

Annual Secretarial Compliance Report

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About Us



- Vinod Kothari and Company, company secretaries, is a firm with over 35 years of vintage
 - Based out of Kolkata, New Delhi, Mumbai and Bengaluru
- We are a team of qualified company secretaries, chartered accountants and lawyers.

Our Organization's Credo:

Focus on capabilities; opportunities follow



Requirements of Annual Secretarial Compliance (ASC) Report

Applicability, format and comparison with other attestations

Applicability, format, timelines for ASC Report

- Pursuant to Reg. 24A of SEBI LODR – w.e.f. March 31, 2019
 - Inserted based on recommendations of CG committee chaired by Shri Uday Kotak.
 - To strengthen group oversight and improve compliance at a group level for listed entities.
 - Requirement of secretarial audit extended to all equity listed entities and its material unlisted Indian subsidiaries
 - Effective for FY ending March 31, 2019
 - Format same as MR-3
 - Additional reqt. of ASC for equity listed entity
- Requirement extended to HVDLEs as on March 31, 2021 and thereafter
 - Effective September 7, 2021
- Timeline: within 60 days from the end of each FY
- Format of ASC Report as per SEBI circular dated [February 8, 2019](#)
 - Effective for FY ending March 31, 2019
- Amendments to the format in March 16, 2013 and April 10, 2023
 - Effective for FY ending March 31, 2023
 - [BSE](#) and [NSE](#) circular dated March 16, 2023
 - *Additional affirmations*
 - [BSE](#) and [NSE](#) circular dated April 10, 2023
 - *Correction*
- Mode: to be submitted to stock exchange
- Manner: Pdf as well as XBRL
 - [BSE](#) and [NSE](#) circular of March 31 & April 8 2021, resp.
- Penalty: Rs. 2000 per day

ASC Report vs. other attestations (1/2)

Basis of Comparison	ASC Report	Secretarial Audit Report	Annual Return Certification	CG Certificate
Relevant Law	Reg. 24 A of LODR read with SEBI Circular dated Feb 8, 2019.	Section 204 of Act, 2013 read with Rule 9 of MR Rules, 2014 & Reg. 24A of LODR.	Section 92 (2) of Act, 2013 read with Rule 11 (2) of MGT Rules, 2014	Para E of Schedule V to LODR.
Scope	<ul style="list-style-type: none"> Reporting on compliance, observations as well as the action taken by the company on applicable SEBI Regulations and circulars. Report on action taken on past observations/ remarks. 	Reporting on compliance requirements on corporate law and laws applicable specifically on the Company.	Compliance with provisions of Act, 2013.	Compliance of provisions relating to Corporate Governance as indicated in Reg. 15 of LODR.
Applicability	Equity listed entities and HVDLEs	<ul style="list-style-type: none"> Listed companies; Public companies with paid-up share capital of Rs. 50 crores or turnover of Rs. 250 crores or more. Every company having outstanding loans or borrowing from banks or PFIs of Rs. 100 crores or more. Equity listed entities, HVDLEs and their material unlisted subsidiary incorporated in India. (Reg. 24A) 	<ul style="list-style-type: none"> Listed company; or A company having paid-up share capital of Rs. 10 crore rupees or more; A company having turnover of 50 crore rupees or more. 	Equity listed entities and HVDLEs

ASC Report vs. other attestations (2/2)

Basis of Comparison	ASC Report	Secretarial Audit Report	Annual Return Certification	CG Certificate
Format	<ul style="list-style-type: none"> SEBI Circular dated Feb 8, 2019. SE circulars dated March 16, 2023 and April 10, 2023 	Form MR-3	Form MGT-8	No specific format.
Inclusion in annual report	No. It needs to be submitted by the listed entity to the stock exchanges.	Yes. Annexed to the Board's Report (that forms part of Annual Report).	No. Attached to eForm MGT-7 filed with the Registrar.	Yes. Annexed to the Corporate Governance Report (that forms part of Annual Report).
Timeline for submission	Within 60 days from the end of FY	Before approval of Board's Report.	Within 60 days from the date of AGM.	Before approval of Board's Report.
Who can furnish?	Any PCS	Secretarial Auditor appointed by the Board	Any PCS	Auditor or PCS

Format of ASC Report (1/4)

Secretarial compliance report of [?] [Name of the listed entity] for the year ended _____

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 March 31, [●] (“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 there under; 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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (g)(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:

Format of ASC Report (2/4)

(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)	Regulation/ circular no.	Deviations	Action taken by	Type of action	Details of violation	Fine amount	Observations/ remark of the PCS	Management response	Remarks
					Advisory/clarification/Fine/ show cause notice/ warning etc.					

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

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ circular no.	Deviations	Action taken by	Type of action	Details of violation	Fine amount	Observations/ remark of the PCS	Management response	Remarks
					Advisory/clarification/Fine/ show cause notice/ warning etc.					

Format of ASC Report (3/4)

(c) Additional affirmations:

Sr. no.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1	<u>Secretarial Standards:</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).		
2	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entity All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations /circulars /guidelines issued by SEBI. 		
3	<u>Maintenance and disclosure on website</u> <ul style="list-style-type: none"> The listed entity is maintaining a functional website. Timely dissemination of the documents/ information under a separate section on the website. Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website 		
4	<u>Disqualification of Director</u> None of the Director of the Company are disqualified under section 164 of the Companies Act, 2013,		
5	<u>To examine details related to Subsidiaries of the listed entity:</u> <ol style="list-style-type: none"> Identification of material subsidiary companies Requirements with respect to disclosure of material as well as other subsidiaries. 		
6	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under the Listing Regulations.		

Format of ASC Report (4/4)

Sr. no.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
7	<u>Performance Evaluation</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations		
8	<u>Related Party Transactions</u> a. The listed entity has obtained prior approval of Audit Committee for all related party transaction b. In case no prior approval obtained, the listed entity shall provide the detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee		
9	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 51 along with Schedule III of Listing Regulations within the time limits prescribed thereunder.		
10	<u>Prohibition of Insider Trading</u> The listed entity is in compliance with the Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015		
11	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its/ promoters/ directors/ subsidiaries either by SEBI or by the stock exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.		
12	<u>Additional Non-Compliances, if any:</u> No. any additional non-compliance observed for all SEBI regulation/ circular/guidance note etc.		

Place:

Signature:

Date:

Name of the Practicing Company Secretary

ACS/ FCS No.

CP No.:

Ceiling on number of Secretarial Audit, ASC Report

Audit Assignments	Limit per F.Y
1. Secretarial Audits per partner/ PCS : a. Unit not peer reviewed b. Unit peer reviewed	10 15
2. Annual Secretarial Compliance Reports individually/per partner a. Unit not peer reviewed b. Unit peer reviewed	5 10
3. In case of the following, Secretarial Audit/ Secretarial Compliance Report to be done by Peer Reviewed Units only : a. Top 100 companies as per market capitalization b. Top 500 companies as per market capitalization c. All listed companies d. All companies	w.e.f. 01.04.2020 w.e.f. 01.04.2021 w.e.f. 01.04.2022 w.e.f. 01.04.2023



Identification of focus areas

Studying the company, determining focus area, audit plan

Studying the financial statements

- Closely observe the financial statements
 - Most compliance points have some indicators in financial statements
- Liability side
 - Nature of securities issued;
 - Top 5 shareholders – to identify entities holding significant influence;
 - Borrowings – for creation of charges, specific covenants, if any.
 - Other liabilities;
- Asset side
 - Loans given;
 - Investments made;
- Notes to accounts
 - Related party relationships and transactions;
- Transactions with subsidiary & group companies

Determining key focus area

Nature of Company,
Management structure,
Board quality

Shareholding pattern

SEBI Registrations

Investments of the
Company

Manner of raising funds

Nature and quantum of
RPTs

Applicable SEBI Regulations and important circulars (1/2)

■ Basis the listing of securities

■ Equity listed companies

- ICDR Regulations, 2018
- LODR Regulations, 2015 (Chapter II, III, IV)
 - SEBI circular dated Sept 9, 2015
 - Format related circulars
 - RPT related circular
- PIT Regulations, 2015
 - SEBI circular dated May 15, 2015
 - System driven disclosure related circulars
 - SEBI Master Circular on Surveillance of Securities Market (all formats) dated March 23, 2023
- SAST Regulations, 2011
- SBEB Regulations, 2021
- Depositories and Participants Regulations, 2018
- RTA Regulations, 1993
 - SEBI circular April 20, 2018
 - SEBI circular March 16, 2023
- Buyback Regulations, 2018

■ NCS listed companies

- SEBI NCS Regulations (Chapter II, III, V)
 - Operational circular dated April 13, 2022
- LODR Regulations (Chapter II, III, V, VI)
 - In case of HVDLE –additionally reg. 16 to reg. 27
 - Operational circular dated Dec 1, 2022
- PIT Regulations
 - SEBI circular dated May 15, 2015
 - SEBI Master Circular on Surveillance of Securities Market (all formats) dated March 23, 2023
- DT Regulations
- RTA Regulations
 - SEBI circular April 20, 2018
 - SEBI circular March 16, 2023

■ CP listed companies

- SEBI NCS Regulations (Chapter VI)
 - Chapter XVII of SEBI Operational circular dated April 13, 2022

■ Securitised Debt Instruments

- SEBI SDI Regulations, 2008

Applicable SEBI Regulations and important circulars (2/2)

■ **Basis the SEBI registration**

- Intermediaries Regulations, 2008
- Portfolio Managers Regulations, 2020
- Research Analyst Regulations, 2014
- Investment Advisors Regulations, 2013
- Alternative Investment Fund Regulations, 2012
- Real Estate Investment Trusts Regulations, 2014
- Infrastructure Investment Trust Regulations, 2014
- Custodian Regulations, 1996
- Mutual Funds Regulations, 1996
- Merchant Bankers Regulations, 1992
- Stock Brokers Regulations, 1992
- Bankers to an Issue Regulations, 1994
- Credit Rating Agencies Regulations, 1999
- KYC Registration Agencies Regulations, 2011

Codes and policies to be framed by listed entity

■ Under LODR Regulations

- Preservation policy (reg. 9)
- Policy for determining material subsidiaries [reg. 16(1)(c)]
- Policy on succession planning [reg. 17(4)]
- Code of conduct for the board of directors and SMPs [reg. 17(5)]
- Risk assessment and minimization procedures [reg. 17(9)]
- Policy on Board Diversity (reg. 18)
- Remuneration policy (reg. 19)
- Risk Management Policy (reg. 21)
- Vigil mechanism/ whistle blower policy (reg. 22)
- Policy on materiality of and dealing with RPT (reg. 23)
- Policy for determining materiality of events [reg. 30(4)]
- Archival policy [reg. 30(8) & 51 (3)]
- Dividend distribution policy (reg. 43A)

■ Under PIT Regulations

- Code of conduct to regulate, monitor and report trading by DPs and their immediate relatives
- Code of Fair Disclosure of UPSI
- Policy for determining legitimate purpose
- Policy for inquiry in case of leak of UPSI

■ SEBI circular dated April 20, 2018

- Policy on stationery management.



Checkpoints under SEBI LODR Regulations

Board/ committee/ general meeting related, RPT, subsidiaries, material events, policies

Board/ Committee related compliances

Nature of Committees
formed, composition,
TOR.

Flow of information

Powers delegated

Effectiveness of
meetings, decisions
taken

Familiarization of IDs

General meeting related compliances

Approval for mandatory
items in the required
manner

Disclosure in
explanatory statement

Manner of voting
related compliances

Presence of required
persons at the GM

Post GM compliances

Other checkpoints under LODR

- Eligibility for exemption under CG Norms
- Board related;
 - Composition, information to be placed, number of directorship related,
 - Obligations w.r.t. IDs, NEDs,
 - Remuneration paid to directors
- Committee related
 - Composition, terms of reference, actual information placed before the Committees;
- Filing of information/ returns
 - Quarterly, half yearly, annually
- Disclosure of material events;
 - Prior and post.
- Publication of notice/ website related compliances;
- Financial results
 - Format, disclosure as per Schedule VI, intimations, matters to be disclosed along with results.
- Shareholding
 - MPS, filing of SHP, reclassification of holdings
- Annual report related;
 - Disclosures in CG report, MDA Report
- Subsidiary related compliances
 - Unlisted subsidiaries, material subsidiaries, unlisted material subsidiaries.
- Policy related compliances

Checkpoints related to Related Party Transactions (1/2)

- RPT policy
 - Definition of material modification
- Identification of RPs
 - Whether declarations from directors/ KMPs cover all clauses of RP definition?
 - Whether quarterly confirmation is sought from directors/ KMPs
 - Whether RP lists maintained clause by clause wise?
 - Whether RP list updated on real time basis
 - Whether RP list covers RP list of subsidiaries
- Whether all RPTs are identified by company?
- Whether business teams are sensitised about RPT compliance?
- Tracking of RPTs to ascertain material RPTs
- Whether prior approval of AC for all RPTs is obtained?
 - Whether all relevant details as per SEBI circular dated Nov 22, 2021 is placed?
 - Whether interested directors abstained from voting?
 - Whether only IDs voted to approve the RPT?
 - Where subsequently ratified, was it on account of mere breach of limits granted under omnibus approval or delayed identification of related party?
 - Material modifications were pre-approved?
- Whether omnibus approval covers all relevant details as per SEBI circular dated Nov 22, 2021?
 - Whether quarterly OA review is placed before AC?
- Requisite filing under Reg. 23 (9)

Checkpoints related to Related Party Transactions (2/2)

- Was there any significant transactions of subsidiaries where holding co. was not a party?
 - Where value of transactions, with previous transactions, exceeds 10% of the annual consolidated turnover of listed entity? (we.f. April 1, 2023, 10% of the annual standalone turnover of subsidiary)
 - If yes, whether AC approval of holding co. obtained?
- Whether material RPTs have been properly identified?
 - RPTs should be clubbed at RP level and not group level
 - Whether amounts relating to brand usage or guarantee amounts excluded?
- Whether material RPTs are approved by shareholders?
 - Whether all relevant details as per SEBI circular dated Nov 22, 2021 is placed?
 - Whether all RPs abstained from voting?
 - Any external agency certificate to evaluate if transactions were on arm's length?
- Whether framework established for identification of RPT under purpose and effect test.
- Whether material RPTs reported in the quarterly CG report?
- Whether half-yearly disclosures are made to SE?
 - Whether disclosure covers transactions of subsidiaries?

Checkpoints in Related Party Transactions (RPT) Policy

- Whether the Policy provides the concept of ordinary course of business?
- Whether the Policy covers how to determine arm's length nature of a transaction?
- Whether the Policy provides the definition of material modification?
 - Whether material modification is restricted to value of transactions or covers holistic picture?
- Whether the Policy for identification of RPs and periodic updation of RP list?
- Whether the Policy provides for the manner of review and approval of the RPTs?
- Whether criteria for omnibus approval has been approved by the Board? Whether the same has been incorporated in the Policy?
- Whether the Policy specifies the manner of approval for transactions not at arm's length/ not in the ordinary course of business?
- Covers disclosure requirement?
 - Board's report;
 - Corporate Governance Report;
 - Half yearly disclosure to SE;
 - Annual affirmation to SE;
 - Entry in registers.
- Whether Policy provides for the manner of determining RPT with purpose and effect test?
- Whether any separate SOP for RPTs?

Checkpoints related to subsidiaries

- Policy for determining 'material' subsidiary;
- Composition of Board
 - Atleast 1 ID of holding co in the material unlisted subsidiary;
- Review of financial statement by Audit committee
 - Particularly, investments made by the unlisted subsidiary;
- Minutes of unlisted subsidiary
 - To be placed before the board of holding co.;
- Statement of all significant transactions and arrangements of unlisted subsidiary
 - Periodical placement before the board of holding co.;
- Not to dispose off shares of material subsidiary
 - Resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to $\leq 50\%$ without passing a special resolution;
 - Not applicable for a scheme of arrangement duly approved by a Court/Tribunal.
- Secretarial Audit of material unlisted subsidiary incorporated in India.
 - Report annexed to listed entity's annual report
- Sell, dispose, lease of assets of material subsidiary
 - Amounting to $> 20\%$ of its material subsidiary on an aggregate basis during a financial year unless prior SR;
 - Not applicable for a scheme of arrangement duly approved by a Court/Tribunal;
- Disclosure in CG report
 - Details of material subsidiaries, including date of incorporation and name and date of appointment of its statutory auditors
 - Disclosing details of payment made to statutory auditor of the parent and all entities in the network firm/network entity of which the statutory auditor is a part.
- Disclosure of event related to subsidiary which are material for holding co. to SE;
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary by AC.

Checkpoints relating to material events

- **Reg 30 read with Schedule III:**
 - Deemed material events (Para A of Part A of Schedule III);
 - No determination of materiality is required;
 - To be disclosed to SE within 24 hours of occurrence of event;
 - Explanation in case of delay.
 - First to disclose to SE and then others;
 - Events to be material based on determination (Para B of Part A of Schedule III);
 - To check provisions in the Policy;
 - Whether the Policy is specific for the manner of determination
 - Subjective or objective criteria;
 - Whether Committee of KMPs is responsible for determination of materiality;
 - What factors are considered for such determination;
 - Whether any thumb rule is provided internally for such determination;
 - Minutisation of decision taken by the Committee.

UPSI & Material events : manner of determination

■ Material events and information

- Guidance on criteria for determining materiality given in Reg. 30 of Listing Regulations
- Events deemed to be material
 - Indicated in Para A of Part A of Schedule III to Listing Regulations
- Events determined to be material
 - Indicated in Para B of Part A of Schedule III to Listing Regulations
 - Based on the impact of the omission of an event or information is likely to result
 - in discontinuity or alteration of event or information already available publicly;
 - in significant market reaction if the said omission came to light at a later date;
 - Based on the opinion of the board of directors
 - Manner laid down in the board approved policy
 - For determination of materiality.
 - One or more KMP authorized to determine
 - Includes events relating to subsidiaries
 - Material for the listed parent.

■ UPSI

- Includes few events deemed to be material under Reg. 30
 - Financial results;
 - Dividend;
 - changes in KMP;
 - change in capital structure;
 - mergers, de-mergers, acquisitions, delistings, disposals.
- Events determined to be material
 - Deemed UPSI?
 - 'Events' determined 'material' if it is likely to 'materially affect the price'.
 - Criteria is same as definition of UPSI
- KMP authorised under Reg. 30 should be responsible for determining UPSI
 - Recording of reasons, rationale
 - For determination as well as non-determination
- Events/ information that materially impacted the price in the past

Checkpoints in Nomination and Remuneration Policy

- Whether the Policy is clear on its scope?
- What are the principles for selection of IDs?
- What is the overall criteria for selection of executives of the company?
- Whether it captures the general policies for remuneration?
 - For Executive Directors;
 - For Non-Executive Directors;
 - For KMPs
 - For SMPs
 - For other employees
- Where the regulator provides for remuneration related requirements, are those incorporated in the same?

Checkpoints in Dividend Distribution Policy

- General policy of the company as regards dividend;
- Considerations relevant for decision of dividend pay-out; External & internal factors:
 - Statutory requirements;
 - Agreements with lending institutions/ Debenture Trustees;
 - Proposals for major capital expenditures etc;
 - Extent of realized profits as a part of the IND AS profits of the Company;
 - Expectations of major stakeholders, including small shareholders;
 - Operating cash flow, net sales, return on invested capital;
 - Magnitude of earnings;
- Circumstances under which dividend payout may or may not be expected;
- Manner of utilisation of retained earnings.



Checkpoints under PIT Regulations

Codes, SDD, internal controls

Checkpoints in Code of Conduct for Prevention of Insider Trading

- Definition of Designated persons
 - Whether extensively covers the persons involved? Definition aligned with that under Regulations?
- Pre-clearance limit for trading
 - Whether the same is determined on dual aspect – Eg. 1000 shares or value of Rs. 10 lakhs whichever is lower.
 - Whether prior to approving any trades, the compliance officer takes declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information?
 - Whether the code of conduct specified any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed?
- Whether role of compliance officer determined?
- Reporting by the Compliance Officer:
 - To the chairman of Audit Committee/ Board;
 - Periodicity of reporting, matters reported;
- Closing and re-opening of trading window
 - As per provisions, differential closing of TW.
 - For all securities listed?
- Contra trade restrictions
 - Procedure and circumstances for grant of waiver.
- Process and circumstances of bringing people inside;
- Mechanism to handle leak of UPSI;
- Whether the code provides for all formats of reporting?
- Violations under the Code
 - Reported to Stock exchange?
 - Any system of taking disciplinary action?
- Protection of Informant, reference of whistle blower policy
- Code framed as an intermediary or fiduciary?
- Code amended as per recent amendments in the Regulations?

Checkpoints in Code of Fair Disclosure of UPSI

- Definition of UPSI;
- Person responsible for disclosure;
- Functions of the Chief Investor Relations Officer;
- Disclosure Policy;
 - Need to know basis
 - Third party dealings
 - Practice of making transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the website
- Dealing with market rumours
 - Verification and response
- Is there a separate investor relation policy which provides for who attends the investor meets, who addresses rumours, what is the silent period etc.
- Policy for determining legitimate purpose for sharing of UPSI.

Other checkpoints (1/2)

- Whether the scope of designated persons covered under Code is very wide covering all employees?
 - In that case, whether the company follows different practice in case of violation by designated persons versus an employee having no access to UPSI?
- Internal controls implemented by Company
 - Identification of UPSI and maintaining its confidentiality
 - Adequate restrictions on communication or procurement of UPSI
 - Identifying all employees having access to UPSI as DPs
 - Maintaining list of all employees and other persons with whom UPSI is shared
 - Signing confidentiality agreements or serving notice of confidentiality
 - Complying with other relevant requirements.
 - Periodic process review to evaluate effectiveness of internal controls
- Whether SDD is maintained in accordance with reg. 3(5) and 3(6)?
 - Whether maintained in a software in internal server?
 - adequate controls and checks such as time stamping and audit trails
 - Whether entry is made within reasonable time frame?
 - Whether SDD covers minimum contents?
 - Nature of UPSI
 - Name and PAN of persons who shared UPSI and who received UPSI
 - Purpose of sharing UPSI
 - Date and time of sharing
 - Date of entry in SDD

Other checkpoints (2/2)

- Trading window closure
- Disclosure requirements
 - Initial, continual and off-market.
 - Tracking of trades by company
- Whether the designated persons are sensitized on the Code of conduct and requirement under the regulations?
- Mechanism adopted by Company to implement insider trading code
 - Mobile app, software, intranet to ensure real time updation by employees as well as compliance officer.
 - How does information flows to compliance officer and how the same is reported by Compliance officer to chairman of Audit/ Board periodically.
- Maintenance of records.
- What is grey list?
 - Those securities (external companies) in respect of which executives of the company may have UPSI
 - Not only does the company bar trading on its own securities, but it also bars trading on external securities, based on likelihood of UPSI with company's executives
- Whether the Company maintains a grey list?
 - Is there a mechanism for the implementation of the same?
- Frequency of unscheduled meetings with analysts.
 - Whether transcripts put up on website, presentation shared with Stock Exchange.
- Compliances by listed entity as a DP.
- Whether any action has been initiated by SEBI against the company or any other of its promoter, director KMP, officer or employee under PIT, regulation in present or past?



Checkpoints under SAST Regulations

Brief checkpoints

Checkpoints in brief

- Compliances as a Target Company
 - In case of open offer, where the TC has performed its obligations under SAST [Reg.26]
- Compliances as an acquirer or promoter
 - Whether company has any investment in equity listed entities?
 - Whether there were any acquisition of shares or voting rights or control?
 - Open offer triggered or eligible for exemption?
 - In case of exemption, check reporting as per Reg. 10.
 - Disclosure under Reg. 29.
 - As per format prescribed, except where covered under SDD.
 - Whether the investments have been pledged or encumbered?
 - Disclosure under Reg. 31.
 - Detailed reasons of disclosure by promoters in cases covered under [SEBI Circular](#) August 7, 2019
 - Whether confirmation on encumbrance placed before Audit Committee.
 - Whether shareholder holding 25% of the paid up capital of the company has acquired 5% or more share or voting rights in financial year?



Checkpoints under SBEB Regulations

Brief checkpoints

Checkpoints in brief

- Whether there is a compensation committee? What is the terms of reference of such committee?
- Whether ESOP scheme contains minimum terms and conditions given under the regulations?
- Whether trust deed contains minimum information given under the regulations?
 - Whether trustee is independent and qualified as per the regulations?
- Whether shareholders' approval through special resolution was obtained for ESOP scheme?
 - Whether explanatory statement contains the minimum information given under the regulations?
 - Whether separate resolution was passed for authorising trust to implement the scheme?
 - Whether separate resolution was passed for grant of ESOPs to employees of subsidiaries?
- Whether in-principle approval was obtained from stock exchange before grant of options?
- Disclosure requirements
 - Whether shareholding on the trust is shown under “non-promoter and non-public” shareholding?
 - Whether stock exchange disclosure was made at the time of exercise of options?
 - Whether website contains disclosure as per Part F to Schedule I?
 - Whether its weblink is given in the board's report?



Sources of checking compliances for ASC report

Company documents, data available in public domain

Documents that may be sought from company

- Minutes of the Board, committee and general meetings
- Terms of reference of all committees
- Director disclosures
 - Disclosure w.r.t. non-disqualification
 - Declaration of independence
 - Declaration confirming compliance with code of conduct
 - Declarations under PIT Regulations
- Updated listed of related parties
- Compliance Certificate placed before the Board u/r 17(3)
- Compliance Certificate by CEO and CFO u/r 17(8)
- Certificate by CEO and CFO u/r 33(2)(a)
- Virtual walkthrough of Structured Digital Database
- Sample confidentiality agreements/ notice of confidentiality
- Codes and policies not available on website
- Documents of previous years as per the preservation policy of the company
- Relevant confirmations from the Company

Data available in public domain

- Annual Report
- Website of the Company
- Stock exchange disclosures and intimations
- Penalties imposed by BSE - https://www.bseindia.com/static/corporates/non_compliance_new.aspx
- Penalties imposed by NSE - <https://www.nseindia.com/regulations/listing-compliance/non-compliant-companies-list>
- Penalties imposed by SEBI - <https://www.sebi.gov.in/enforcement/orders.html>
- ROC adjudication orders - <https://www.mca.gov.in/content/mca/global/en/data-and-reports/rd-roc-info/roc-adjudication-orders.html>
- Debt issuance on EBP – [NSE](#), [BSE](#)
- Centralized database – [NSDL](#), [CDSL](#)
- To check non-disqualification of director
 - For personal disqualification – rely on the declaration submitted by director
 - For company related disqualification
 - Check the annual filing status of each company in which he is a director – from MCA Master Data
 - For failure to repay deposits or interest thereon, redeem debentures or interest thereon, dividend declared
 - Where other companies are listed, check from the stock exchanges,
 - Where other companies are unlisted, rely on the declaration submitted by director

Guidance to professionals in practice to carry out their assignments

- ICSI guidance dated [April 20, 2021](#)

- PCS may sign/authenticate/attest any return/report/certificate/any other document, electronically by DSC instead of physical signatures in accordance with the IT Act, 2002 and the UDIN norms, wherever applicable, as prescribed by ICSI shall be complied with;
- DSC shall contain date and time stamp, in such cases individual/firm stamp/seal need not be affixed;
- PCS shall ensure non disclosure/ confidentiality norms for data access, wherever required;
- Secretarial audit/other assignments maybe undertaken virtually by using appropriate IT tools such as data rooms, cloud servers, remote access tools for accessing relevant documents including signed extracts of minutes;
- PCS may obtain electronically signed extracts of minutes or other relevant records/documents, for their purpose of their records.
- Client meetings maybe conducted virtually;
- PCS shall adhere to best professional standards and practice
- PCS shall mention facts about prevalent conditions which has impacted verification of documents and may include a statement as give below:
 - “We have conducted online verification and examination of records as facilitated by the Company, due to Covid-19 and subsequent lockdown (wherever applicable) for the purpose of issuing this report/certification/document (as applicable)”;
- Government norms w.r.t. containment of COVID-19 shall be strictly complied with.

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