The points/deviations in relation to MR-3 of different companies in comparison to standard MR-3 are as under point wise:

1. While reporting the MR-3, i found in MR-3 of certain companies that the practicing company secretary used words "generally " in Para 3 that the company has generally complied with statutory provisions listed. There is no requirement mentioned in standard report of MR-3 about word “generally”. The word “generally” used by practicing company secretaries, chartered accountants or other designated professionals in normal way in their professional reports for their safer side or in general sense. The word “ generally creates’ even slight doubt in the mind of shareholders whether the company has not followed in TOTO all provisions of Section 204(1) of Companies Act,2013 applicable for secretarial audit report or not ? If we go technically in this regard as per law language, that creates question whether “specifically” the company has complied all provisions of secretarial audit or not? The word “specifically” is more precise as compared to ward “generally” while drafting any such report as per language of laws, if the company has not completely followed all provisions of section 204(1) of Companies Act, 2013. The Secretarial Audit is related to not only compliance of secretarial audit process but also compliance of all statutory provisions of applicable laws as per standard format of MR-3.. If any Company follows all statutory provisions in relation to Secretarial audit as per applicable rules and regulations and provisions of companies act prescribed by MCA and guidance note issued by ICSI in relation to Secretarial Audit, there is no need to mention word “generally” in Secretarial Audit Report. On the contrary, if there is non compliance in relation to any provisions of sec-204(1) of Companies Act, 2013 in relation to secretarial audit including secretarial audit process, then there is duty of the company to disclose that facts in MR-3 to shareholders rather than use words "generally".

2 I have gone through MR-3 of different companies as shareholder and found that the report of many practicing company secretaries are silent on specific provision of MR-3 in relation to " compliance of other laws as specifically to Company" (Refer Point (vi) of attached standard form of MR-3 issued by Central Government) in relation to financial laws and other tax laws.
As per guidance note issued by ICSI for secretarial audit for practicing company secretaries, secretarial auditor is expected to check compliance of all financial laws and tax laws. (Refer Page No. - 18 of attached guidance note of Secretarial Audit issued by ICSI)
In this regard, ICSI has issued checklist for practicing company secretaries to conduct secretarial audit. (Refer Annexure-D of Guidance Note- Page No.-36 to 39 of attached Guidance Note of Secretarial Audit). This clearly suggests that if the Company has not paid any statutory dues towards income tax, sales tax, custom taxes, central Excise and Service Tax, Central Sales Tax etc, due to dispute with respective authorities, then the Company Secretary must disclose the same in their report considering above points of guidance note as well as report of other designated professionals such as Chartered Accountant Firms. In this regard , Mr. R. Sridharan also suggests to their professional members that in case of financial laws like tax laws and custom Act etc, Secretarial auditor may rely on Reports given by statutory auditors or other designated professionals.(Refer bullet point no. 3 of scope of Secretarial Audit finalized by council of ICSI at its 226th meeting held on November 21, 2014) – Refer attached letter of Mr. R. Shidharan dated 22/12/2014

With reference to the point (vi) of MR-3, if We technically go through the same considering guidance note on secretarial audit issued by ICSI and also as per decision of council of ICSI on its 226th meeting held on 21st November,2014 in relation to scope of secretarial audit, the practicing company secretary needs to mention any observations/non compliance of the above laws in MR-3 if the same appears in audit report of financial statements of that company either by practicing chartered accountant firms or practicing cost audit firms considering reliance on their professional reports.

Many Practicing Company Secretaries are silent to report about observations/non compliance disclosed by practicing chartered accountant firms in relation to clause of nonpayment of various taxes due to disputes of the company with various government authorities or put point in their Annexure – A of their audit report that " the compliance by the company of applicable financial laws like direct tax laws and indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals".

As the standard report suggests that any observations in relation to other laws as many as applicable specifically to Company should be reported by Practicing Company Secretary. (Refer Point (vi) of attached standard MR-3), In this regard, many companies have not mentioned observations stated by statutory auditor in their MR-3 report.

The other observation is that Many companies are not mentioned other laws which are specifically applicable to that company in that report. Though, there is no compulsory requirement to mention other laws sectorwise applicable to the concerned company as per standard MR-3.The same is better presentation to shareholders' about other laws sectiorwise applicable to the concerned company. The ICSI has also mentioned sectorwise laws applicable to the companies for presentation of MR-3 reports for their professional members.(Refer attached document " scope and sectorwise list of laws")

3. There is standard requirement in relation to adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance. I found that certain companies use words "adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance". In certain other companies, i found that the company has bifurcated the sentence in two sentences and used words "at least seven days" in advance precedes before to adequate notice was given to all directors to schedule the Board Meetings. Thereafter the words, "Agenda and detailed notes on agenda were sent in advance" used. If we go technically as per requirement of standard report of MR-3, in above both cases, the company violates the requirement of standard report that the company must send adequate notice to directors to schedule the board meetings, agenda and detailed notes on agenda at least seven days in advance. This creates ambiguity in the mind of shareholders whether the company has fulfill requirement of giving notice to schedule the board meetings, agenda and detailed notes on agenda at least seven days in advance or not. The other question arises whether the Agenda and detailed notes on agenda were sent in advance separately from notice to schedule the board meetings and whether the same comply requirement of seven days in advance or not? The shareholders' are in ambiguity whether notice to schedule the board meetings, agenda and notes on agenda were sent combine or separately and also in both cases,

the requirement of giving to board of directors at least seven days in advance were complied by company or not. The notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda simultaneously in common practice before schedule of meetings.

4. One another point is that for F.Y 2014-15, as per section -135 of Companies Act, 2013, it is responsibility of Company to spend 2% of average net profits of after tax of preceding three years' towards CSR activities. In case of many Companies due to first year of implementation or expenditure towards CSR activities spreads over more than one year, i.e-2014-15, it is found that the Company has not spent 2% of average net profits after tax of preceding three years', then the Companies comply the section-135 of Companies Act,2013 in their Annual report on CSR Activities , part of their Annual Report including disclosing the reasons for amount to be unspent out of total amount to be spent (2%) as per section-135 of Companies Act,2013.

In this regard, in MR-3, Certain Practicing Company Secretaries are not specified the quantum of amount unspent and total amount to be spent towards CSR activities even though the amount spent by company is less than limit of 2% as specified under section-135 of Companies Act; which is non compliance of section-135 of Companies Act, 2013. The Practicing Company Secretary use words "the Company has unspent amount during the year in the amount to be spent towards Corporate Social Responsibility". The report of Practicing Company Secretary is independent from report of Board of directors' on CSR activities. The shareholders' more rely on report of practicing company secretary as the their report is independent from report of board of directors' in relation to compliance of all five mandatory laws, which are part of scope of secretarial audit as decided in 226th council of ICSI held on November 11,2014. Non compliance of Section-135 of Companies Act,2013 by any Company is also non compliance of provisions of Companies Act,2013 even though at present, there is no mandatory requirement for the companies to spend 2% of their average profits in the same financial year and also there is no penalty for non compliance of Section-135 of Companies Act,2013.If we go technically as per standard MR-3 and also as per guidance note on secretarial audit of ICSI, it is responsibility of practicing company secretary to report any deviation in relation to five mandatory laws in relation to scope of secretarial audit which was decided in 226th council of ICSI held on November 11,2014.

5. The secretarial audit is related period of financial year commencing after 31st March, 2014. As we all know, it relates to financial year/period of the Company. I found that in case of certain companies that certain provisions of SEBI are not applicable to that company, the company has not mentioned that the certain specific provisions of SEBI as per standard report are not applicable to them. In this case it is advisable for the company to use words that" the same sections/laws are not applicable to company " or use words" the other regulations of the relevant sections/laws as may be applicable to the Company". The transparent presentation of applicable laws in MR-3 of companies avoids any ambiguity in the mind of shareholders.