Banking Regulation Act, 1949, Circulars issued by the Reserve Bank of India (RBI) and the Government of India (GOI) from time to time.

Other than Banking companies or other specific companies to which special Acts apply, there are certain mandatory committees that are required to be constituted by certain class or classes of companies as per the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and certain industry/ sector specific laws. Such mandatory committees include:

- *Audit Committee*
- *Nomination and Remuneration Committee*
- *Stakeholders Relationship Committee*
- *CSR Committee*
- *Risk Management Committee (Note: Secretarial Standard - 1 is not applicable as it is not a Board's Committee under the Companies Act, 2013)*
- *Internal Committee constituted under the PoSH Act*

Role of Auditor in verification of Board Committees

The Auditor needs to check whether the constitution of committees, as constituted by the auditee, is as per the laws, act, rules, regulations and standards applicable to the Auditee.

CHECKLISTS FOR COMPLIANCES WITH REGARD TO SIZE AND COMPOSITION OF BOARD

Attention Points

(a) Ensure compliances as per the terms of reference of the Board by which the respective committees were constituted.

(b) Ensure Timely Filing as prescribed for filling of casual vacancy, if any, of Independent Director/Women Director.

(c) Director being appointed should be eligible to be appointed as per the provisions of the Companies Act, 2013 and other applicable laws.

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Minimum No. of Directors	Section 149(1) (a)	Check whether the minimum number of directors have been appointed in a private company (i.e. 2) and public company (i.e. 3).	Register of Directors		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Maximum No. of Directors	Section 149(1) (b) and first proviso	Check whether the maximum number of directors have not exceeded 15. In case the company has exceeded the maximum limit, check whether it has passed a special resolution for the same and had filed Form MGT-14 with ROC within stipulated timelines.	Minutes of the Meeting		
Optimum combination of executive and non-executive directors	Regulation 17(1) of SEBI (LODR) Regulation, 2015	In case of a listed company- Check whether Board has optimum combination of executive and non-executive directors with at least 01 Woman Director, and whether the Board of Directors have comprised at least 50% non- executive directors.	1. Register of directors 2. Minutes of the meeting in which director was appointed or resigned 3. Form DIR-12 along with its challan		
Woman director	Section 149(1) second proviso	Check whether the company has appointed at least 01-woman director in case the company falls under the following category: (I) every listed company; (II) every other public company having– ● paid-up share capital of 100 crore rupees or more; or turnover of 300 crore rupees or more.	1. Register of directors 2. Form DIR-12 along with its challan		
Residential Status of Director	Section 149(3)	Check whether at least 01 director of the company has stayed in India for at least 182 days during the financial year.	1. Declaration from the Directors. 2. Passport copies of the Director/s who is/are confirmed by the Company to be in India during the financial year under Report		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Status of Chairperson	Section 149(4) and Regulation 17(1) of SEBI (LODR) Regulation, 2015	In case of the listed company check whether: 1. If the Chairperson of the Board was a Non-Executive Director, then, at least one-third of the Board comprised of independent directors. 2. If the company does not have a regular Non-Executive Chairman, then, at least half of the Board comprised of independent directors. 3. If the regular Non-Executive Chairman was a promoter of the company or related to any promoter or person occupying management positions was at the Board level or at one level below the Board, then, at least one-half of the Board of the company was consisted of independent directors.	1. Register of directors 2. Form DIR-12		
Small Shareholder Director	Section 151 of Companies Act, 2013 read with Rule 7 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether the Small Shareholders have demanded that their representative should be elected to the Board. 2. If yes, ensure that 01 person who himself was a small shareholder was elected as a director by small shareholders upon notice of not less than 1000 small shareholders or one-tenth of the total number of shareholders, whichever was lower.	1. Register of Directors 2. Form DIR-12		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
At least two directors as independent directors	Section 149(4) read with Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	Check whether the company has appointed at least 02 directors as independent directors in following category of companies: (i) the Public Companies having paid up share capital of 10 crore rupees or more; or (ii) the Public Companies having turnover of 100 crore rupees or more; or (iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 crore rupees: In case the company, covered under any other relevant law / act, was required to appoint a higher number of independent directors due to composition of its audit committee, then check whether such higher number of independent directors were appointed.	1. Financials of the company 2. Register of Directors 3. Form DIR-12		
Shareholders Agreement, Joint venture Agreement, Loan Agreement		Check whether the company has entered into the Shareholders Agreement, Joint venture Agreement, Loan Agreement and such agreement provides for the Appointment of Director, if so, whether such terms are also complied or not.	1. Minutes of the Board meeting where such special activity has been approved 2. The agreement executed to finalize the above-mentioned special activity.		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Qualifying criteria for independent directors	Section 149 (7) and regulation 25(8) of SEBI (LODR) Regulations, 2015	Check whether the independent directors have given declaration as required in terms of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.	1. Declaration received from the director on annual basis 2. Intermediary disclosures received from the independent Directors for their change in interest, if any		
Formal letter of appointment, remuneration, sitting fees to Independent Director	Section 149 (8) and 149 (9) red with schedule IV	1. Check the formal letter of appointment given to independent directors and the terms and conditions of appointment are available on company's website as per the Companies Act, 2013. 2. Check whether all fees, reimbursement of expenses for participation in the Board and other meetings and profit related commission paid to non- executive directors, including independent directors were recommended by the Board of Directors and have been approved by the shareholders in the general meeting.	1. Website of the company 2. Financials of the company 3. Register of Shareholders 4. Minutes of the Board Meeting		
Appointment of Director Elected by Small Shareholders	Section 151 of Companies Act, 2013 read with Rule 7 of The Companies (Appointment and Qualifications of Directors) Rules, 2014	1. Check whether the small shareholder director has been appointed in any other company, which is having conflict or competition with the business of first company. 2. Check that the person is not appointed for a period exceeding three consecutive years.	1. Individual declaration obtained by the Director 2. Director's individual details available on MCA portal		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
		3. Check that director representing small shareholders was not subjected to retirement by rotation and was not holding such position in more than two companies.			
Filling of Vacancies		Check whether the company has filled the vacancies due to resignation, casual vacancies, and vacation of office within the respective time limits according to the provisions of the Companies Act, 2013.	1. Minutes of the Board Meeting 2. Form DIR-12		
Appointment of Key Managerial Personnel	Section 203 of Companies Act, 2013	Check whether the Board has appointed the whole time Key Managerial Personnel, i.e., Managing Director/ Chief Executive Officer/ Manager/Whole-Time Director, Company Secretary and Chief Financial Officer in the company.	1. Minutes of the Meeting 2. Form DIR-12 3. Signatory Details of the company from the MCA website		

BOARD SYSTEM AND PROCEDURE

➢ BOARD PROCESSES

The Auditor shall verify that the decisions of the Board and its Committees are taken and recorded in compliance with applicable laws, rules, regulations, guidelines, standards and defined internal processes, if any.

Various provisions mandating Board Processes

Provisions w.r.t Board processes may include:

- *Meetings of Board and Committees*
- *Meetings of Committees that exercise powers of the Board under Section 179 of Companies Act, 2013*
- *Meeting of Members*
- *Board's performance evaluation and training*
- *Appointment and Resignation of the members of the Board.*

Role of Auditor in the verification of Board Processes

The Auditor shall verify notice of the meetings, minutes, and supporting records, including the agenda, to satisfy himself whether the Auditee has complied with the applicable laws, rules, regulations, guidelines, standards

and defined internal processes (defined internal processes to be explained). Many corporates have manuals for Board Processes, in such cases, the Auditor should verify whether the Auditee has complied with the policy and processes laid down in the manual of the Auditee.

Deviations, if any, observed during the course of the audit from the policies and processes laid down in the manual adopted by the Board.

➢ **SYSTEM AND PROCESS**

System and process broadly refer to the framework of legal and procedural compliances of the Auditee including but not limited to internal regulations, control, guidance and governance.

The Auditor shall assess the efficacy and adequacy of the system and processes of the Auditee commensurate with its size and operation for verifying compliance of applicable laws, rules, regulations, standards, guidelines, and defined internal processes, if any by:

Reviewing records maintained by the Auditee

Understanding compliance responsibility centers, control points, matrix, the flow of information, escalation of non-compliances to different levels, reporting of any non-compliance.

Assessing compliance mechanism and understanding its extent, coverage and severity mapping. The Auditor shall also assess compliance manual/ standard operating procedures, if any, available with the Auditee.

Analysing instances of show cause notices received, prosecution initiated, fine or penalties levied, imprisonment ordered, qualification, adverse remark or observations in the statutory, internal or industry specific audit, orders passed by regulatory bodies or judicial/ quasi-judicial authorities.

What is the meaning of systems and processes?

A system is the core element, that company management has and/or implements in its business. It's something that helps the business run. The processes are all the things that company management do in order to make any given system work most efficiently. In other words, systems are designed to connect all of an organization's intricate parts and interrelated steps to work together for the achievement of the business strategy. System and process in the context of Secretarial Audit includes internal policies, decisions or procedures, etc. laid down by the Auditee for ensuring the compliance of the various laws, rules, standards and guidelines as may be applicable to the company. The Auditor should verify those policies, decisions, procedures, etc. of the Auditee to verify the adherence thereof and ascertain that the systems and processes are adequate and commensurate to its size and operations to ensure compliance with applicable laws, rules, regulations, standards, guidelines and defined internal processes.

CHECKLIST FOR COMPLIANCES WITH REGARD TO BOARD PROCESS

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Frequency of Meetings	Section 173(1) of Companies Act, 2013 and Regulation 17(2) of SEBI (LODR) Regulation, 2015	Check whether the Company held its first meeting in 30 days of incorporation and a minimum number of 04 Board meetings during the year with maximum gap of 120 days between 02 consecutive Board meetings.	1. Minutes of Board Meetings 2. Notice as well as the Attendance Register		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Notice of the Meetings	Section 173(3) of Companies Act, 2013 and First and Second proviso and Clause 1.3.1 of Secretarial Standard 1	1. Check whether the notice in writing was sent to every director at his address registered with the company either by hand delivery or by post or by electronic means at least 07 days prior to the meeting. 2. In case meeting of the Board was called by giving less than 07 days' notice, then ensure at least 01 independent director, if any, was present at the meeting. 3. In case of absence of independent directors from such a meeting of the Board, check that decisions taken at such a meeting were circulated to all the directors, if any. 4. Check whether the notice to be supported by agenda giving write up on each item.	1. Notice of the meeting 2. Minutes of the meeting 3. Attendance Register		
Information in notice	Clause 1.3.4 of Secretarial Standard 1	Check whether the notice of the meeting has informed the directors regarding the option available to them to participate through video conferencing mode or other audio-visual means, and also provide information on all the necessary information to enable the directors to participate through video conferencing mode or other audio-visual means.	Notice of the Meeting		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Quorum	Section 174(1) of Companies Act, 2013	Check whether the quorum for a meeting of the Board of Directors of a Company was one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio-visual means were also counted for the purposes of quorum.	1. Minutes of the Meeting 2. Attendance Register		
Quorum excluding Interested director	Section 174 (3) of Companies Act, 2013	Check whether if the number of interested Directors exceeded or was equal to two thirds of the total strength of the Board, then check whether the remaining Directors who were not interested and present at the meeting, were at least 02.	1. Minutes of the Meeting 2. VC recording, if any		
Board's Report	Section 134(3)(p) of Companies Act, 2013	Check whether every listed company and every other public company having a paid-up share capital of 25 crore rupees or more calculated at the end of the proceeding financial year has in its Board's report made a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.	1. Board's Report 2. Minutes of the Nomination and Remuneration Committee meeting		
Disclosure of interest by directors	Section 184(1) of the Companies Act, 2013 read with Rule 9(1) of the Companies	Check whether every director disclosed his concern or interest in any company or companies or bodies corporate, firms or other association of individuals, at the 01st meeting of the Board in	Form MBP-1		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
	(Meetings of Board and its Powers) Rules, 2014	which he participated as a director and thereafter at the 01st meeting of the Board in every financial year or whenever there was any change in the disclosures already made.			
Meeting of Independent Directors	Regulation 25(3) of SEBI (LODR) Regulation, 2015	Check whether the independent directors of the company held at least 01 meeting in a year, without the attendance of non-independent directors and members of management.	Minutes of the Meeting to crosscheck if all mandatory agenda items were considered in this meeting		
Agenda at meeting of Independent Directors	Regulation 25(4) of SEBI (LODR) Regulation, 2015	Check whether in separate meeting of independent directors, they reviewed the performance of non-independent directors and the Board as a whole and reviewed the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors.	Noting of the fact in minutes of the meeting		
Corporate Governance Report	Regulation 27(2) of SEBI (LODR) Regulation, 2015	Check whether all material transactions with related parties have been submitted quarterly along with the compliance report on corporate governance.	Corporate Gover-nance report		
Related Party Transactions (RPT) - RPT Policy Formulation	Regulation 23(1) of SEBI (LODR) Regulation, 2015	Check whether the company has formulated a policy on material of Related Party Transactions and the same was published on its website and intimated to Stock Exchange.	1. Policy Document 2. Approval of the Audit Committee		
Approval	Regulation 23(2) of SEBI (LODR) Regulation, 2015	Check whether the all-Related Party Transactions have been priorly approved by the Audit Committee and shareholders resolution.	Minutes of the meeting of Audit Committee		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Omnibus Approval	Regulation 23(3) of SEBI (LODR) Regulation, 2015	Check whether the Audit Committee has provided, omnibus approval for certain related party transactions, if yes, ensure such transactions were within the criteria of the approval and timelines.	Minutes of the meeting of Audit Committee		
Related party transactions by the audit committee	Regulation 23(3)(d) of SEBI (LODR) Regulation, 2015	Check whether the audit committee reviewed, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approvals given by the committee.	Minutes of Audit Committee meeting		
Prior Approval	Regulation 23(4) of SEBI (LODR) Regulation, 2015	1. Check whether all related party transactions have been approved by the shareholders. 2. Check whether the related parties have not voted on material related party transaction whether the entity was a related party to the particular transaction or not.	Minutes of the General Meeting		
Conforming to Code of Conduct	Regulation 17(5) and 26(3) of SEBI (LODR) Regulation, 2015	1. Check whether the board of directors have laid down a code of conduct for all members of board of directors and senior management personnel of the listed entity. 2. Check whether the company has received the confirmation of compliance of the code of conduct from the Directors and officers of the company.	1. Minutes for approval of the CoC and its amendments, if any 2. Code of conduct 3. Communication between the director and listed entity, disclosure document 4. Signed CoC by all Directors as on first day of the Financial Year		

Compliance requirement	Relevant Section/rule/ Regulation	Auditor check point	Documents to be checked	Compliance Status	Remarks
Periodical Review	Regulation 17(3) of SEBI (LODR) Regulation, 2015	1. Check whether the Board has periodically reviewed compliance reports pertaining to all laws applicable to the listed entity, prepared by the company as well as steps taken by the company to rectify instances of non-compliances. 2. Check whether the board has identified and kept a track on the high risk area and critical compliances of the company.	1. Company Secretary/eligible officer's periodical certificate addressed to the Audit Committee and the Board confirming the status of the compliances applicable in that period 2. Selected entries which are critical and involves larger liabilities of the Company 3. Compliance software extract, if any		
Succession Plan	Regulation 17(4) of SEBI (LODR) Regulation, 2015	1. Check whether the company has succession plan for the appointment to the board of directors and senior management. 2. Check whether the Board of the Company has satisfied with the existing succession plans in place.	Copy of Succession Plan and confirmation on its version control		
Maintenance of Minutes	Secretarial standard- 1	Check whether every company has maintained minutes of board/ committee meetings properly in accordance with the Act.	1. Physical minutes – personal verification 2. Electronically maintained minutes – virtual verification		
Secretarial Standards	ICSI Secretarial standard	Check whether the company has complied with the Secretarial Standards (SS-1 & SS-2) issued by ICSI.	Minutes of the Meeting		

10

FORMING OPINION AND REPORTING

Before framing a report, the auditor is required to evaluate the conclusions drawn from the Audit Evidence obtained during the audit. The Auditing Standard on Forming of Opinion i.e. CSAS-3 aims to promote consistency in opinion forming and reporting thereof to enable users of the report to identify the audit findings.

The objective is to standardize the process of analysis and evaluation of audit conclusions made during the audit process to form an opinion and express it in writing. The Standard lays down the principles that need to be applied while forming an opinion and expression thereof.

The evaluation under CSAS-2 refers to the evaluation of Audit Evidence to reach a conclusion, whereas this Standard deals with evaluation of conclusion(s) reached during audit process. This Standard also deals with the manner in which the opinion formed by the Auditor will be expressed in writing and circumstances and manner to disclaim the opinion and the reporting format.

1. PROCESS FOR FORMING OF OPINION (AS PROVIDED IN GUIDANCE NOTE ON FORMING OF OPINION)

Forming of opinion based on the audit observations is an important part of any audit, as through this process the outcome of audit are presented in the form of Audit Report to the intended users. Audit inter alia involves reporting compliance of or deviations from the applicable laws.

1.1 MATERIALITY

The Auditor shall consider **Materiality** while forming his opinion and adhere to:

(a) The **principle of completeness** that requires the Auditor to consider all relevant Audit Evidence before issuing a report.

It requires that the Auditor should gather sufficient and appropriate Audit Evidences to provide the basis for the conclusion or opinion. An Auditor may collect evidences regarding accuracy, completeness and validity of data. Through compliance procedure, Auditor may collect evidences regarding internal control system as used in the Auditee's organization.

Auditor should not be selective in using the available evidence before forming opinion. Auditor cannot use the evidence that supports his surmises and discard other evidence. Auditor should use all the available evidence available to him, and only discard the contradictory information, if any, after applying principle of contradiction process.

(b) The **principle of objectivity** that requires the Auditor to apply professional judgment and skepticism in order to ensure that all reports are factually correct and that findings or conclusions are presented in a relevant and appropriate manner.

The Auditor must remain objective throughout the whole process, such that his integrity must not allow any malpractice in the audit process. Objectivity is essential for any professional person exercising professional judgment. Objectivity is the state of mind which has regard to all considerations relevant to the task in hand but no other. It is sometimes described as 'independence of mind'.

The need for objectivity is particularly evident in the case of the Auditor for carrying out an audit or some other reporting roles where their professional opinions can affect rights between parties and the decisions they take.

Professional skepticism is considered as corner stone of good auditing. Professional skepticism requires an Auditor to have an enquiring mind. Whatever documents and information are produced before the Auditor by Management/Auditee, should not be relied on the face of it. An Auditor should see to it that documents and information are reasonable, appropriate, inconsonance with attending circumstances and knowledge of the Auditor from other sources as well. Auditor must obtain sufficient evidence from Auditee to support what Auditee says.

(c) The **principle of timeliness** that implies preparing the report in due time;

Auditor must adhere to timeline agreed at the time of engagement for issuing the report and milestones to be achieved, if any. Deviations, if any, from agreed timeline must be recorded with reason for such deviation.

(d) The **principle of a contradictory process** that implies checking the accuracy of facts and incorporating responses from concerned persons.

When two contradictory facts emerge on same subject matter of audit, Auditor must strive to find additional evidence/material which supports or negates one of the facts. This process of finding additional evidence/material must continue till one of the facts is eliminated. In case Auditor is unable to find further evidence/material and contradiction continues to persist, Auditor should bring out that fact clearly in his report and if circumstances warrants, disclaim opinion on that particular subject matter.

The Principle of contradictory process also implies checking the accuracy of facts with the Auditee and incorporating responses from responsible officials as appropriate. The Auditor should consider relevant evidential matter regardless of whether it appears to corroborate or to contradict the assertions. Thus, during the conduct of an audit, the Auditor should consider all relevant evidential matter even though it might contradict or be inconsistent with other conclusions. Audit documentation must contain information or data relating to significant findings or issues that are inconsistent with the Auditor's final conclusions on the relevant matter.

After completing the audit procedures the Auditor reviews the Audit Evidence in order to draw a conclusion, issue an opinion or describe the findings. The Auditor should evaluate whether the evidence obtained is sufficient and appropriate so as to reduce audit risk to an acceptably low level. The evaluation includes considerations of evidence that both supports and seems to contradict the audit report, conclusion or opinion on compliance/non-compliance. The evaluation further includes considerations of Materiality. After evaluating the sufficiency and appropriateness of evidence to determine the assurance level of the audit, the Auditor should consider which conclusion is appropriate in light of the evidence obtained. After evaluation, Auditors need to weigh the extent and credibility of conflicting evidence in order to reach a conclusion or collect more evidence to resolve the conflict in such situations, Auditors need to weigh the extent and credibility of conflicting evidence in order to reach a conclusion or collect more evidence to resolve the conflict.

Audit conclusion should clearly bring out the nature and extent of non-compliance, cause of such non-compliance, its Materiality and also the effect of non-compliance, if possible. The audit conclusions in case of regularity issues should also indicate whether non-compliance is a solitary one-off case, or widespread systemic issue in the Auditee.

1.2 JUDGMENT, CLARIFICATION AND CONFLICTING INTERPRETATION

The Auditor may consider various judgments, clarifications and opinion, conflicting interpretations while framing the opinion to the best of his professional acumen.

While forming an Audit opinion the Auditor may consider or refer the decided case laws or judgments, clarifications issued, opinions formed in similar type of audits while framing the final audit opinion.

Judgments

For example, while interpreting the issue of loans given by the Auditee Company in terms of Section 185, the Auditor may refer to the decided case laws in this respect, e.g. in *Dr. Fredie Ardeshir Mehta v. Union of India,* the terms "indirectly" and "loans", has been explained as below:

- The word **"indirectly'** means providing loan through agencies or any other medium but does not include converting anything which does not qualify to be loan or loan represented by book debt or security or guarantee into loan, any loan represented by book debt or guarantee or security.
- The word **"Loan"** was defined by the court as 'a thing lent; something the use of which is allowed for a time, on the understanding that it shall be returned or an equivalent given; esp., a sum of money lent on these conditions and usually with interest'. The essential requirement of a loan is the advance of money (or of some article) upon the understanding that it shall be returned, and it may or may not carry interest.
- The phrase **"any loan represented by book debt"** is inserted in order to plug the loophole used in the case of "Dr. Fredie Ardeshir Mehta v. Union of India" where court took the view that book debt can't be treated as loan and since the earlier Section 295 of Companies Act, 1956 does not explicitly include the phrase "any loan represented by book debt" hence any kind of credit facility extended by company to directors will not cover under the "Loan to director".

Therefore, while auditing, the Auditor may refer to the interpreted words given in court judgments so as to interpret the meaning of the legal terms correctly and in their true sense and can frame the opinion accordingly and accurately.

Clarifications in respect of forming the audit opinion implies that in case the true or clear sense of law cannot be interpreted by the Auditor or if it was so interpreted, then contradictory interpretations amongst various Auditors or professionals seem to exist; in such a case Auditor may refer to the clarifications issued by various authorities e.g. Ministry of Corporate Affairs, Institute of Company Secretaries of India, CBDT, or any other Govt. body etc., to frame a reliable and accurate opinion.

Opinions formed by other Auditors, in similar types of Audits may also be referred by the Auditor to form a judgment and frame its opinion. Similar type of Audit may also depend on nature of business, transactions occurred and operation of scale of Auditee, etc.

Conflicting Interpretations may be sorted out by again referring to the decided judgments, clarifications issued by the Govt. Authorities, Regulators, etc.

2. PRECEDENCE AND PRACTICES

The Auditor shall adhere to generally accepted precedence and practices in relation to forming of an opinion as may be available from historical perspective of any kind of audit.

Precedence and Practice in the context of Auditing implies that Auditor shall evaluate on the basis of general or ongoing practices or procedures that whether the Records maintained, statements prepared in all material respects, in accordance with the requirements of the applicable laws, rules and regulations. This evaluation shall include consideration of the qualitative aspects of the Auditee's compliance practices, including indicators of possible bias in Management's judgments.

The Practices and precedence used by Auditor for forming the Audit opinion may be as per the historical perspective i.e., methods used hitherto or generally used methods or practices or procedures be implemented for framing the opinion. Like, one of the methods involves selecting a sample size of total work and activities of a firm for conducting the audit process, which simultaneously depends upon the firm's size, operation of work and no. of branches, etc., or another practice includes having an unbiased approach while conducting the audit process in order to frame the honest and unbiased opinion.

3. THIRD PARTY REPORT OR OPINION

Sometimes due to circumstances like geographical constraints or want of expertise on any specific subject matter an Auditor may be required to rely on the Third Party reports. The Third Party reports may be arranged by

the Auditee or Auditor directly. Third Party Report or Opinion is used as one of the external source of obtaining the Audit Evidences that would help in building the strong and quality Audit Opinion.

The Auditor shall adhere to the following while forming an opinion based on Third party reports or opinions:

(a) The Auditor shall indicate the fact of use of Third party report or opinion and shall also record the circumstances necessitating the use of Third party report or opinion;

(b) The Auditor shall indicate the fact if Third party report or opinion is provided by the Auditee;

(c) The Auditor shall consider the important findings/ observation of Third party;

(d) The Auditor shall, if necessary and feasible, carry out a supplemental test to check veracity of the Third party report or opinion.

While using the work of Third Party, the Auditor should:

(a) Consider the independence and objectivity of the Third Party;

(b) Take account of the Third Party's professional competence for the specific audit;

(c) Consider the scope of the Third Party's work;

(d) Determine the cost-effectiveness of using such work;

(e) Perform procedures to obtain sufficient appropriate Audit Evidence that the work of the Third Party is adequate in the context of the specific audit (which may require access to the Third Party's working papers);

(f) Consider the significant findings of the other Auditor when analyzing and interpreting the results of that work. Where these findings are significant to the opinion, Auditor should discuss these findings with the Third Party and consider whether it is necessary to carry out additional audit testing him; and

(g) When using the work of Third Party, Auditor should carefully consider that, the Third Party may only recognize a duty of care to the addressee of the audit report.

4. FORM OF AN OPINION

4.1 Unmodified Opinion

The Auditor shall express an unmodified opinion when based on Audit Evidence, the Auditor concludes that:

(a) there is due compliance with the applicable laws in terms of timelines and process; and

(b) the Records as relevant for the audit verified by him as a whole are free from Misstatement and maintained in accordance with applicable laws.

An unmodified opinion is an audit report that has been issued with no reservations or qualifications regarding the state of compliances of all the applicable laws, rules and regulations of the Auditee's business activities, documents, or statements etc. In this opinion, the Auditor follows a standard opinion format to state that all the statements, documents or other business procedures are a fair representation of the condition of the Auditee's business, and in accordance with the applicable Laws.

In order to form unmodified opinion, Auditor shall conclude as to whether he has obtained reasonable assurance about whether the documents, books or statements as a whole are free from material misstatement, whether due to fraud or error.

An unmodified opinion is formed when based on all the Audit Evidences the Auditor states that there is due compliance of all the applicable laws, or any other law for the time being in force, or any rule or regulation in terms of timelines and process.

Compliance in terms of timelines: Compliance in terms of timelines implies that when the adherence of the applicable laws, act, rules or regulations are made within the specified time limits as provided in the law for the particular task or completing any business procedure etc.

For Example: As per law the due date of filing the Annual returns, say, MGT-7 of the company with Registrar of Companies is given as sixty days from the date of Annual General Meeting of the company and company has also filed the said return within the prescribed limit of 60 days, that means company has adhered to the applicable laws properly and within the given timelines.

Compliance in terms of process: Compliance in terms of process means that, when the business activities, say documentation, or any other transaction has been made, complying with the applicable laws and as per the procedure or process given for performing that activity/procedure or transaction, etc. The process of doing or performing the task as per the given procedure in the applicable laws is known to be compliances made in "in terms of process".

Example: If a company is required to shift its registered office from one place to another within same state and ROC, then a whole set of procedures given in Companies Act, 2013 is required to be followed e.g. conducting a Board Meeting for approval of shifting of Registered office, intimation to Registrar of Companies in Form INC-22 along with various documents as attachment within 30 days of passing the Board Resolution.

4.2 Modified Opinion

The Auditor shall express modified opinion when the Auditor concludes that:

(a) based on the Audit Evidence obtained, there is non- compliance with the applicable laws in terms of timelines or process; or

(b) based on the Audit Evidence obtained, the Records as a whole are not free from misstatement; or are not maintained in accordance with applicable laws; or

(c) he is unable to obtain sufficient and appropriate Audit Evidence to conclude that there is due compliance with the applicable laws in terms of timelines and process; or

(d) he is unable to obtain sufficient and appropriate Audit Evidence to conclude that the Records as a whole are free from misstatement; or are maintained in accordance with applicable laws.

Whenever the Auditor expresses a modified opinion or disclaims an opinion, the text of the opinion shall be either in italics or bold letters.

When the Auditor expresses a modified opinion, the Auditor shall state in opinion paragraph that, in Auditor's opinion, because of the significance of the matter(s) described in the basis for modified opinion paragraph and then continue with the opinion and describe reasons in the basis for modified opinion paragraph.

When the Auditor disclaims an opinion, he shall state in the opinion paragraph that the opinion is disclaimed because of the matter(s) described in the basis for disclaimer of opinion paragraph and then continue with the opinion and describe reasons in the basis for disclaimer of opinion paragraph.

4.3 Limitation

If, after accepting the Audit Engagement, the Appointing Authority imposes a limitation on the scope of the audit which, in the opinion of the Auditor, is likely to result in the need to express a modified opinion or to disclaim an opinion, the Auditor shall request the Appointing Authority to remove the limitation.

If the Appointing Authority refuses or fails to remove the limitation, the Auditor shall communicate the matter to the Management and determine whether it is possible to perform alternative procedure to obtain sufficient and appropriate Audit Evidence.

If the Auditor is unable to obtain sufficient and appropriate Audit Evidence, the Auditor shall determine the implications as follows:

(a) If the Auditor concludes that the possible effects of unavailable Audit Evidence could be non-material, the Auditor shall modify the opinion; or

(b) If the Auditor concludes that the possible effects of unavailable Audit Evidence could be material, the Auditor shall express disclaimer of opinion.

Limitation on the scope of audit means when the Auditor appointed for performing the Audit will not be able to obtain appropriate or complete Audit Evidences due to the restrictions or limitations imposed on the process of Audit which ultimately affects the Auditor's opinion.

The Auditor's inability to obtain sufficient and appropriate Audit Evidence (also referred to as a limitation on the scope of the audit) may arise from:

(a) Circumstances beyond the control of the Auditee;

(b) Circumstances relating to the nature or timing of the Auditor's work;

(c) Limitations imposed by Management.

An inability to perform a specific procedure does not constitute a scope limitation if the Auditor can obtain sufficient appropriate Audit Evidence by performing alternative procedures. Limitations imposed by Management may have other implications for the audit, e.g. for the Auditor's assessment of fraud risks.

If Management refuses the Auditor's request to remove a limitation that Management has imposed on the scope of the audit, the Auditor should communicate the matter with those charged with governance. When a limitation on the scope of the audit imposed by Management is not removed, the Auditor should determine whether it is possible to perform alternative procedures to obtain sufficient appropriate Audit Evidence on which to base an unmodified opinion.

If the Auditor is unable to obtain sufficient appropriate Audit Evidence, the Auditor should determine the implications as follows:

- if the possible effects of the scope limitation are material but not pervasive to the business procedures, documents, or underlying transactions, the Auditor should modify the opinion;
- if the possible effects of the scope limitation are both material and pervasive to the compliance of laws, rules and regulations or underlying transactions or other business procedures/activities so that a qualification of the opinion would be inadequate to communicate the gravity of the situation, the Auditor should disclaim an opinion.

5. GUIDANCE WITH REGARD TO REPORTING AS COVERED UNDER THE GUIDANCE NOTE

AUDITOR'S RESPONSIBILITY

The Auditor's Report shall include a section with the heading "Auditor's Responsibility". Auditor's Report shall state that the responsibility of the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on audit. The Auditor's Report shall also state that the audit was conducted in accordance with applicable Standard. The Auditor's Report shall also explain that those Standards require that the Auditor comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.

Auditor's Report shall state that due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

The Auditor has a responsibility to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Auditee's failure appropriately to account for or disclose an event or transaction.

Auditor's Report includes a separate section with heading "Auditor's Responsibility" that will state or express the opinion of the Auditor about the following:

- Whether the audit has been conducted as per the applicable Auditing Standards.
- Whether the Auditor has obtained reasonable assurance about whether the statements prepared, documents or Records maintained by the Auditee are free from misstatement.
- That Auditor has the responsibility to only express his opinion on the evidences collected, information received and Records maintained by the Auditee or given by the Management.
- Whether the Auditee has followed applicable laws, act, rules or regulations in maintaining their Records, documents, statements, or have complied with applicable laws or rules while performing any corporate action

FORMAT OF REPORT

The report shall be addressed to the Members of the Company unless otherwise specified in Audit Engagement Letter or provided in the applicable law. The report shall be detailed enough to serve its intended purpose. Where specific formats are prescribed, those formats shall be followed for reporting. If any information cannot be appropriately placed within the paragraphs of the report, it shall be given in form of annexure(s).

Audit report is the result of the audit performed in as per its scope and objectives. It includes a summary of information and can consist of further observation. In case of an audit of compliances, Audit Report may point out areas of compliance and non-compliance, as well as areas for improvement. The report is addressed to the Appointing Authority or otherwise, as may be prescribed in applicable law, acts rules or regulations. The Appointing Authority would be the Board of company, in case Auditee is a company and in other cases, it would be the persons who have been entrusted with the responsibility of governance and compliances of the Auditee. Further, the Appointing Authority may also include Court, Tribunal or Regulators or any officer thereof, depending upon the type of Auditee's entity as explained in the Guidance Note on CSAS-1.

The Audit Report must be prepared in detail so that the purpose of preparing the report and showcasing the true state of affairs of the Auditee can be attained. Furthermore, the Audit Report prepared must be precise, accurate, clear and should be unbiased with suggestions and opinions. The detailed Audit Report means that Auditor must try to explain and point out each and every minute compliance, non- compliance or any improvement in the business procedures, documents, statements or any transactions or any other area that has been audited so as to form an accurate audit opinion and in case the provided format of Audit report as per the laws, rules or regulations is not enough to provide detailed statement, the Auditor shall attach additional annexures or pages to give full disclosures and opinions thereon.

The Audit Report must be signed by one or more Auditors as the case may be at the end of the audit report along with the name of their Firm, Firm's Registration No., Designation of the Auditor in the Firm (like partner, proprietor etc.), Certificate of Practice No. and Membership No. of the Auditor, whether the Auditor is a Fellow or Associate member of the Institute. The report must mention the correct date and place of signing and if two Auditors are signing the same report at different date and place then, the same shall be mentioned. Further, as per Peer Review Guidelines of the ICSI, it is mandatory to mention the Peer Review Certificate Number in Secretarial Audit Report/Annual Secretarial Compliance Report and the signature of the PCS should be in following format:

For XYZ & Associate

Company Secretaries

Name .....

FCS .....

Date:…….. CP.....

Place:…… PR 123/2018

6. SIGNING

The Secretarial Audit Report should be signed by the secretarial auditor who conducted or under whose supervision the secretarial audit was conducted indicating his FCS/ ACS number along with Certificate of Practice Number issued by the Institute of Company Secretaries of India.

In case of PCS firm, the secretarial audit report may be signed by the partner who conducted or under whose supervision the secretarial audit was conducted indicating his FCS/ACS number along with his Certificate of Practice number. The secretarial audit report cannot be signed by an employee of the PCS firm even if he/she may be a member of the ICSI holding Certificate of Practice number.

In terms of Para 3(ii) of the ICSI Unique Document Identification Number (UDIN) Guidelines, 2019, UDIN shall be mandatorily mentioned in the Report along with the Certificate of Practice Number.

7. REPORTING WITH QUALIFICATION

1. A qualification, reservation or adverse remarks, if any, should be stated by the Secretarial Auditor at the relevant places in his report in bold type or in italics.
2. If the Secretarial Auditor is unable to express an opinion on any matter, he should mention that he is unable to express an opinion on that matter and the reasons therefor.
3. If the scope of work required to be performed is restricted on account of restrictions imposed by the company or on account of circumstantial limitations (like certain books or papers being in the custody of another person who is not available or a Government Authority), the Report should indicate such limitations.
4. If such limitations are so material that the Secretarial Auditor is unable to express any opinion, the Secretarial Auditor should state that in the absence of necessary information and records, he is unable to report on compliance(s) relating to such areas by the Company.

Further, the Board of Directors, in its Board's report prepared under section 134(3) of the Companies Act, 2013, shall explain in full any qualification or observation or other remarks made by the Company Secretary in Practice in the Secretarial Audit Report.

Guidance Note on Auditing Standards on Secretarial Audit provides as under:

Detection of Fraud

The Auditor shall exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit to detect and report the fraud envisaged under the provisions of Section 143(12) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

Here, professional skepticism means, an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

Professional skepticism includes being alert to, for example:

- *Audit evidence that contradicts other audit evidence obtained.*
  - ✓ *Information that brings into question the reliability of documents and inquiries to be used as audit evidence.*
- *Conditions that may indicate possible fraud.*

Many factors influence the level of professional skepticism shown by auditors which include the following:

- *Personal attitudes and ethical values;*

- *Levels of education, training and experience, and therefore overall competence;*
- *Actions of the firm's leadership and the engagement partner;*
- *Culture, incentives and business environment of the audit firm.*

Following are the factors that re-enforce the professional skepticism:

- *Have the self-confidence and strength of character to maintain an enquiring mind.*
- *Suspend trust: rationally and logically consider all the likely options, not just the one that is being put in front of you.*
- *Resist the temptation to just accept the easy answer.*

Go beyond simply providing evidence to support disclosures. Consider alternative disclosures or viewpoints as well.

Professional Judgement means, the application of the accumulated knowledge and experience gained through a relevant accounting or auditing training, by making use of the ethical standards, resulting in making informed decisions about the courses of action that are appropriate in specific circumstances.

During the course of the audit, if the Auditor suspects commission of any fraud, he shall endeavor to collect further evidence for the same. The suspicion may arise on perusal of internal control systems, complaint under whistle blower mechanism and reports of the other auditors, etc.

The Auditor shall ensure to collect sufficient evidence which substantiates his suspicion of the commission of the fraud against the Auditee by its employees and officers.

Here 'Suspicion' is a state of mind more definite than speculation, but falls short of knowledge based on evidence. It must be based on some evidence, even if that evidence is tentative – simple speculation that a person may be engaged in fraud is not sufficient grounds to form a suspicion. ***Suspicion is a slight opinion but without sufficient evidence*****.**

- *Examples of information which could be classified as suspicion are provided below: Recurring negative cash flows from operations or an inability to generate cash flows from operations while reporting earnings and earnings growth.*
- The *practice by management in maintaining or increasing the entity's stock price or earnings trend.*
- *Significant, unusual, or highly complex transactions, especially those close to period end that pose difficult "substance over form" questions.*
- *Significant related party transactions which appear to be not in the ordinary course of business or with related entities not audited or over which the Auditor does not have information.*

If suspicion of fraudulent activity arises during the audit, the Auditor notifies the appropriate levels of management and those charged with governance, where appropriate, unless they may be implicated.

If Auditor has received report of other Auditor and it indicates a fraud, then that will be considered by the Auditor as a basis of his suspicion of the fraud.

Pursuant to the reply of the Auditee disagreeing with the initial belief of the Auditor that a suspected offence involving fraud is being or has been committed, if the auditor is convinced that his initial suspicion was incorrect, the need for reporting the matter to the Central Government would not be applicable. This situation would arise only if the Auditor did not have the evidence or information that is now provided as part of the reply or additional information has now been provided to the Auditor and there is persuasive evidence now available to convince the Auditor that the suspected offence involving fraud does not exist.

Reporting of Fraud

If the Auditor has sufficient reason to believe that there is commission of fraud and have justifiable grounds for

the same, he shall report to Audit Committee/ Board/ Central Government as per the process laid down under the Companies Act, 2013 and include the same in Secretarial Audit Report.

The Auditor shall verify whether the Audit Committee/ Board has given any comments on the fraud reported by the auditors in their report in terms of the provisions of the Companies Act, 2013.

The Auditor shall verify if the fraud detected by other Auditor has been reported to the Board/Audit Committee/ Central Government and report the same in the Secretarial Audit Report.

Reporting of fraud - Auditor will take note of and mention the fact about reporting of fraud by the other Auditor for example, Statutory Auditor under Companies (Auditor's Report) Order ["CARO"], or by Cost Auditor or Internal Auditor. While the reporting responsibility under Section 143(12) is to the Audit Committee or the Board of Directors of the Company and/ or to the Central Government, the Auditor would also need to consider whether such matter also needs to be disclosed in the Auditor's Report under Section 143(3)(f) which requires the auditor to state his/her observations on financial transactions/ matters, which have any adverse effect on the functioning of the company to the extent it relates to the non-compliance of applicable laws, act, rules, regulations and guidelines covered under MR-3. It may be noted that Section 143(12) includes only fraud by officers or employees of the company and does not include fraud by third parties such as vendors and customers.

Identification and Reporting of the events/ actions having major bearing on Auditee's affairs

It shall be the duty of the Auditor to identify and report in the Secretarial Audit Report all events/ actions having major bearing on the Auditee's affairs in pursuance of the applicable laws, act, rules, regulations, guidelines, standards, etc.

An event/ action shall be considered as having major bearing on Auditee's affairs if it affects its going concern or alters the charter or capital structure or management or business operation or control, etc.

Events having a major bearing on Auditee's Affairs

1. *The Auditor shall assess and identify the material action or events having bearing on the Auditee's affairs in pursuance of the applicable laws, act, rules, regulations, guidelines, standards, etc. and report accordingly.*
2. *The identification of the corporate actions or events having bearing on the Auditee's affairs in terms of applicable laws, act, rules, regulations, guidelines, standards, etc. is a subjective matter and needs to be concluded keeping in mind various parameters. Such parameters may include the following:*
    (a) *The consideration involved in the transaction as a percentage of the consolidated turnover, net worth or profit;*
    (b) *The transaction whether or not in the ordinary course of business;*
    (c) *The transaction representing a significant shift from the company's strategy;*
    (d) *The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date.*
3. *Further, following are indicative actions and/or events may be considered to have a bearing on the Auditee's affairs:*
    (a) *Future plans of Merger or Amalgamation.*
    (b) *Revision in Rating(s).*
    (c) *Fraud/ defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.*
    (d) *Agreements [viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity),*

agreement(s)/ contract(s) with media companies)], which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

(e) Corporate Debt Restructuring.

4. The Auditor shall disclose the material non-compliances and transactions as observed during the course of Audit.

Procedure to Report Fraud as provided under Section 143 of the Companies Act, 2013 read with Rule 13 of Companies (Audit and Auditors) Rules, 2014

A very significant duty has been cast on the Company Secretary in Practice under section 143 of the Companies Act, 2013. If an auditor of a company in the course of the performance of his duties as 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 report the matter to the Central Government within such time and in such manner as may be prescribed:

Provided that in case of a fraud involving lesser than the specified amount, the auditor shall report the matter to the audit committee constituted under Section 177 of Companies Act, 2013 or to the Board in other cases within such time and in such manner as may be prescribed:

Provided further that the companies, whose auditors have reported frauds under this sub-section to the audit committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report in such manner as may be prescribed.

No duty to which an auditor of a company may be subject to shall be regarded as having been contravened by reason of his reporting the matter referred to in sub-section (12) if it is done in good faith.

In case, an offence of fraud, involves or is expected to involve individually an amount of rupees one crore or above

(1) If an auditor of a company, in the course of the performance of his duties as statutory auditor, has reason to believe that an offence of fraud, which involves or is expected to involve individually an amount of rupees one crore or above, is being or has been committed against the company by its officers or employees, the auditor shall report the matter to the Central Government.

(2) The auditor shall report the matter to the Central Government as under:-

(a) the auditor shall report the matter to the Board or the Audit Committee, as the case may be, immediately but not later than two days of his knowledge of the fraud, seeking their reply or observations within forty-five days;

(b) on receipt of such reply or observations, the auditor shall forward his report and the reply or observations of the Board or the Audit Committee along with his comments (on such reply or observations of the Board or the Audit Committee) to the Central Government within fifteen days from the date of receipt of such reply or observations;

(c) in case the auditor fails to get any reply or observations from the Board or the Audit Committee within the stipulated period of forty-five days, he shall forward his report to the Central Government along with a note containing the details of his report that was earlier forwarded to the Board or the Audit Committee for which he has not received any reply or observations;

(d) the report shall be sent to the Secretary, Ministry of Corporate Affairs in a sealed cover by Registered Post with Acknowledgement Due or by Speed Post followed by an e-mail in confirmation of the same;

(e) the report shall be on the letter-head of the auditor containing postal address, e-mail address and contact telephone number or mobile number and be signed by the auditor with his seal and shall indicate his Membership Number; and

(f) The report shall be in the form of a statement as specified in Form ADT-4.

In case, an offence of fraud, involves or is expected to involve individually an amount of less than rupees one crore or above

In case of a fraud involving lesser than the amount specified in sub-rule (1), the auditor shall report the matter to Audit Committee constituted under Section 177 of the Companies Act, 2013 or to the Board immediately but not later than two days of his knowledge of the fraud and he shall report the matter specifying the following:-

(a) Nature of Fraud with description;

(b) Approximate amount involved; and

(c) Parties involved.

The following details of each of the fraud reported to the Audit Committee or the Board under sub-rule (3) during the year shall be disclosed in the Board's Report:-

(a) Nature of Fraud with description;

(b) Approximate Amount involved;

(c) Parties involved, if remedial action not taken; and

(d) Remedial actions taken.

In case, Company Secretary in Practice does not comply with the provisions of section 143(12), he shall be punishable as under:

(a) in case of a listed company, be liable to a penalty of five lakh rupees; and

(b) in case of any other company, be liable to a penalty of one lakh rupees.

Further, sub-section (13) of section 143 provides that no duty to which an auditor of a company is subject to shall be regarded as having been contravened by reason of his reporting the matter (fraud) if it is done in good faith.

Fraud detection and reporting requires the Company Secretary in Practice to focus beyond compliance. The Delhi High court observed in the matter of Globe Motors Limited v. Mehta Teja Singh & Company that although an agreement in which a director was interested could not be said to be invalid in view of compliance with the requirements of the Act, yet it is only a formal aspect of compliance with the statutory provisions; the basic question is as to the conduct of the director and whether it satisfies the test considering their fiduciary relationship to the company. Justice Sachar further observed that the directors are expected to display utmost good faith towards the company in their dealings with the company or on behalf of the company; they should not use the company's money or other property or information or other matters in their possession in order to gain any advantage to themselves. Therefore a Company Secretary in Practice should not be satisfied only with compliance during secretarial audit. He needs to look beyond and satisfy himself that the transactions which have taken place during audit period do not contain any fraud element.

Explanation (i) of Section 447 of the Companies Act, 2013, defines "Fraud" in relation to affairs of a company or anybody 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 interest of the company or its shareholders or its creditors or any other person whether or not there is any wrongful gain or wrongful loss.

A perusal of the definition brings out the following elements of "Fraud":-

(a) Any act committed by any person or any other person with the connivance in any manner with intent to deceive the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(b) Any omission committed by any person or any other person with the connivance in any manner with

intent to deceive the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(c) Any concealment of any fact committed by any person or any other person with the connivance in any manner with intent to deceive the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(d) Any abuse of position committed by any person or any other person with the connivance in any manner with intent to deceive the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(e) Any act committed by any person or any other person with the connivance in any manner with intent to gain undue advantage from the company or shareholders or creditors or any other person.

(f) Any act committed by any person or any other person with the connivance in any manner with intent to injure the interest of the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(g) Any omission committed by any person or any other person with the connivance in any manner with intent to gain undue advantage from the company or shareholders or creditors or any other person.

(h) Any omission committed by any person or any other person with the connivance in any manner with intent to injure the interest of the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(i) Any concealment of any fact committed by any person or any other person with the connivance in any manner with intent to gain undue advantage from the company or shareholders or creditors or any other person.

(j) Any concealment of any fact committed by any person or any other person with the connivance in any manner with intent to injure the interest of the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

(k) Any abuse of position committed by any person or any other person with the connivance in any manner with intent to gain undue advantage from the company or shareholders or creditors or any other person.

(l) Any abuse of position committed by any person or any other person with the connivance in any manner with intent to injure the interest of the company or shareholders or creditors or any other person whether or not there is any wrongful gain or wrongful loss.

The Practicing Company Secretary has to examine the transactions during the period of audit to identify whether any fraud element is present in the transaction. In the past “Fraud” has been noticed in many cases of scams in the following kinds of transactions:-

- Related Party Transactions
- Excessive Managerial Remuneration – Insider Trading
- Inter Company Transactions
- Mergers/Demergers/Acquisitions
- IPO Frauds
- Ponzi Schemes
- Public Deposits
- Transfer of Shares

Other means of Corporate fraud are the theft of assets, false expenses, corruption, theft in formation, fraudulent applications, misuse of assets, dishonest business partners, Fraudulent billing these areas are not exhaustive but only some examples are given so as to guide fraud detection.

11

SPECIMEN OF QUALIFIED SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 20_

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

XYZ Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by XYZ Limited having CIN _____ (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on my/our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 20….:

- complied with the statutory provisions listed hereunder and
- proper Board-processes and compliance mechanism in place;

to the extent, in the manner and subject to the reporting made hereinafter.

I/We have examined the books, papers, minute books, forms and returns filed and other records maintained by XYZ Limited for the financial year ended on 31st March, 20… according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.,

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) and other applicable laws (Mention the other laws as may be applicable specifically to the company).

Note: In case, any particular Act or law is not applicable to particular organisation, then it is suggested to mention against such Act - "Not applicable as there was no reportable event during the financial year under review".

For example, in case of a Pharmaceutical Company:

The management has identified and confirmed the following laws as specifically applicable to the company

1. *The Pharmacy Act, 1948;*
2. *Drugs and Cosmetics Act, 1940;*
3. *Homeopathy Central Council Act, 1973.*

I/We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s), if any.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

(*Note- Please report specific non compliances/ observations/ audit qualifications, reservation or adverse remarks in respect of the above para-wise.*)

1. In respect of issue of further shares, company did not pass a special resolution before allotting shares to persons other than existing members. This is a non-compliance of section 62 of the Companies Act, 2013.
2. Whereas in terms of the provisions of Section 149(4) & 149(5) of the Companies Act, 2013 read with rule 4 of the Companies (Appointment And Qualification Of Directors) Rules, 2014 and listing agreement, the Company was required to appoint Independent Directors on the Board of the Company the Company could not comply with the same.
3. Where as in terms of the provisions of Section 149(1) of the Companies Act, 2013 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company was required to appoint at least one Women Director on the Board of the Company latest by 31st March, 20__, the Company could not comply with the same.
4. Whereas in terms of the provisions of Section 177(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and Its Powers) Rules, 2014, the Company was required to constitute an Audit Committee of the Board, the Company could not comply with the same.
5. Whereas in terms of the provisions of Section 178(1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and Its Powers) Rules, 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company was required to constitute a Nomination & Remuneration Committee of the Board, the Company could not comply with the same.

6. Whereas in terms of the provisions of Section 203 of the Companies Act, 2013, the Company was required to have certain Key Managerial Personnel (KMP). The Company has not appointed a Company Secretary in terms of the provisions of Section 204 of the Companies Act, 2013.
7. Whereas in terms of the provisions of Section 203 of the Companies Act, 2013, the Company was required to have certain Key Managerial Personnel (KMP). The Company has not appointed a Chief Financial Officer (CFO) in terms of the provisions of Section 204 of the Companies Act, 2013.
8. Whereas in terms of the provisions of section 138 of the Companies Act, 2013 the Company has not appointed Internal Auditor during the year.
9. Whereas in terms of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding delayed submission of financial result for the year ended 31st March, the quarter ended and the quarter ended. Company has also received notices of penalty in this regard from the Stock Exchanges.
10. Whereas in terms of the Regulation 24 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent of appointment of Independent Director on the Board of Material non-listed Indian Subsidiary is not complied with.
11. The reporting Compliances with respect to the Foreign Exchange Management Act, 1999 ("FEMA Act") and the Rules and Regulations made thereunder to the extent of issue of GDR and compliances pursuant to Paragraph 4(3) of Schedule 1 of Notification No. FEMA 20/2000-RB dated 03rd May 2000 is not complied in regular quarters and all the quarter reports submitted to the RBI at the last quarter of the Financial Year.
12. The Overseas Direct Investment Compliances in terms of section 6 of the Foreign Exchange Management Act, 1999, (42 of 1999) read with Notification No. FEMA.120/RB- 2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004), viz. Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004, as amended from time to time, however the same is not complied and it's a continued non- compliance since FY 2010-11.
13. The compliances (Overseas Direct Investment Compliances) in terms of provisions of the Foreign Exchange Management Act, 1999, (42 of 1999) read with Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004), viz., Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004, as amended from time to time is not complied.
14. The Company has not filed charge created on its property for obtaining guarantees from its bankers. The Bankers themselves can also file charge and 300 days time is given for filing with late payment fees. If it falls under this category, then it is deemed compliance. Even after 300 days if a condonation of delay application is made, it would be deemed compliance of process until conditions is denied. Only when denied it will be reported as non-compliance.

15. ……..

16. ……

17. ……

I/we further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and

- a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

  'Mr. ……., an Independent Director of the company was unable to renew his registration as an independent director in independent director's databank maintained by IICA within the stipulated time, due to which his registration expired from the databank w.e.f. ……..'

I/we further report that **based on the review of the compliance mechanism established by the company and on the basis of Compliance certificate(s) issued by various departments and taken on record by the Board of Directors at their meetings**, we are of the opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines **however the compliance reports were not submitted to the Board in time and a delay of about six months was observed in informing the non-compliance in respect of Compliances under Payment of Bonus Act, Employees Provident Fund Act.**

[Note: Please report specific observations/ qualification, reservations or adverse remarks in respect of the Board Structures/ System and processes relating to the Audit Period]

I/We further report that during the audit period the company has:

- signed the technical collaboration agreement with UVW Limited but the precise impact of such collaboration cannot be reasonably estimated for the time being.
- received show cause notice from the collector for non-payment of stamp duty in respect of transfer of immovable property.
- filed its reply however there is a contingency that company may have to pay a sum of Rupees 50 lacs by way of penalty.

(Give details of specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above)

For ……..& Associates

(Company Secretaries)

(Firm Regn. No. ……...)

Place: *Name and Signature of Secretarial Auditor*

Date: *Associate Partner*

UDIN- …… *ACS/FCS No…../COP No…….*

PR ____/2022

This report is to be read with our letter of even date which is annexed as **Annexure-1** and forms an integral part of this report.

ANNEXURE-1

To

The Members

XYZ Limited

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and for which we relied on the report of statutory auditor.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For ……..& Associates

(Company Secretaries)

(Firm Regn. No. ……..)

Place: *Name and Signature of Secretarial Auditor*

Date: *Associate Partner*

UDIN- …… *ACS/FCS No…../COP No…….*

PR ____/2022

Motto

सत्यं वद। धर्मं चर।

Speak the truth. abide by the law.

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"

THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
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