

A close-up photograph of a person's hands holding a magnifying glass over a document. The document features a bar chart with several bars of varying heights. The person's fingers are visible, holding the handle of the magnifying glass. The background is blurred, showing more of the document and possibly a calculator.

# Proposed amendments to 'Secretarial Compliance Report, Appointment of Auditors and RPTs'



**Corporate  
Professionals**  
WHERE EXCELLENCE IS LAW

# **Strengthening the secretarial compliance report of a listed entity**

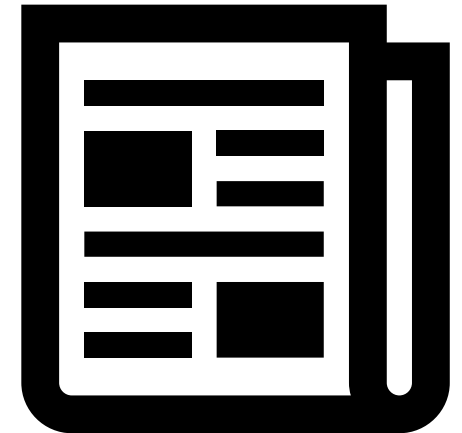


# **Recommendations in the Consultation Paper**

## **Proposed Changes in the Format:**

- Review in accordance with the **Guidelines issued by ICSI;**
- Additional check compliance relating to:
  - **Depositories Act, 1996;**
  - **Sweat Equity Regulations, 2021**
- Assumptions & limitation of scope and review:

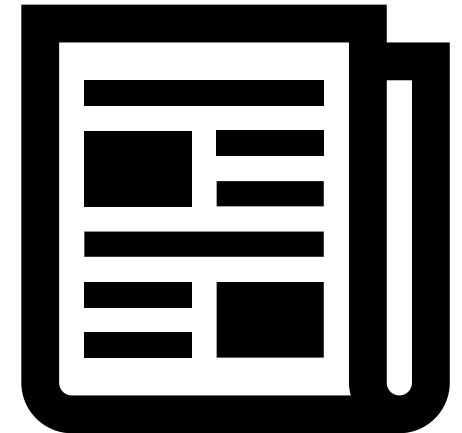
**“The management is responsible for compliance with laws and document authenticity. Our role is to report based on document review, not an audit or opinion. We have not verified financial records. This report is for compliance with Regulation 24A(2) of LODR and does not assure future viability or management effectiveness.”**



# Recommendations in the Consultation Paper

## Removal of duplication in certifications:

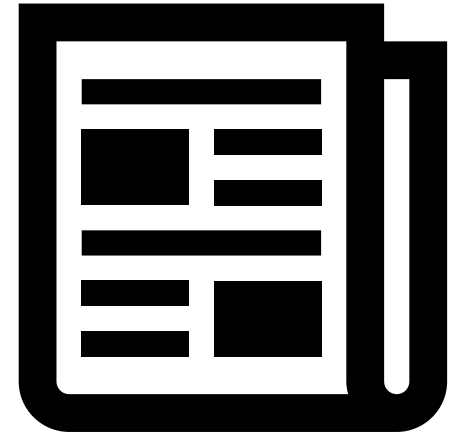
- Certificate on compliance with **corporate governance**;
- Certification on **directors not being disqualified** from being appointed or continue on the board of companies;
- Certifications required under **regulations 13, 26, 27 and 36 of the SBEBS Regulations**.



# ● Recommendations in the Consultation Paper

## Proposed Changes:

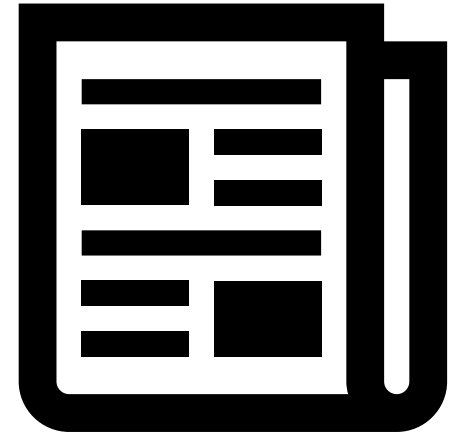
**Mandatory inclusion** of ASCR in the Annual Report alongside the secretarial audit report *(Regulation 34)*



# ● Recommendations in the Consultation Paper

## Proposed Changes:

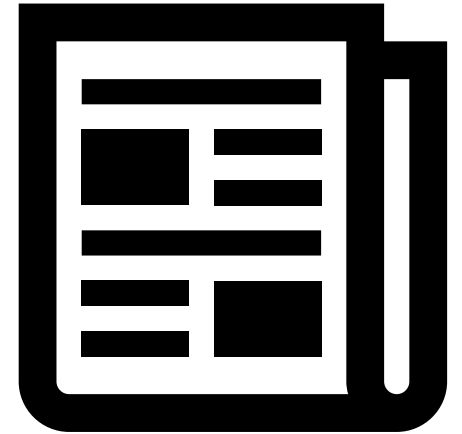
Amendment to Regulation 48 to mandate compliance with Secretarial Standards along with Accounting Standards.



# Recommendations in the Consultation Paper

## Proposed Changes:

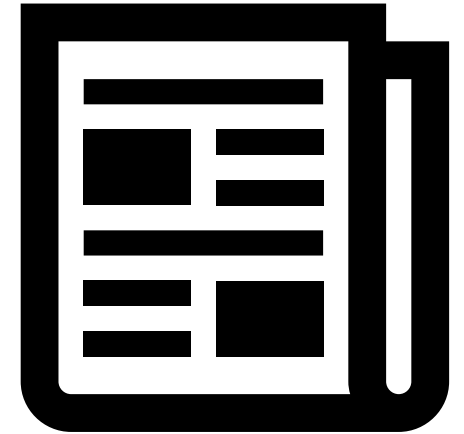
**Events related to secretarial auditor (change/resignation) to be classified as Deemed Material Events under Para A of Part A of Schedule III (Schedule III, Part-A).**



# ● Recommendations in the Consultation Paper

## Proposed Changes:

Disclosure of fees payable to the secretarial auditor under Corporate Governance Report (Schedule V).

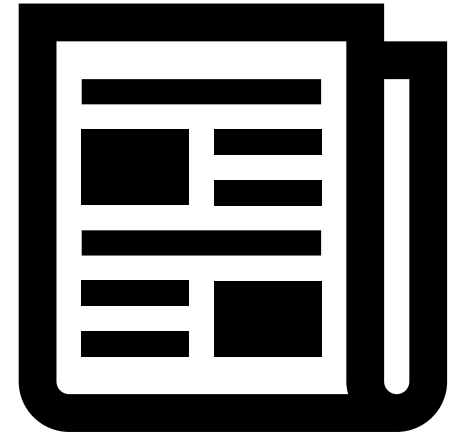




# ● Recommendations in the Consultation Paper

## Proposed Changes:

**Adherence to ICSI Guidance Note on Secretarial Audit and ASCR  
(Section VI-A of SEBI Master Circular dated November 11, 2025).**



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

**Do you agree with the revised format of Annual Secretarial Compliance Report as proposed in Consultation Paper?**



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Should the Annual Secretarial Compliance Report be disclosed as part of the Annual Report of a listed entity?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Should the requirement to obtain separate certificates on compliance with corporate governance and disqualification status of directors, as required under schedule V of the LODR Regulations, be exempt if Annual Secretarial Compliance Report is annexed to the Annual Report?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Should the requirement to place a certificate from secretarial auditor in the general meeting on compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as required under regulations 13, 26, 27 and 36, for schemes implemented by the listed entity be exempt if Annual Secretarial Compliance Report is annexed to the Annual Report?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Do you agree with the proposal to amend regulation 48 of the LODR Regulations to require listed entities to comply with applicable secretarial standards?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Do you agree with the proposal to include change or resignation of a secretarial auditor as a deemed material event under schedule III of the LODR Regulations?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Do you agree with the proposal to mandate disclosures on total fees paid and change of secretarial auditor, if any, during the financial year in the Annual Report of the listed entity?





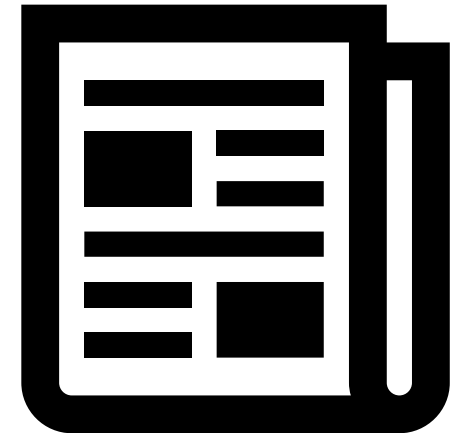
# **Specifying eligibility criteria for appointment of statutory auditor of a listed entity**



# Recommendations in the Consultation Paper

## Proposed Changes:

- Proposed to include a provision similar to **Rule 3(1) of the Companies (Audit and Auditors) Rules, 2014**, in LODR to enable SEBI and stock exchanges to monitor compliance and enhance stakeholder confidence;
- The audit committee will **assess the qualifications and experience** of signing partners.



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Should a provision similar to that specified in Rule 3(1) of the Companies (Audit and Auditors) Rules, 2014 be incorporated in the LODR Regulations?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Should audit committee be required to consider whether the qualifications and years of experience of the signing partner(s) of the firm appointed as statutory auditor are commensurate with the size and requirements of the listed entity?



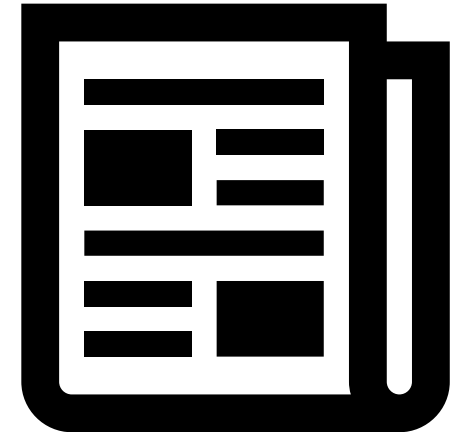
# Disclosures for Auditor Appointments and Reappointments



# Recommendations in the Consultation Paper

## Proposed Changes:

Proposed to amend Regulation 36(5) of LODR to **mandate disclosures to the Audit Committee, Board, and shareholders** during the appointment/re-appointment of statutory and secretarial auditors.



# Recommendations in the Consultation Paper

## Minimum Information to be provided: Statutory Auditor

Audit Committee and Board of Directors	Shareholders
<b>Basic Details:</b> Name, legal structure, registration info, address, branches, website, key partners (if LLP/firm), staff strength, and network alliances in India and abroad.	<ul style="list-style-type: none"><li>• Statutory Auditor's name;</li><li>• Approval by the Audit Committee and Board;</li><li>• Qualifications &amp; experience;</li><li>• Regulatory orders or proceedings;</li><li>• Prohibited services under Section 144 of the Companies Act;</li><li>• Fee details (audit, non-audit, and past payments);</li><li>• Significant past associations exceeding 10% of turnover; and</li><li>• Rationale for appointment despite any past orders.</li></ul>
<b>Experience related and past associations:</b> Number of years of experience, names of other listed entities, names of group companies audited, past associations with promoters and group companies, Audit Quality Maturity Model (AQMM) score with ICAI link, details of key partners, their qualifications, experience, and other audit engagements.	
<b>Compliance related:</b> Statutory Auditor's peer review certificate validity, compliance with Rule 4(1), past orders or pending proceedings with regulatory bodies, and any prohibited services under Section 144 of the Companies Act, including actions taken, if any.	
<b>Fees Related:</b> Details of proposed fees for audit, taxation, company law, and other services, including reimbursements. Disclose total fees paid to the outgoing auditor, reasons for fee changes, non-audit fee percentage, and total remuneration received by the proposed auditor from the company or group entities in the last financial year.	



# Recommendations in the Consultation Paper

## Minimum Information to be provided: Secretarial Auditor

Board of Directors	Shareholders
<b>Basic Details:</b> Name, legal structure, registration info, address, branches, website, key partners (if LLP/firm), staff strength, and network alliances in India and abroad.	<ul style="list-style-type: none"><li>• Secretarial Auditor's name;</li><li>• Experience;</li><li>• Website;</li><li>• Board approval;</li><li>• Past engagements with the listed entity or group companies in the last three years;</li><li>• Any regulatory actions or pending proceedings;</li><li>• Prohibited services under SEBI norms, fees (audit, non-audit, and remuneration from group entities);</li><li>• Rationale for fee changes; and</li><li>• Terms of appointment.</li></ul>
<b>Experience related and past associations:</b> Secretarial Auditor's experience, past associations, listed entities audited, and qualifications of key partners.	
<b>Compliance related:</b> Secretarial Auditor must hold a valid peer review certificate, meet SEBI regulations, and disclose past orders, pending proceedings, and prohibited services, if any.	
<b>Fees Related:</b> Details of proposed fees for audit, other services, and expenses, along with fees paid to the outgoing auditor, rationale for fee changes, non-audit fee percentage, and total remuneration from the company or group entities.	





# ● Recommendations in the Consultation Paper

## Consultation Proposal:

**Do you agree with the proposal to mandate disclosure of minimum information to the Audit Committee, Board of Directors and shareholders at the time of appointment or re-appointment of Statutory Auditors and Secretarial Auditors of the listed entity?**



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Do you agree with the proposed format for disclosure of minimum information, as specified in Consultation Paper, at the time of appointment or re-appointment of Statutory Auditors of the listed entity?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Do you agree with the proposed format for disclosure of minimum information, as specified in Consultation Paper, at the time of appointment or re-appointment of Secretarial Auditors of the listed entity?



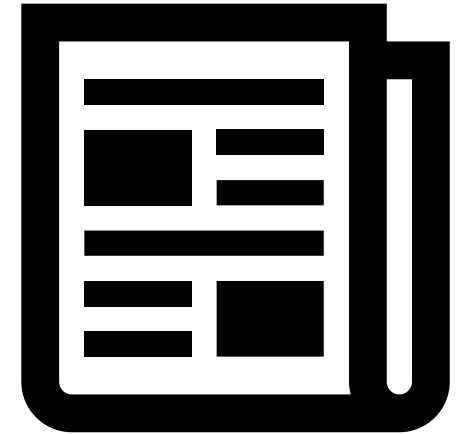
# **Simplifying RPT Approval for Subsidiaries**



# Recommendations in the Consultation Paper

## Proposed Changes:

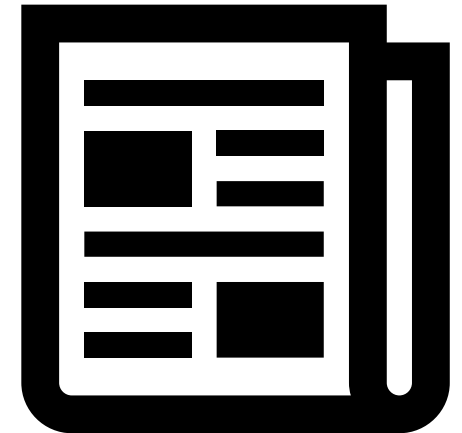
For RPTs by a subsidiary of a listed entity, a monetary threshold of **₹1000 crore (Main Board)** and **₹50 crore (SME)** is proposed alongside the **existing 10% standalone turnover threshold**. The lower of the two will apply for audit committee approval, aligning Regulation 23(2) with the materiality threshold in Regulation 23(1) of LODR. This applies to subsidiaries with a financial track record.



# ● Recommendations in the Consultation Paper

## Proposed Changes:

For subsidiaries without a financial track record (i.e., no published financials for at least a year), the 10% threshold will be based on standalone net worth (certified by a CA within three months) instead of turnover. The proposed monetary thresholds of ₹1000 crore (Main Board) and ₹50 crore (SME) will also apply, with the lower of the two considered for audit committee approval. In case of negative net worth, share capital plus securities premium will be used instead. This ensures consistency across subsidiaries.



# Recommendations in the Consultation Paper

## Consultation Proposal:

In case of RPTs undertaken by a subsidiary of a listed entity and where the subsidiary has published financial statements for at least one year, whether a monetary threshold should be specified as proposed in addition to the existing percentage-based threshold of 10% of standalone turnover of the subsidiary for approval of the RPTs by audit committee of the listed entity?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

In case of RPTs undertaken by a subsidiary of a listed entity and where the subsidiary does not have published financial statements for at least one year, whether the monetary threshold and percentage-based threshold as proposed should be specified for approval of the RPTs by audit committee of the listed entity?







# Clarifications on the Applicability of RPT Regulations

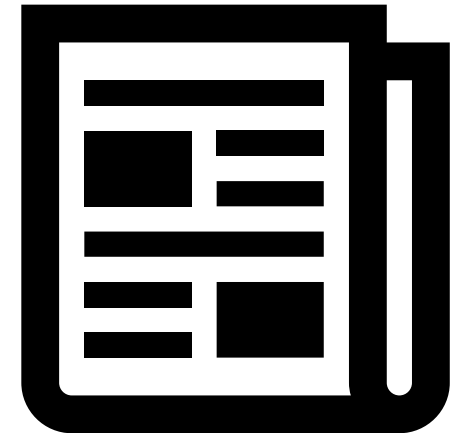
15 February 2025



# ● Recommendations in the Consultation Paper

## Proposed Changes:

- Proposed to clarify that the definition of ‘related party transaction’ under Regulation 2(1)(zc) should be read with ‘related party’ under Regulation 2(1)(zb), ensuring subsidiaries identify related parties per LODR. **An explanation may be added to Regulation 2(1)(zc).**
- Proposed to clarify that RPT approval exemptions under Regulation 23(5)(b) and (c) apply only when the subsidiary’s accounts are consolidated with the listed holding company and approved by shareholders. **The word ‘listed’ may be added in clause (b) to remove ambiguity.**



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

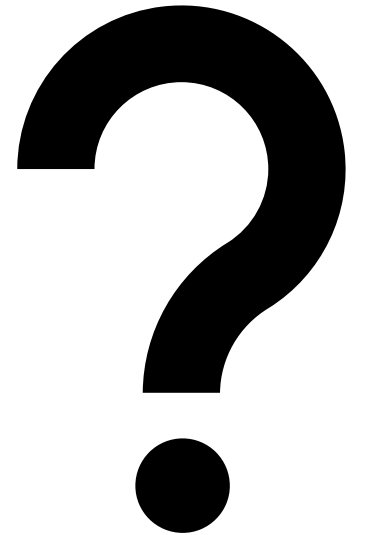
Whether a **clarification should be added in the LODR Regulations** that related parties of subsidiaries have to be identified as per the definition of 'related party' given in Regulation 2(1)(zb) of LODR Regulations?



# ● Recommendations in the Consultation Paper

## Consultation Proposal:

Whether **the word 'listed' should be inserted** in reference to holding company under clause (b) of Regulation 23(5) of LODR Regulations to clarify that the exemption from RPT approval requirements are applicable to transactions between a listed holding company and its wholly owned subsidiary?





**Corporate  
Professionals**  
WHERE EXCELLENCE IS LAW