

# Secretarial Audit (Electronic Companies) Under Companies Act, 2013



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# Introduction



- Secretarial Audit is a process of checking and verifying the records and documents of the company and to check whether the company is in compliance with the provisions of Companies Act, 2013 and other applicable laws.
- The Secretarial Audit Report aims at confirming compliance by the company with all the applicable provisions of the applicable laws and pointing out non-compliances and recommendations for better compliance.
- The compliances are verified and checked by an independent professional [*a company secretary in practice*] to ensure that the company has complied with all the legal, secretarial and procedural requirements as required under various applicable laws.

# Check list of Laws Applicable to Electronics Industry



## INDUSTRY SPECIFIC -FOR ELECTRONIC COMPANIES:

1. Electricity Rule-1956-BEE Guidelines
2. Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012
2. E-waste Management & Handling Rules, 2011
3. ROHS Compliance as per Japan Guidelines Version 8.0.
4. Manufacturer ,Storage and Import of Hazardous Chemical Rules ,1989.
5. Batteries (Management and Handling Rules),2001
6. Hazardous Wastes (Management and Handling Rules),1989
7. Plastic Waste (Management and Handling) Rules, 2011
8. Environment Protection Act, 1986

# Electricity Rules ,1956



- Indian Electricity Rules 1956 are made the Indian Electricity Act:1910 , which is repealed by the Electricity Act:2003.
- These Rules shall be in force till new Rules are framed under the Electricity Act:2003.
- Indian Electricity Rules contain general and specific provisions regarding reliability and safety of Electrical supply systems.
- They focus on protection of persons and property from injury by reasons of contact with , or the proximity of , or by the reason of the defective or dangerous condition of any appliances or apparatus/equipment used in the generation, transmission , supply or use of energy.
- The Indian Electricity Rules supplement the various codes of the Bureau of Indian standards.
- Indian Electricity Rules have been covered in 11 Chapters in all.

# General Safety Requirements



## **Rule:29 – Construction , installation , protection , operation and maintenance of electric supply lines and apparatus :**

- All electric supply lines and apparatus shall be of sufficient rating insulation and estimated fault current level and of sufficient mechanical strength, for the duty which may be required to perform under the environmental conditions of installation and shall be constructed, installed, protected, worked and maintained in such a manner that it ensure the safety of human beings, animals and property.
- Relevant code of practice of the Bureau of Indian Standards including National Electrical Code may be followed to carry out the purpose of this rule. In event of any inconsistency, the provisions of the rules may prevail.
- The material and apparatus used shall conform to the relevant specifications of the Bureau of Indian Standards where such specifications have already been laid down.
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# General Safety Requirements



## **Rule:30 – Service line and apparatus on Consumer’s premises :**

- The supplier shall ensure that all electric supply-lines , wires, fittings and apparatus belonging to him or under his control, which are on consumer’s premises are in a safe condition and in all respects fit for supplying energy, and supplier shall take due precautions to avoid danger arising on such premises from such supply lines, wires, fittings and apparatus.
- Service lines placed by the supplier on the premises of a consumer which are under ground or which are accessible shall be so insulated and protected by the supplier as to secured under all ordinary conditions against electrical, mechanical, chemical or other injury to the insulation.
- The consumer shall, as far as circumstances permits, take precautions for the safe custody of the equipment on his premises belonging to the supplier.
- The consumer shall also ensure that the installation under his control is maintained in safe condition.

# General Safety Requirements



- Rule:32– Proper distinction between live, neutral and earth conductors:
- An indication of a permanent nature shall be provided by the owner of the earthed or earthed neutral conductor or the conductor which is to be connected thereto, to enable such conductor to be distinguished from any live conductor.
  
- Rule:33 – Earthed terminal on Consumer’s premises:
- The supplier shall provided and maintain on the consumer’s premises for the consumer ‘s use a suitable earthed terminal in an accessible position at or near the point of commencement of supply.
- Provided that in the case of MV,HV or EHV installations, the consumer shall in addition to the aforementioned earthing arrangement, provide his own earthing system with an independent earth electrode and maintain the same.
- The consumer shall take all reasonable precautions to prevent mechanical damage to the earthed terminal and its lead belonging to the supplier.
- The supplier may recover from the consumer the cost of installation of such earthed terminal.

# General Safety Requirements



## Rule:34 – Accessibility of bare conductors :

- Where bare conductors are use in a building, the owner of such conductor shall-
- Ensure the they are inaccessible.
- Provide in readily accessible position switches for rendering them dead whenever necessary and take other safety measures as are considered necessary by inspector.

## Rule:35 – Caution / Danger Notices :

- Owner of every MV, HV, EHV and LV installation shall affix permanently in conspicuous position a caution ( Danger ) notice in Hindi or English and in local language of the district with sign of skull bones of design as per BIS Specification :2551.



# General Safety Requirements



## Rule: 43 – Provision applicable to Protective Equipment :

- Fire buckets filled with clean dry sand ready for immediate use for extinguishing fires, in addition to fire extinguishers suitable for dealing with electric fires, shall be conspicuously marked and kept in all generating stations, enclosed sub-stations in convenient situation. The fire extinguishers shall be tested for satisfactory operation at least once a year and record of such tests shall be maintained.
- First aid boxes or cupboards, conspicuously marked and equipped with such contents as the state government may specify, shall be provided and maintained in every generating station , enclosed sub-station, so as to be readily accessible during all working hours. All such boxes and cupboards shall , except in the case of unattended b-stations, be kept in charge of responsible persons who are trained in first aid treatment and one of such persons shall be available during working hours.

# General Safety Requirements



- Rule: 44 – Instruction for restoration of persons suffering from electric shock :
- Instruction in English or Hindi and the local language of district, for the restoration of persons suffering from electric shock shall be affixed by the owner in a conspicuously place in every enclosed sub-stations and switch stations in which electricity is used.
- Shock treatment charts to be displayed and all authorized persons are acquainted with shock treatment procedures.

## Rule: 44 A– Intimation of Accident :

- This rule makes provision for submission of intimation of accident to Electrical Inspector with least possible delay.
- If any accident occurs in connection with the generation, transmission, supply or use of energy in or in connection with, any part of the electric supply lines or other works, of any person and the accident results in or is likely to have resulted in loss of human or animal life or in any injury to a human being or any animal, such person of the state electricity board/supplier, not below the rank of a junior engineer or equivalent shall send to the inspector a report within 24 hours of the knowledge of the occurrence of accident and a written report in the form set out in Annexure X111 within 48 hours of the knowledge of occurrence of fatal and all other accidents.

# General Safety Requirements



Rule: 45– Precautions to be adopted by consumers, owners, occupiers, electrical contractors, electrical workmen and supplier :

- No electrical installation work including additions, alterations, repairs and adjustments shall be carried out, except by an electrical contractor licensed in this behalf by the state government and under the direct supervision of a person holding a certificate of competency issued or recognized by the state government.

Rule: 46– Periodic Inspection :

- Where an installation is already connected to the supply system of the supplier , every such installation shall be periodically inspected and tested at intervals not exceeding 5 years either by the inspector or the supplier. Also, periodical inspection of HV and EHV installations of supplier have been included.

Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012



❑ **Department of Electronics & Information Technology (DeitY)** has on 03 Oct. 2012 notified "**Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012**" mandating fifteen categories of electronics items under the **Compulsory Registration Scheme of Department of Consumer Affairs based on their** compliance to Indian safety standards.

❑ **The regulation comes into force on 03 July 2013 - with a view to create an institutional frame work to continuously review, update and implement standards in electronics.**

## Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012



- **Main features of the scheme are**
- Applicable to both domestic organizations and importers uniformly.
- Industry needs to get goods tested with laboratories recognized by BIS. On meeting requisite standards, BIS grants a unique registration number. Industry needs to mark the details on their products "Self Declaration-Conforming to IS..." followed by Registration No. XX..XX. The standard number shall be followed by its year of publication separated with a ':' colon. For example "Self Declaration-Conforming to IS 13252:2010" followed by Registration No. XX..XX
- Each registration is valid for two years and gets renewed merely on request, if no adverse issues come up during the period of registration.
- Since electronic products have large number of versions with minor changes of configurations, series approval of products is provided. Different configurations falling within same series can be approved based on testing of representative sample from the series. Guidelines for series approval are available on the website of DeitY.
- Initial registration, renewal, lab recognition to be handled by BIS.
- Surveillance, Series Guidelines, to be handled by DeitY.
- Testing to be carried out by BIS recognized labs.

# E-Waste Management & Handling Rules ,2011



- **Electronic waste or e-waste describes discarded electrical or electronic devices. Used electronics which are destined for reuse, resale, salvage, recycling or disposal are also considered as e-waste. Informal processing of electronic waste in developing countries may cause serious health and pollution problems, as these countries have limited regulatory oversight of e-waste processing.**
- **These rules are effective from 1<sup>st</sup> May,2012.**
- **Electronic scrap components, such as [CRTs](#), may contain contaminants such as [lead](#), [cadmium](#), [beryllium](#), or [brominated flame retardants](#). Even in developed countries [recycling and disposal of e-waste](#) may involve significant risk to workers and communities and great care must be taken to avoid unsafe exposure in recycling operations and leaking of materials such as heavy metals from [landfills](#) and [incinerator](#) ashes.**

# E-Waste Management & Handling Rules ,2011



- **Display units (CRT, LCD, LED monitors), processors (CPU, GPU, or APU chips), memory (DRAM or SRAM), and audio components have different useful lives. Processors are most frequently out-dated (by software no longer being optimized) and are more likely to become "e-waste", while display units are most often replaced while working without repair attempts, due to changes in wealthy nation appetites for new display technology.**
- **They will apply to every producer, consumer or bulk consumer, collection centre, dismantler and recycler of e-waste involved in the manufacture, sale, purchase and processing of electrical and electronic equipment or components.**
- **The rules place the main responsibility of e-waste management on the producers of the electrical and electronic equipment by introducing the concept of "extended producer responsibility" (EPR).**

# E-Waste Management & Handling Rules ,2011



- EPR is the main feature of the rules, wherein the producer of electrical and electronic equipment is given the responsibility of managing such equipment after its end of life; thus the producer is responsible for their products once the consumer discards them.
- Under EPR, the producer is also entrusted with the responsibility to finance and organise a system to meet the costs involved in complying with EPR.
- Every Producer of the e-waste has to maintain records in Form 2 of the e-waste handled and make such records available for scrutiny by the state pollution control Board .
- Filling Annual returns in Form 3 , to the state pollution control Board or the pollution control committee on or before the 30<sup>th</sup> June following the FY to which the return relates.



# The Ozone Depleting Substances (Regulation )Rules ,2000



- Applicable from 26<sup>th</sup> Jan,2000.
- CFCs and other contributory substances are referred to as **ozone-depleting substances (ODS)**.
- Govt has Regulated the use of Ozone Depleting substances by these regulations.
- The Regulations include the following –
- **Regulation of production and consumption of ozone depleting substances.**
- **Ozone depleting substances are to be exported to or imported from countries specified in Schedule VI under a licence.**

# The Ozone Depleting Substances (Regulation )Rules ,2000



- **Regulation of the sale of ozone depleting substances.**
- **Regulation on the purchase of ozone depleting substances.**
- **Regulation on the use of ozone depleting substance.**
- **Prohibition on new investments with ozone depleting substances.**
- **Regulation of import, export and sale of products made with or containing ozone depleting substances.**
- **Regulation on reclamation and destruction of ozone depleting substances**

# The Ozone Depleting Substances (Regulation )Rules ,2000



## **Monitoring and reporting requirements:**

- Every person who produces, imports, exports or sells any ozone depleting substance shall maintain records and file reports in the manner specified in Part I of Schedule X.
- (2) Every person stocking or purchasing any ozone depleting substance for use in activities specified in column (2) of Schedule IV shall maintain records and file reports in the manner specified in Part II of Schedule X.
- (3) Every person who has received technical or financial assistance from any international organisation or any financial assistance, which includes concession or exemption from payment of duties, from the Central Government, shall maintain records and file reports in the manner specified in Part III of Schedule X and the list of such persons shall be notified by the Central Government.
- (4) Every person who has facility to reclaim an ozone depleting substance shall maintain records and file reports in the manner specified in Part IV of Schedule X.
- (5) Every person who has facility to destroy any ozone depleting substance shall maintain records and file reports in the manner specified in Part V of Schedule X.
- (6) Every person who manufactures, imports, exports or sells compressors shall maintain records and file reports in the manner specified in Part VI of Schedule X.
- (7) The records maintained in accordance with the above sub-rules shall be made available for inspection as specified in Part VII of Schedule X.

# ROHS GUIDELINES



- To establish and operate a quality control system based on the requirements for elimination of hazardous substances.
- A design specification is established by developing or using parts or materials of non-use of hazardous substances in the design stage and a primary emphasis is placed on design, incoming inspection and supplier instructions for component quality assurance with the following basic approach.
- This standard applies to operations related to regulations of the chemical substances as specified in components, devices, materials and products.
  - 1) Application range for components and materials (including purchasing units and products)
    - i ) Components, materials (electronic components, mechanical components, electromechanical components, semiconductors, printed circuit boards, enclosure components, packaging materials and components)
    - ii ) Assembly components such as mechanical units, modules, board assemblies
    - iii ) Accessories (accessories for using products such as remote controls and AC adapters)
    - iv ) Indirect materials for production consumables (Materials, not components of products, used in the manufacturing process of products. Examples: ink of oil-based felt-tip pen, permanent stamp ink, etc.)
    - v ) Service parts for product repairs (excluding service parts of products put on market before July 1, 2006)
    - vi ) User manuals, warranty certificates, and other printed matters included in products

# Manufacturer ,Storage and Import of Hazardous Chemical Rules,1989



- Applicable from 27<sup>th</sup> Nov,1989.
- **General responsibility of the occupier during industrial activity:**

**This rule shall apply to,-**

- (a) an industrial activity in which a hazardous chemical, as specified in the act;
- (b) isolated storage in which there is involved a threshold quantity of a hazardous chemical listed in the rules ,which is equal to or more than the threshold quantity specified in the Schedule for that chemical in Column 3 thereof.

**An occupier who has control of an industrial activity in term of sub-rule (I) shall provide evidence to show that he has,-**

- (a) identified the major accident hazards; and
- (b) taken adequate steps to -
  - (i) prevent such major accidents and o limit their consequences to persons and the environment;
  - (ii) provide to The persons working on the site with the information, training and equipment including antidotes necessary to ensure their safely

# Batteries (Management and Handling )Rules,2001



- Applicable from 4<sup>th</sup> May,2010
- These rules shall apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer,consumer, and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof.

## ❑ **RESPONSIBILITIES OF MANUFACTURER, IMPORTER, ASSEMBLER AND RE-CONDITIONER**

It shall be the responsibility of a manufacturer, importer, assembler and re-conditioner to

- (i) ensure that the used batteries are collected back as per the Schedule against new batteries sold excluding those sold to original equipment manufacturer and bulk consumer(s);
- (ii) ensure that used batteries collected back are of similar type and specifications as that of the new batteries sold;
- (iii) file a half-yearly return of their sales and buy-back to the State Board in Form- I latest by 30th June and 31st December of every year.

# Batteries (Management and Handling )Rules,2001



## ❑ **RESPONSIBILITIES OF MANUFACTURER, IMPORTER, ASSEMBLER AND RE-CONDITIONER**

- (iv) set up collection centres either individually or jointly at various places for collection of used batteries from consumers or dealers;
- (v) ensure that used batteries collected are sent only to the registered recyclers,
- (vi) ensure that necessary arrangements are made with dealers for safe transportation from collection centres to the premises of registered recyclers ;
- (vii) ensure that no damage to the environment occurs during transportation;
- (viii) create public awareness through advertisements, publications, posters or by other means with regard to the following:
  - (a) hazards of lead;
  - (b) responsibility of consumers to return their used batteries only to the dealers or deliver at designated collection centres; and
  - (c) addresses of dealers and designated collection centres.
- (ix) use the international recycling sign on the Batteries;
- (x) buy recycled lead only from registered recyclers;

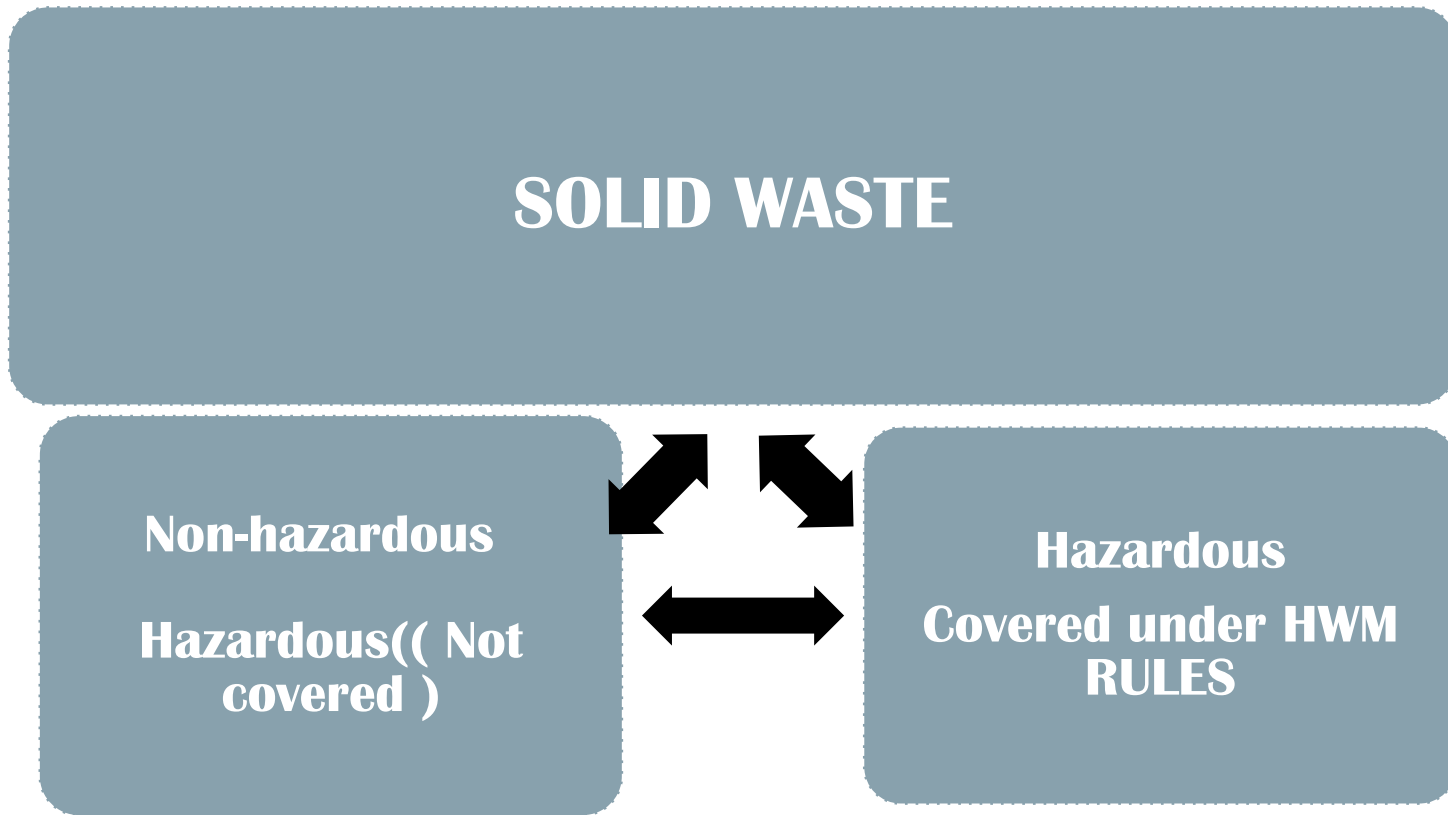
# Hazardous Wastes (Management and Handling Rules), 1989



- **Applicable from 1989**
- **Any waste which by reason of any of its physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics causes danger or is likely to cause danger to health or environment, whether alone or when in contact with other wastes or substances, and shall include wastes listed in Schedules I, II & III of the Rules.**
- Waste is hazardous if it is listed in [Schedule I](#) Or, if it falls in [Schedule II](#) (analysis required)
- For the purpose of regulation of Import & Export, a waste is considered as hazardous if it is listed in Schedule-III



# Solid wastes generated from secondary lead smelting units



# Hazardous wastes

Types	Sources
Lead slag	Process
Sludge (lead containing)	Scrubber
Sludge (acidic)	From lead acid breaking activity (after neutralisation)
Lead dust	Settling chamber, Cyclone, bag filter
Damaged & discarded bags	Bag filter
Other wastes	Damaged refractory lining/bricks. Broken asbestos roof sheet.

# Type and Nature of HWs

- ❑ **Recyclable** – wastes having potential for recovery of useful /valuable material e.g. Metal bearing dross, ash, used oil etc.
- ❑ **Incinerable** – wastes having high calorific value, mainly organic wastes like solvents, tars, off-spec. Organic products etc.
- ❑ **Land Disposable** – wastes that can neither be recycled or incinerated

## Disposal Methodology of HWs

**Recyclable Wastes** – to be sold to actual recyclers authorised for processing the particular hazardous waste

Note : SPCB Registration required for non-ferrous metal wastes, used & waste oil, e-waste, ink waste, paint waste etc. As listed in Sch-IV

**Incinerable Wastes** – may be incinerated onsite in captive incinerator or in common HW incinerator;


Note : CPCB standard and guidelines to be followed for the operation of the incinerator.

**Disposable wastes** – to be disposed in authorised HW disposal facility; to be stabilised before disposal, if required.

# Storage of Hazardous Waste

- ▶ Till disposal for recycling/ treatment/ land filling, HWs are to be stored onsite in bags/ containers/pits in a covered area.
- ❑ Storage permitted for a period **not exceeding 90 days**
  
- ❑ SPCB may extend the storage period, in case of
  - ▶ Small generator, generating HW upto 10 TPA
  - ▶ Recyclers, reprocessors and facility operators upto 6 months of their annual capacity
  - ▶ Generators who do not have access to any TSDF in the concerned State
  - ▶ Wastes which need to be specifically stored for development of a process for its recycling, reuse.

# Transportation of Hazardous Waste

- ❑ HWs to be properly packed and labelled for transport to ensure safe handling
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- ❑ HW Containers shall be marked as per [Form-12](#)
  - ❑ Information on hazardous nature of wastes and measures to be taken in case of emergency shall be provided to the transporter in [Form-11](#)
  - ❑ Transport to be in accordance Motor Vehicles Act, 1988 and related guidelines
  - ❑ **Manifest System** ([Form-13](#)) to be maintained

# **Plastic Waste (Management and Handling) Rules, 2011**

## **Some of the salient features of the Rules are:-**

- **Use of plastic materials in sachets for storing, packing or selling gutkha, tobacco and pan masala has been banned.**
- **Under the new Rules, foodstuffs will not be allowed to be packed in recycled plastics or compostable plastics.**
- **Recycled carry bags shall conform to specific BIS standards.**
- **Plastic carry bags shall either be white or only with those pigments and colourants which are in conformity with the bar prescribed by the Bureau of Indian Standards (BIS). This shall apply expressly for pigments and colourants to be used in plastic products which come in contact with foodstuffs, pharmaceuticals and drinking water.**
- **Plastic carry bags shall not be less than 40 microns in thickness. Under the earlier Rules, the minimum thickness was 20 microns. Several State Governments in the meanwhile, had stipulated varying minimum thickness. It is now expected that 40 microns norms will become the uniform standard to be followed across the country.**
- **The minimum size (of 8x12 inches) for the plastic carry bags prescribed under the earlier Rules has been dispensed with.**
- **Carry bags can be made from compostable plastics provided they conform to BIS standards.**

## Additional Safeguards

- **No carry bags shall be made available free of cost to consumers. The municipal authority may determine the minimum price for plastic carry bags.**
- The municipal authority may also direct the manufacturers to establish plastic waste collection centres, either collectively or individually, in line with the principle of 'Extended Producers Responsibility'.
- The new Rules have stipulated provisions for marking or labeling to indicate name, registration number of the manufacturer, thickness and also to indicate whether they are recycled or compostable



# ENVIRONMENT PROTECTION ACT, 1986

**An Act to provide for the protection and improvement of environment and for matters connected there with:**

- **Act to provide for the protection and improvement of environment and for matters connected there with:**
- **WHEREAS the decisions were taken at the United Nations Conference on the Human Environment held at Stockholm in June, 1972, in which India participated, to take appropriate steps for the protection and improvement of human environment;**
- **AND WHEREAS it is considered necessary further to implement the decisions aforesaid in so far as they relate to the protection and improvement of environment and the prevention of hazards to human beings, other living creatures, plants and property;**

## Objective

- **Providing for the protection and improvement of the environment**
- **Preventing environmental pollution in all its forms**
- **To tackle specific environmental problems that are peculiar to different parts of the country.**
- **To co-ordinate the activities of the various regulatory agencies already in existence.**
- **To appoint environment officers to check environmental pollution.**
- **To improve the quality of life by protection of environment.**
- **Establishing environmental laboratories.**
- **To protect the forests and wildl ifein the country**

## **•POWER OF CENTRAL GOVERNMENT TO TAKE MEASURES TO PROTECT AND IMPROVE ENVIRONMENT**

- (1) Subject to the provisions of this Act, the Central Government, shall have the power to take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment and preventing controlling and abating environmental pollution.**
  
- (2) In particular, and without prejudice to the generality of the provisions of sub-section (1), such measures may include measures with respect to all or any of the following matters, namely:–**
  - (i) co-ordination of actions by the State Governments, officers and other authorities--• (a) under this Act, or the rules made there under, or**
  - (b) under any other law for the time being in force which is relatable to the objects of this Act;**
  - (ii) planning and execution of a nation-wide programme for the prevention, control and abatement of environmental pollution;**
  - (iii) laying down standards for the quality of environment in its various aspects;**

## **POWER OF CENTRAL GOVERNMENT TO TAKE MEASURES TO PROTECT AND IMPROVE ENVIRONMENT**

**iv) laying down standards for emission or discharge of environmental pollutants from various sources whatsoever:**

- **Provided that different standards for emission or discharge may be laid down under this clause from different sources having regard to the quality or composition of the emission or discharge of environmental pollutants from such sources;**

- **(v) restriction of areas in which any industries, operations or processes or class of industries, operations or processes shall not be carried out or shall be carried out subject to certain safeguards;**

- **(vi) laying down procedures and safe guards for the prevention of accidents which may cause environmental pollution and remedial measures for such accidents;**

- **(vii) laying down procedures and safe guards for the handling of hazardous substances;**

- **(viii) examination of such manufacturing processes, materials and substances as are likely to cause environmental pollution;**

# PENALTIES

- **One of the objectives of EPA is to provide for deterrent punishment to those who endanger human environment, safety and health.**
- **Sec 15 of the EPA provides that any person who fails to comply or contravenes any of the provisions of the Act, or the rules made or orders or directions issued under the act or rules, then for such failure or contravention, he shall be punishable:-**
  - **a) With imprisonment for a term which may extend to 5 years,**
  - **b) With fine which may extend to one lakh rupees,**
  - **c) With both.**
- **In case the failure or contravention continues after the conviction for first failure or contravention, an additional fine which may extend to five thousand for every day can be imposed for a period during which failure or contravention continues.**
- **If the failure or contravention continues beyond a period of one year after conviction, the offender shall be punishable with imprisonment for a term which may extend to seven years.**

# List of Documents which can be asked by Secretarial Auditor



- Registers and records
- Periodic Returns
- Other important returns
- Minutes of Board Meetings, General Meetings, Committee Meetings
- Share Certificates, Transfer/Transmission of shares, Dividend, Board's Report
- Contracts
- Copies of Notices received by the Company
- Compliances with SEBI/Stock Exchange

# Registers and Records



- Register of investments
- Register of deposits
- Register of charges /Copies of instruments creating charges
- Register & Index of members
- • Register & Index of debenture holders
- • Foreign registers of members of debenture holders
- • Registers and returns
- • Minutes book of meetings
- • Minutes book of class meeting/creditors meeting
- • Books of accounts & cost records
- • Register of contracts
- • Register of directors, MD, manager & secretary

# Registers and Records



- Register of directors' shareholding
- Register of investments of loans made, guarantee given or security provided
- Register of renewed & duplicate certificates
- Register of destruction of records/documents
- Register of directors' attendance
- Register of shareholders' attendance
- Register of proxies
- Register of Transfer
- Register of fixed assets
- Register of documents sealed
- Register of debenture holders



# Periodic Returns



- Annual Returns
- Annual Accounts/Reports

# Other Important Returns



- Return of allotment
- Notice of redemption of preference shares, consolidation, division, increase in share capital, cancellation of shares and increase in number of member
- Notice of situation/change in situation of registered office
- Court/CLB orders
- Registration of resolution & agreements
- Return of appointment of managing director/whole-time director/manager
- Particulars of appointment of directors, managing director, manager or secretary & changes made
- Return of deposits
- Particulars of beneficial interest in shares
- Registration of creation/modification/satisfaction of charge

## Meetings –Board /Committees /General –Minutes



- Meetings of directors/Committee Members
- Minutes book of meetings of directors/committee members
- AGM/EGM/deemed Meeting minutes
- Proof of despatch of notices to members

# Share Certificates /Transfer /Transmission of shares, Dividend & Boards Report



- Copies of Endorsed shares certificates and other securities
- Transfer Deeds and transmission request letters etc.
- Declaration, payment and transfer of dividend
- Board's report
- Transfer of unpaid amounts to the IEPF

# Contracts



- Details of related parties
- Copies of Disclosure forms under section 299(3)(b)
- Details of transactions/contracts entered into
- Entries made in Register of contracts

# Compliances with SEBI/Stock Exchanges



- Correspondences exchanged with stock exchanges for complying with listing agreement clauses.
- Returns and intimations submitted with exchanges
- Shareholding Pattern

# Notices



- Copies of Show cause notices/default notices etc. received by the company if any.

# Process of Secretarial Audit



- Communication to earlier Incumbent :

When a PCS is appointed as secretarial Auditor , in place of the existing , secretarial Auditor , He should Communicate the appointment to the earlier incumbent in writing , in view of the provisions ,Company Secretaries Act,1980.

- Acceptance of Appointment :

A formal letter of appointment should be issued by the Company to the Secretarial Auditor along with the copy of the board resolution for appointment.

- Preliminary Discussions /Surveys :

The Secretarial Auditor is expected to take an overview of the operations of the Company and interact with the personnel involved to know about the nature of the business. He may opt for surveys for generating information about the Company.



# Process of Secretarial Audit



- Preliminary Meeting :

The preliminary meeting with the senior management and the staff involved in the audit will give a fair idea of what is expected and the manner in which audit activities are to be undertaken .

- Finalization of Audit Plan and Briefing the Staff :

The Plan involves briefing the audit staff as to allotment of work , fieldwork responsibilities and other roles. The Audit Plan should comprehensively outline the fieldwork and usage of auditing tools. Deetailed Checklist for each aspect of secretarial audit should be prepared and the audit staff should be properly sensitized before commencement of audit.

# Process of Secretarial Audit



- Testing , Interviews and Analysis :

The Secretarial Auditor may use a variety of tools and technology to gather information about the Company's operations. The Secretarial auditor should determine whether the controls identified during the preliminary review are operating properly and in the manner described by the Company.

The act places the secretarial auditor on the same footing as statutory auditor in terms of Power ,Duties and Responsibilities while Conducting the Audit –  
Section 143 (14)(b)

- Working papers :

Working papers are essential for the Auditor . They form the basis for expression of the audit opinion. They connect the managements' records and information to the auditor's opinion.

# Process of Secretarial Audit



- **Management Representation Letter :**

Company Secretary in practice must obtain a Management representation letter from the auditee Company. The letter may be signed by the Company Secretary /Senior Management /Managing Director , who would normally have authority to issue the same.

- **Audit Summary for Discussion :**

It is recommended that the findings during the course of audit are summarized and presented for initial discussions with the management for their reviews /Clarifications /replies.

- **Submission of Secretarial Audit Report :**

After discussions with the management , the secretarial auditor shall prepare the secretarial audit report in form MR-3.The report is addressed to the members but is to be submitted to the Board.

# Secretarial Audit Report



- The Report shall Contain the opinion on the statutory Compliances examined by the auditor and shall state whether in his opinion the Company is carrying out/not carrying out due compliances of the applicable provisions of the various laws.
- The report shall be provided with or without qualifications
- 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 COP no. issued by the ICSI

# Secretarial Audit – Benefits



- Secretarial Audit can be an effective due diligence exercise for the prospective acquirer of a company or controlling interest or a joint venture partner.
- It assures the owners and the management that the affairs of the company are being conducted in accordance with requirements of laws and that the owners stake is not being exposed to undue risk.
- It ensures the management of a company that those who are charged with the duty and responsibility of compliance with the requirements of law are performing their duties competently, effectively and efficiently, so that the people in charge of the day-to-day management of the company are not likely to be exposed to penal or other liability (and consequential risk and embarrassment) on account of non compliance with law.
- It ensures them that they have done everything required under law and that the company had complied with the laws and therefore, they are not likely to be exposed to action by law enforcement agencies for non compliance by the company.
- The Secretarial audit can assist bodies like SEBI, Stock Exchange, Financial Institutions, banks etc., to gauge or measure the levels of compliance and non compliance by the companies with whom they are concerned.

# Steps for Preparing for Secretarial Audit :



- **Compliance Programme :**

- Prepare list of applicable laws
- Compliance risk management framework
- System & Mgt for effective Compliance

- **Team :**

- A Company should constitute a team of officers responsible for compliances under different laws

- **Maintenance of records :**

- A Company must ensure that at all levels the practice of maintaining records is being followed.

# Steps for Preparing for Secretarial Audit :



- Preparation of **Compliance chart** :
  - A Company must prepare compliance chart under various laws applicable to the Company.
- Conduct **Compliance Awareness Programmes** :
  - A Company may also organize *Compliance Awareness Programmes* at all organizational levels to sensitize the employees about the requirement and importance of Compliance and penalties for non-Compliance.



**THANK YOU**