

CORPORATE UPDATES**SECRETARIAL AUDIT REPORT & SECRETARIAL COMPLIANCE REPORT****SEBI CIRCULAR NUMBER CIR/CFD/CMD1/27/2019 DATED FEBRUARY 08, 2019**

- As per Regulation 24A of SEBI (LODR) 2015, Secretarial Audit is applicable to **listed entities and their material unlisted subsidiaries** and **SECRETARIAL COMPLIANCE REPORT** is applicable to **listed entities** w.e.f. year ended 31st March 2019.
- **MEANING OF UNLISTED MATERIAL SUBSIDIARY** “unlisted material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- Section 204 of Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 requires **SECRETARIAL AUDIT** in the form MR-3 by listed Companies for the other class of companies shall be as under-
 - (a) Every public company having a paid-up share capital of fifty crore rupees or more; or
 - (b) Every public company having a turnover of two hundred fifty crore rupees or more.

Listed companies to submit the Secretarial Compliance report **within 60 days from closure of financial year starting from year ended 31st March 2019**. It means for the **first time Secretarial Compliance report to be submitted before 30th of May for the Financial Year 18-19**.

KEY POINTS BETWEEN SECRETARIAL AUDIT AND SECRETRIAL COMPLIANCE REPORT

<u>PARTICULARS</u>	<u>SECRETARIAL AUDIT</u>	<u>SECRETARIAL COMPLIANCE REPORT</u>
APPLICABILITY AS PER SEBI REGULATIONS	1. Every listed companies 2. Material unlisted subsidiary (ies) of listed entities.	1. Every listed companies having its equity shares listed on stock exchange(s)
SCOPE OF WORK	PCS to ensure the compliances of all applicable laws to the companies	Broad compliance check of all applicable SEBI Regulations, Circular / Guidelines issued by SEBI from time to time
FORMAT	Form MR – 3 (<u>prescribed under Companies Act, 2013</u>)	Annexure – A attached to the Circular (<u>as per SEBI Circular</u>)
DUE DATE FOR SUBMISSON	Auditor to submit the Audit Report to management which shall form part of Annual Report	Within 60 days from closure of financial year.

NOTE: REGULATION 24A IS NOT APPLICABLE ON SME LISTED COMPANIES AS REGULATION 17 TO 27 IS NOT APPLICABLE ON SME'S

ACTS TO BE COVERED WHILE PREPARING SECRETARIAL COMPLIANCE REPORT

(The following list 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)

S. NO.	LAWS TO BE COVERED
1.	SEBI (LODR)
2.	SEBI (SCRA)
3.	SEBI (ICDR)
4.	SEBI (BUYBACK)
5.	SEBI (ACQUISITION AND TAKEOVER)
6.	SEBI (SHARE BASED EMPLOYEE BENEFIT)
7.	SEBI (ISSUE AND LISTING OF DEBT SECURITY)
8.	SEBI (ISSUE AND LISTING OF NCRPS)
9.	SEBI (INSIDER TRADING)
10.	OTHERS, AS APPLICABLE
11.	INCLUDING GUIDELINES AND CIRCULARS ISSUED THEREUNDER

REFER- https://www.sebi.gov.in/legal/circulars/feb-2019/format-for-annual-secretarial-audit-report-and-annual-secretarial-compliance-report-for-listed-entities-and-their-material-subidiaries_42015.html

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