

Compliance Certificate by Practicing Company Secretary (PCS) for listing of Small & Medium Enterprises (SMEs)

In recognition of the role of SMEs in economic development of the country, Securities and Exchange Board of India (SEBI) and the Stock Exchanges have laid down a conducive regulatory framework for raising resources by SMEs from the market, keeping in view the interests of investors. According to the framework, a SME meeting with the norms of listing on SME Platform of a Stock Exchange can raise resources from the market.

While considering a request from SME for listing, the Stock Exchanges take various inputs into account. One critical input is the Compliance Certificate issued by a PCS as per the Guidance Note of the Institute of the Company Secretaries of India (ICSI).

The ICSI, in consultation with Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange of India Ltd (NSEIL), have developed the format of Compliance Certificate to be issued by a PCS and also a Guidance Note for their use.

The Guidance Note requires the PCS to verify the level of adherence of the SME to the SEBI Act, Securities Contracts (Regulation) Act and the Rules/Regulations made there under.

The Compliance Certificate and the Guidance Note is appended below for ready reference.

This is a part of ICSI initiative to facilitate raising of resources by SMEs and arm the PCSs to implement the Regulatory Framework.

COMPLIANCE CERTIFICATE

FOR

LISTING AT SME PLATFORM

OF

STOCK EXCHANGES



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

COMPLIANCE CERTIFICATE

For listing / issue of _____ (Nos.) _____ Equity Shares / Other Securities (please specify) of Rs. _____ each (hereinafter referred to as “the specified securities”) of _____ Ltd., on the _____ Stock Exchange pursuant to the Initial Public Offer (IPO)

To,

The _____ Stock Exchange

Dear Sir(s),

Sub: Listing / Issue of _____ (Nos.) _____ Equity Shares / Other Securities (please specify) of Rs. _____ each (hereinafter referred to as “the specified securities”) of _____ Ltd., on the _____ Stock Exchange pursuant to the Initial Public Offer (IPO) made by the Issuer under Chapter XB of the SEBI (ICDR) Regulations, 2009

I state that this Certificate has been issued in accordance with the Guidance Note issued by the Institute of Company Secretaries of India in this regard.

I / We have examined the records, books and papers (collectively referred to as “the records”) of _____ Limited (the issuer) made available and placed before me / us. In my / our opinion and to the best of my / our information and according to the examinations carried out by me / us and explanations furnished to me / us by the issuer, its officers, agents and other intermediaries involved in the aforesaid Initial Public Offer / Public Issue (hereinafter referred to as “the IPO”), I / we certify the following in respect of the aforesaid IPO, that:

(I) Background of the Issuer

1. The issuer was / was not listed on any stock exchange, at any time in history of the company. (Please mention the details, if the issuer was listed)
2. The promoters, promoter group entities and directors of the issuer are not related / associated with any company that has been compulsorily delisted by Stock Exchange(s) or is suspended from trading on the Stock Exchanges.
3. The issuer is / is not a potentially sick company.

4. No Bank / Financial Institution / Entity has invoked the SARFAESI Act against the issuer or has classified any of the assets of issuer as an NPA.
5. There is no disciplinary action taken, in the past five years, by any stock exchange or regulatory authority i.e. Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) or Ministry of Corporate Affairs (MCA), against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company(ies), directors, group companies / subsidiaries, referred to in Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus / Letter of offer (hereinafter referred to as "the offer document"). (Please mention the present status of disciplinary action, if there is any)
6. Prohibitory Orders : There are no prohibitory orders issued by SEBI, Stock Exchanges, Registrar of Companies, Company Law Board or High Court against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, referred to in the offer document. **[Clause 15 of Listing Agreement]**
7. None of the directors of the issuer are disqualified under section 274(1)(g) of the Companies Act, 1956.
8. None of the promoter / promoter group entities are associated with any company that is sick / potentially sick / against which winding up petition has been filed or winding up order has been passed.
9. There is no non-compliance with regard to the appointment of Managing Director / Whole Time Director of the issuer (Please mention details, in case of any non-compliance)
10. The issuer has / has not made all statutory filings and returns required to be made under Companies Act, 1956 for the last three years within the statutory time period. (Please attach an Annexure mentioning the details of statutory filings for last three years stating the last date of filing and actual date of filing by the issuer)
11. The issuer has / has not maintained the statutory registers under the Companies Act, 1956
12. The issuer has / has not made all disclosures required to be made under Section 297 of Companies Act, 1956 in respect of related party transactions (please mention details, in case of any non-compliance)

(II) Schemes / Petitions filed by the Issuer

1. There are no schemes under the provisions of the Companies Act, 1956, pending with any High Court / National Company Law Tribunal (NCLT) / any other regulatory or statutory authority involving the issuer. (If yes, details thereof)
2. There are no schemes filed in the High Court, in which the issuer is a respondent company. (If yes, details thereof)
3. There is / are no winding up petition filed / orders issued against the issuer. (If yes, details thereof)
4. The issuer has been / has not been referred to BIFR. (If yes, details thereof, including status of reference/ implementation of the BIFR order etc.)
5. The issuer has been / has not been referred to Corporate Debt Restructuring (CDR). (If yes, details thereof including status of reference/ implementation of the CDR etc.)
6. There are no petitions filed or pending in any Court / Company Law Board, for disputes relating to the management of the issuer. (If yes, details thereof)

(III) Status of compliance with Securities Law, Company law etc.

In respect of the IPO, the issuer is in compliance with all the applicable provisions of SEBI Act 1992, SEBI (ICDR) Regulations 2009, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, and the Companies Act, 1956 and Rules and Regulations issued under the said laws and related amendments thereto.

(IV) Post Issue Face Value Capital

The issuer is proposing to make an IPO of specified securities in terms of Chapter XB of SEBI (ICDR) Regulations, 2009. The post IPO face value capital of the issuer will be Rs. _____.

(V) Filing of Draft Prospectus / Draft Red Herring Prospectus

The issuer has filed the Draft Prospectus / Draft Red Herring Prospectus with SME Exchange / Exchange with SME Platform (Please specify name of the exchange) in respect of the IPO through the SEBI registered merchant banker(s). **[Regulation 106 O (1) of Chapter XB]**

(VI) Due Diligence

The merchant banker/s to the IPO of the issuer has / have submitted the due diligence certificate in the prescribed format as required under Chapter XB of SEBI (ICDR) Regulations, 2009 to the Stock Exchange(s) and SEBI. **[Regulation 106 O (2) of Chapter XB]**

(VII) Capital Structure of the Issuer including Pledge of Shares

1. There are no regulatory orders restraining the issuer from altering its capital structure.
2. The issuer has complied with all the requirements of the Companies Act, 1956 and other acts relating to the current outstanding nominal capital.
3. The issuer has not issued any shares with superior rights as to voting or dividend or has not issued warrants or convertible instruments that would give rise to shares with superior rights as to voting or dividend.
4. There are no outstanding convertible instruments (including warrants) issued by the issuer.
5. _____ (Nos.) specified securities of the issuer held by the promoters / promoter group of the issuer (amounting to _____% of promoters / promoter group shareholding) are pledged; the details whereof has been correctly disclosed in the offer document.
6. There are no restrictive clauses in the Articles of Association of the issuer in respect of specified securities. (Please mention if there are restrictive clauses in the AOA)
7. The issuer has established connectivity with the Depositories directly or through Registrars and Share Transfer Agents and as on date, _____ % of total specified securities are in dematerialised form and _____ % of total specified securities are in physical form.
8. Entire holding of specified securities by the promoters / promoter group is in dematerialised form OR The promoters / promoter group have taken adequate steps to convert their holding into dematerialised form (Please mention the expected timeline for conversion to dematerialised holdings)

(VIII) Payment of Deposits, Statutory dues etc.

There are no defaults in payment of dues to the banks and financial institutions, towards Employees' Provident Fund, towards Payment of Deposits under 58A, 58AA of the Companies Act, 1956 and/or any other statutory dues.

(IX) Appointment of Compliance Officer

The issuer has appointed company secretary as a Compliance Officer for monitoring the share transfer process and liaising with the authorities such as SEBI, Stock Exchanges, ROC etc. **[Clause 50 of Listing Agreement]**

(X) Maintenance of website

The issuer has its website with the domain name _____ / has taken adequate steps for launch of its website at least one month before the opening of the IPO. (Please attach the print-out of the website's home page) **[Clause 33(a) and 34(b) of Listing Agreement]**

(XI) Compliance with Corporate governance

The status / level of compliance with all the mandatory provisions of Clause 52 of the Listing Agreement relating to Corporate Governance, as on date is as under:

- (i) Board Composition (Please confirm Compliance)
- (ii) Non Executive Directors including Independent Directors
- (iii) Board Committees (Please confirm Compliance)
- (iv) Information to be placed before the Board
- (v) Code of Conduct
- (vi) Audit Committee – Constitution, Role
- (vii) Details of related party transactions

(XII) Risk management

The issuer has laid down procedures for risk assessment and process for initiating adequate steps to inform Board members about the identified risks. **[Clause 52(IV) (C) of Listing Agreement]**

(XIII) Accounting standards

There is / is no qualification, reservation or adverse remarks / comments by the statutory auditors in the annual reports of the issuer in last five years regarding non-compliance of the accounting standards issued by ICAI from time to time. (Please mention the qualification, reservation or adverse remarks/comments, if any)
[Clause 53 of Listing Agreement]

Signature:

Place :

Name of Company Secretary:

Date :

C.P. No. :

Note: The qualification, reservation or adverse remarks, if any, may be stated at the relevant places.

List of Documents / Records Referred For Confirming Compliance (Illustrative)

Company Statutory Documents

1. Memorandum and Articles of Association
2. Minutes of Board Meeting(s)
3. Minutes of Board Committee Meeting(s)
4. Circular Resolution(s) of the Board / Committee
5. Notice(s) of General Meeting(s)
6. Minutes of the General Meeting(s)
7. E-form 23, E-form 5 filed with ROC challan evidencing payment of fees and approval status of form
8. Form 32 for appointment of Company Secretary
9. Stamped Copy of E-form 5 evidencing payment of state stamp duty

Offer Related Documents

10. Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus (Offer Documents)
11. Due Diligence Certificate from Merchant Bankers
12. Consent letters from Directors
13. Power of Attorney issued by the Director(s) for signing offer documents, if any
14. Appointment letters to and consent letters from all the intermediaries like Underwriters, Stock Brokers, Merchant Bankers and Monitoring Agency
15. Memorandum of Understanding entered into between the issuer and intermediaries
16. Tripartite agreement between the issuer, its Registrar to Issue (RTA) and Depositories (NSDL and CDSL)
17. MOU with RTA
18. Issue related advertisement issued by the issuer

Payment of Fees

19. Acknowledgement of Annual Listing Fees and Listing Application Processing Fees payment
20. Agreement with Stock Exchanges for the use of trading terminals and acknowledgement for payment of fees for the same
21. Acknowledgement of Custody Fees paid to NSDL and CDSL

Others

22. RBI Approval Letters
23. FIPB Approval Letters
24. Letter of Intent SIA Registration
25. Loan Agreements / Term Sheets
26. Shareholders Agreement
27. Bank Comfort Letter

**GUIDANCE NOTE
ON
CERTIFICATION FOR LISTING/ISSUE OF SHARES BY SMEs**

INTRODUCTION

The mobilisation of resources from the primary market has witnessed transformation initiated by SEBI. There is a visible shift in regulatory prescription from control regime to self regulatory regime providing market players desired level of flexibility to manage their affairs and at the same time minimise regulatory interventions. The concept of self regulation imbibes in it independent professional support that assures that the affairs of the business are conducted conforming to regulatory requirements in true letter and spirit. This independent professional intervention creates a win-win situation for all constituents of governance process and in particular the market players.

Public issue of equity shares is an important segment of securities market as it enables the companies, to raise resources required for business and related purposes. In recognition of the need for making finance available to Small and Medium Enterprise (SMEs), SEBI decided to encourage promotion of dedicated exchanges and/or dedicated platforms of the exchanges for listing and trading of securities issued by SMEs. Consequently, SEBI amended SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 [“SEBI (ICDR) Regulations, 2009”] by inserting a new Chapter on “Issue of specified securities by small and medium enterprises”, through notification dated April 13, 2010. Accordingly, an issuer whose post issue face value capital does not exceed Rs. 10 crores shall issue specified securities in accordance with the provisions of this Chapter and get listed on the SME Exchange. An issuer whose post issue face value capital is more than rupees ten crores and upto rupees twenty-five crores may also issue specified securities in accordance with the provisions of this Chapter. In continuation of the same and to facilitate listing of specified securities in the SME exchange, SEBI vide Circular No. CIR/CFD/DIL/6/2010 dated May 17, 2010 specified the “Model Equity Listing Agreement” to be executed between the issuer and the Stock Exchange, to list/migrate the specified securities on SME Exchange, in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009.

As an aid to the process of issue / listing of shares at the SME exchange and in order to ensure that various formalities and procedures relating to issue processes and listing of SMEs are adhered to and the SME issuer is fully compliant with the Regulations connected therewith, the Institute of Company Secretaries of India (ICSI) promoted and developed the concept of Pre-Certification for listing / issue of shares by SMEs and after series of discussions with senior professionals, stock exchanges

and market intermediaries, formulated the Compliance Certificate on listing/issue of shares by SMEs, to be provided by a Company Secretary in Practice.

This Compliance Certificate may be submitted to the Stock Exchanges while seeking the 'in-principle' approval for listing of shares in SME Exchange.

Such Certificate seeks to provide comfort and assurance to the Regulator and Stock Exchanges to the effect that the proposed listing of SMEs conforms to the regulatory prescriptions.

BSE vide its circular dated 26th November 2012, as part of the conditions for listing on SME platform through IPO, had desired the company to file a Compliance Certificate by a Practising Company Secretary as per the guidance note issued by the Institute of Company Secretaries of India as and when such a certification is made applicable by the SME Platform of BSE Ltd.

OBJECTIVE

This Guidance Note seeks to assist the Practising Company Secretaries (PCS) in issuing the Compliance Certificate for listing or issue of shares on SME Exchange issued under IPO/further issue of shares. It also seeks to provide detailed compliances on each and every aspect to enable listing of shares.

DEFINITIONS

The following terms are used in this Guidance Note with the meaning specified:

“Act” means the Companies Act, 1956 or any statutory modification or re-enactment thereof and includes any Rules and Regulations framed thereunder.

“BIFR” means Board for Industrial and Financial Reconstruction.

“CDR” means Corporate Debt Restructuring.

“Chapter” means relevant chapter of the SEBI (ICDR) Regulations, 2009

“Company” or “Issuer” means any company seeking listing of shares at the SME Exchange.

“Convertible securities” means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security and includes convertible debt instrument and convertible preference shares”

“Director” includes any person occupying the position of director, by whatever name called.

“Financial Institution” means

(i) a public financial institution within the meaning of section 4A of the Companies Act, 1956 (1 of 1956)

(ii) any institution specified by the Central Government under sub-clause

(ii) of clause (h) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993);

(iii) the International Finance Corporation established under the International Finance Corporation (Status, Immunities and Privileges) Act, 1958 (42 of 1958);

(iv) any other institution or non-banking financial company as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934), which the Central Government may, by notification, specify as financial institution for the purposes of this Act;

“Initial Public Offer (IPO)” means an offer of specified securities by an unlisted issuer to the public for subscription and includes an offer for sale of specified securities to the public by any existing holders of securities in an unlisted issuer”

“Issuer” means any person making an offer of specified securities.

“Listing Agreement” means the SME Model Listing Agreement.

“Main Board” means a recognised stock exchange having nationwide trading terminals, other than SME Exchange.

“Net Worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

“NPA” means Non Performing Asset.

“Promoter group” includes:

- (i) the promoter;
- (ii) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
- (iii) in case promoter is a body corporate:
 - (A) a subsidiary or holding company of such body corporate;
 - (B) any body corporate in which the promoter holds ten percent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;
 - (C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty percent or more of the equity share

capital in that body corporate also holds twenty percent or more of the equity share capital of the issuer; and

- (iv) in case the promoter is an individual:
 - (A) any body corporate in which ten per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;
 - (B) any body corporate in which a body corporate as provided in (A) above holds ten percent or more, of the equity share capital;
 - (C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total; and
- (v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten percent or more of the equity share capital of the issuer is held by such person.

Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them.

“Regulation” means Regulation of the SEBI (ICDR) Regulations, 2009

“SARFAESI Act” means the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

“Section” means section of the Act.

“SEBI (ICDR) Regulations, 2009” means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

“SME Exchange” or “Exchange with SME Platform” means a trading platform of recognised stock exchange having nationwide trading terminals permitted by the SEBI to list the specified securities issued in accordance with Chapter XB of SEBI (ICDR) Regulations, 2009 and includes stock exchange granted recognition for this purpose but does not include the Main Board.

“Sick Company” means a Company (having been in existence for not less than five years) which is found at the end of any financial year to have incurred accumulated losses equal to or exceeding its entire net worth.

“Specified Securities” means equity shares and convertible securities.

“Subsidiary company” or “subsidiary” means a subsidiary company within the meaning of Section 4 of the Companies Act, 1956.

“Year” means a financial year.

“Offer Document” means the Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus or the Letter of Offer, as the case may be, issued by the issuer.

Words and expressions used herein and not defined shall have the meaning respectively assigned to them under the Act or the Securities and Exchange Board of India Act, 1992 or the Securities Contracts (Regulation) Act, 1956, or the SEBI (ICDR) Regulations, 2009, as the case may be.

SCOPE OF THE COMPLIANCE CERTIFICATE

The scope of Compliance Certificate is wide enough to include certification of the compliance of applicable provisions under the Companies Act, 1956 and the rules made thereunder, ICDR Regulations, and the Listing Agreement proposed to be entered with the SME Exchange. This certificate should also disclose whether any prohibitory orders, prosecutions notices etc. have been issued against the company. It should also highlight whether the company is a potentially sick company or not, in terms of BIFR Act.

FORMAT OF COMPLIANCE CERTIFICATE

The Format of the Compliance Certificate for issue and listing of specified securities on the SME Exchange pursuant to the Initial Public Offer (IPO) under Chapter XB of the SEBI (ICDR) Regulations, 2009 is provided at **Annexure A**.

CHECKLIST

The detailed paragraph wise checklist for issue of Compliance Certificate to SMEs is given at **Annexure B**.

RIGHT TO ACCESS RECORDS

PCS for the purpose of issue of Compliance Certificate shall have right to access to, at all times, the registers, books, papers, documents and records of the Company whether kept in pursuance of the Act or any other Act or otherwise and whether kept at the registered office of the company or elsewhere and shall be entitled to require from the officers or agents of the company, such information and explanations as the PCS may think necessary for the purpose of such certificate.

METHODOLOGY FOR CARRYING OUT VERIFICATION FOR CERTIFICATION

PCS should obtain access to various documents and books including the Memorandum and Articles of Association of the company, Annual Reports, various statutory and other Registers including the Minutes Books, copies of forms and returns filed with the ROC etc. which the PCS considers essential for the purpose of issuing this certificate.

PCS should verify all the available records. However, depending on the facts and circumstances, a letter of representation/declaration may be obtained from the company in respect of matters where verification may not be practicable.

A specimen of letter of representation which may be obtained from the company is given in **Annexure 'D'**.

CERTIFICATION WITH QUALIFICATION

The qualification, reservation or adverse remarks, if any, should be stated by the PCS at the relevant places.

If the PCS is unable to form an opinion with regard to any specific matter, such fact with regard to that matter shall be stated clearly alongwith the reasons therefor. If the scope of work required to be performed, is restricted on account of limitations (like certain books or papers being in custody of another person or Government Authority) the certificate may indicate such limitations. If such limitations are so material as to render the PCS being unable to express any opinion, the PCS should state that “in the absence of necessary information and records, I am unable to certify compliance by the company in relation to that specific matter”.

A specimen of Compliance Certificate is given at **Annexure 'C'**.

PROFESSIONAL RESPONSIBILITY

A PCS should adhere to the highest standards of professional ethics, excellence and due diligence and exercise great care and caution while issuing the Compliance Certificate.

ENGAGEMENT LETTER

PCS shall, immediately on acceptance of the assignment to issue the Compliance Certificate, execute an Engagement Letter containing the terms of engagement with the issuer. The Engagement Letter *inter-alia* should contain a Confidentiality Clause to the effect that the PCS shall maintain confidentiality of all information concerning the issuer, which may be accessed / acquired during the course of engagement for issuance of compliance certificate.

COMPLIANCE CERTIFICATE

For listing / issue of _____ (Nos.) _____ Equity Shares / Other Securities (please specify) of Rs. ____ each (hereinafter referred to as “the specified securities”) of _____ Ltd., on the _____ Stock Exchange pursuant to the Initial Public Offer (IPO)

To,

The _____ Stock Exchange

Dear Sir(s),

Sub: Listing/ Issue of _____ (Nos.) _____ Equity Shares/ Other Securities (please specify) of Rs. ____ each (hereinafter referred to as “the specified securities”) of _____ Ltd., on the _____ Stock Exchange pursuant to the Initial Public Offer (IPO) made by the Issuer under Chapter XB of the SEBI (ICDR) Regulations, 2009

I state that this Certificate has been issued in accordance with the Guidance Note issued by the Institute of Company Secretaries of India in this regard.

I / We have examined the records, books and papers (collectively referred to as “the records”) of _____ Limited (the issuer) made available and placed before me / us. In my / our opinion and to the best of my / our information and according to the examination carried out by me / us and explanations furnished to me / us by the issuer, its officers, agents and other intermediaries involved in the aforesaid Initial Public Offer / Public Issue (hereinafter referred to as “the IPO”), I / we certify the following in respect of the aforesaid IPO, that:

(I) Background of the Issuer

1. The issuer was / was not listed on any stock exchange, at any time in history of the company. (Please mention the details, if the issuer was listed)
2. The promoters, promoter group entities and directors of the issuer are not related / associated with any company that has been compulsorily delisted by Stock Exchange(s) in the past _____ years or is suspended from trading on the Stock Exchanges.
3. The issuer is / is not a potentially sick company in terms of BIFR Act.
4. No Bank / Financial Institution / Entity has invoked the SARFAESI Act against the issuer or has classified any of the assets of issuer as an NPA in the past _____ years.

5. There is no disciplinary action taken, in the past five years, by any stock exchange or regulatory authority i.e. Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) or Ministry of Corporate Affairs (MCA), against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company(ies), directors, group companies / subsidiaries, referred to in Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus / Letter of offer (hereinafter referred to as “the offer document”). (Please mention the present status of disciplinary action, if there is any)
6. Prohibitory Orders : There are no prohibitory orders issued by SEBI, Stock Exchanges, Registrar of Companies, Company Law Board or High Court or Supreme Court in the past _____ years against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, referred to in the offer document. **[Clause 15 of Listing Agreement]**
7. None of the directors of the issuer are disqualified under section 274(1)(g) of the Companies Act, 1956.
8. None of the promoter / promoter group entities are associated with any company that is sick / potentially sick / against which winding up petition has been filed or winding up order has been passed in the past _____ years.
9. There is no non-compliance with regard to the appointment of Managing Director / Whole Time Director of the issuer (Please mention details, in case of any non-compliance)
10. The issuer has / has not made all statutory filings and returns required to be made under Companies Act, 1956 for the last three years within the statutory time period. (Please attach an Annexure mentioning the details of statutory filings for last three years stating the last date of filing and actual date of filing by the issuer)
11. The issuer has / has not maintained the statutory registers under the Companies Act, 1956
12. The issuer has / has not made all disclosures required to be made under Accounting Standard (As-18) issued by ICAI in respect of related party transactions (please mention details, in case of any non-compliance)

(II) Schemes / Petitions filed by the Issuer

1. There are no schemes under the provisions of the Companies Act, 1956, pending with any High Court / National Company Law Tribunal (NCLT) / any other regulatory or statutory authority involving the issuer. (If yes, details thereof)
2. There are no schemes filed in the High Court, in which the issuer is a respondent company. (If yes, details thereof)
3. There is / are no winding up petition filed / orders issued against the issuer. (If yes, details thereof)
4. The issuer has been / has not been referred to BIFR. (If yes, details thereof, including status of reference/ implementation of the BIFR order etc.)
5. The issuer has been / has not been referred to Corporate Debt Restructuring (CDR). (If yes, details thereof including status of reference/ implementation of the CDR etc.)
6. There are no petitions filed or pending in any Court / Company Law Board, for disputes relating to the management of the issuer. (If yes, details thereof)

(III) Status of compliance with Securities Law, Company Law etc.

In respect of the IPO, the issuer is in compliance with all the applicable provisions of SEBI Act 1992, SEBI (ICDR) Regulations 2009, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, and the Companies Act, 1956 and Rules and Regulations issued under the said laws and related amendments thereto.

(IV) Post Issue Face Value Capital

The issuer is proposing to make an IPO of specified securities in terms of Chapter XB of SEBI (ICDR) Regulations, 2009. The post IPO face value capital of the issuer will be Rs. ____.

(V) Filing of Draft Prospectus / Draft Red Herring Prospectus

The issuer has filed the Draft Prospectus / Draft Red Herring Prospectus with SME Exchange / Exchange with SME Platform (Please specify name of the exchange) in respect of the IPO through the SEBI registered merchant banker(s). **[Regulation 106 O (1) of Chapter XB]**

(VI) Due Diligence

The merchant banker/s to the IPO of the issuer has / have submitted the due diligence certificate in the prescribed format as required under Chapter XB of SEBI (ICDR) Regulations, 2009 to the Stock Exchange(s) and SEBI. **[Regulation 106 O (2) of Chapter XB]**

(VII) Capital Structure of the Issuer including Pledge of Shares

1. There are no regulatory orders restraining the issuer from altering its capital structure.
2. The issuer has complied with all the requirements of the Companies Act, 1956 and other acts relating to the current outstanding nominal capital.
3. The issuer has not issued any shares with superior rights as to voting or dividend or has not issued warrants or convertible instruments that would give rise to shares with superior rights as to voting or dividend.
4. There are no outstanding convertible instruments (including warrants) issued by the issuer.
5. ____ (Nos.) specified securities of the issuer held by the promoters / promoter group of the issuer (amounting to ____% of promoters / promoter group shareholding) are pledged; the details whereof has been correctly disclosed in the offer document.
6. There are no restrictive clauses in the Articles of Association of the issuer in respect of specified securities. (Please mention if there are restrictive clauses in the AOA)
7. The issuer has established connectivity with the Depositories directly or through Registrars and Share Transfer Agents and as on date, ____ % of total specified securities are in dematerialised form and ____ % of total specified securities are in physical form.
8. Entire holding of specified securities by the promoters / promoter group is in dematerialised form OR The promoters / promoter group have taken adequate steps to convert their holding into dematerialised form (Please mention the expected timeline for conversion to dematerialised holdings)

(VIII) Payment of Deposits, Statutory dues etc.

There are no defaults in payment of dues to the banks and financial institutions, towards Employees' Provident Fund, towards Payment of Deposits under Section 58A, 58AA of the Companies Act, 1956 and/or any other statutory dues.

(IX) Appointment of Compliance Officer

The issuer has appointed company secretary as a Compliance Officer for monitoring the share issue process and liaising with the authorities such as SEBI, Stock Exchanges, ROC etc. **[Clause 50 of Listing Agreement]**

(X) Maintenance of website

The issuer has its website with the domain name _____ / has taken adequate steps for launch of its website at least one month before the opening of the IPO. (Please attach the print-out of the website's home page) **[Clause 33(a) and 34(b) of Listing Agreement]**

(XI) Compliance with Corporate Governance

The status / level of compliance with all the mandatory provisions of Clause 52 of the Listing Agreement relating to Corporate Governance, as on date is as under:

- (i) Board Composition (Please confirm Compliance)
- (ii) Non Executive Directors including Independent Directors
- (iii) Board Committees (Please confirm Compliance)
- (iv) Information to be placed before the Board
- (v) Code of Conduct
- (vi) Audit Committee - Constitution, Role
- (vii) Details of related party transactions

(XII) Risk management

The issuer has laid down procedures for risk assessment and process for initiating adequate steps to inform Board members about the identified risks. **[Clause 52(IV) (C) of Listing Agreement]**

(XIII) Accounting standards

There is / is no qualification, reservation or adverse remarks / comments by the statutory auditors in the annual reports of the issuer in last five years regarding non-compliance of the accounting standards notified by the Central Government from time to time. (Please mention the qualification, reservation or adverse remarks/comments, if any) **[Clause 53 of Listing Agreement]**

Signature:

Place :

Name of Company Secretary:

Date :

C.P. No. :

Note: The qualification, reservation or adverse remarks, if any, should be stated at the relevant places.

List of Documents / Records Referred For Confirming Compliance (Illustrative)

Company Statutory Documents

1. Memorandum and Articles of Association
2. Minutes of Board Meeting(s)
3. Minutes of Board Committee Meeting(s)
4. Circular Resolution(s) of the Board / Committee(s)
5. Notice(s) of General Meeting(s)
6. Minutes of the General Meeting(s)
7. E-form 23, E-form 5 filed with ROC challan evidencing payment of fees and approval status of form
8. Form 32 for appointment of Company Secretary
9. Stamped Copy of E-form 5 evidencing payment of State stamp duty

Offer Related Documents

10. Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus (Offer Documents)
11. Due Diligence Certificate from Merchant Bankers
12. Consent letters from Directors
13. Power of Attorney issued by the Director(s) for signing Offer Documents, if any
14. Appointment letters to and consent letters from all the intermediaries like Underwriters, Stock Brokers, Merchant Bankers and Monitoring Agency
15. Memorandum of Understanding entered into between the issuer and intermediaries
16. Tripartite agreement between the issuer, its Registrar to Issue (RTA) and Depositories (NSDL and CDSL)
17. MOU with RTA
18. Issue related advertisement(s) issued by the issuer

Payment of Fees

19. Acknowledgement of Annual Listing Fees and Listing Application Processing Fees payment
20. Agreement with Stock Exchanges for the use of trading terminals and acknowledgement for payment of fees for the same
21. Acknowledgement of Custody Fees paid to NSDL and CDSL

Others

22. RBI Approval Letters
23. FIPB Approval Letters
24. Letter of Intent, SIA Registration
25. Loan Agreements / Term Sheets
26. Shareholders Agreement
27. Bank Comfort Letter

CHECKLIST FOR ISSUE OF COMPLIANCE CERTIFICATE

1) Background of the Issuer

Para 1. The issuer was / was not listed on any stock exchange, at any time in history of the company. (Please mention the details, if the issuer was listed)

Check:

(a) websites of the stock exchanges

(b) website / past records of the company

If listed, give the details of listing viz. the Exchange where it was listed, period of listing, time & reasons for delisting etc.

Para 2. The promoters, promoter group entities and directors of the issuer are not related / associated with any company that has been compulsorily delisted by Stock Exchange(s) in the past five years or is suspended from trading on the Stock Exchanges.

Check whether the directors are/were related / associated with any company that has been delisted in the past five years. For this, check:

a) Form 24AA u/s 299 of the Act, filed for the past five years by the directors disclosing the companies in which they are interested.

b) Obtain list of listed companies in which the directors were related / associated in the past six years and verify the dates with Stock Exchanges data available

b) Sec 274(1)(g) certificate (Form DD-A) given by the directors in the past _____ years stating whether they are disqualified pursuant to sec 274(1)(g) from any company.

c) stock exchange website (s) for companies whose shares are compulsorily delisted in the past five years. Again check whether the name of the company appears in the forms filed by directors. Also check if the earlier names of the company are appearing in the list of delisted companies.

Note: In the Annual report, the company is required to give the details of where the company is listed, scrip code etc. Also, the name of the company and scrip code of that company is available in the website of the concerned stock exchanges.

d) whether such companies are currently suspended from trading on any of the stock exchange from the website of the stock exchange.

Para 3. The issuer is / is not a potentially sick company.

An industrial unit is regarded as “potentially sick” or “weak” unit if, at the end of any financial year, it has accumulated losses equal to or exceeding 50 per cent of its peak net worth in the immediately preceding four financial years. (Sec 23(1) of the Sick Industrial Companies (Special Provisions) Act 1985)

Check whether:

- a) the company has been in existence for not less than five years.
- b) If not, the company has at the end of any financial year, accumulated losses equal to or exceeding 50 per cent of its peak net worth in the immediately preceding four financial years

Para 4. No Bank / Financial Institution / Entity has invoked the SARFAESI Act against the issuer or has classified any of the assets of issuer as an NPA in the past five years.

Non Performing Assets means

- An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank.
- A non performing asset (NPA) is a loan or an advance where;
 - interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan
 - the account remains ‘out of order’ as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC),
 - the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
 - the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
 - the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
 - the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
 - in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

- Banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Check:

- a) whether the company has received notice under section 13(2) of the SARFAESI Act for classification of debt as NPA and its repayment thereof in the past five years.
- b) whether the company has repaid the debt within the time limit prescribed in the notice or not.
- c) whether the secured creditor has invoked the provisions of section 13 (4) of the SARFAESI Act on failure of the company to repay the debt within the time limit prescribed in the past five years.
- d) the Index of Charges in Ministry of Corporate Affairs (MCA) and conduct a Search in the records of MCA to ascertain no Charge has been assigned to any Asset Reconstruction Company by the secured creditor (s).

Para 5. There is no disciplinary action taken, in the past five years, by any stock exchange or regulatory authority i.e. Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) or Ministry of Corporate Affairs (MCA), against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company(ies), directors, group companies / subsidiaries , referred to in Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus / Letter of offer (hereinafter referred to as "the offer document"). (Please mention the present status of disciplinary action, if there is any).

Check the websites of watchoutinvestors.com and / or websites of SEBI, Stock Exchanges, MCA, RBI, IRDA, Forward Markets Commission (FMC) etc. to check if any disciplinary action(s) is taken against the company / directors / promoters / group / promoting companies in the past five years.

Para 6. Prohibitory Orders : There are no prohibitory orders issued by SEBI, Stock Exchanges, Registrar of Companies, Company Law Board or High Court or Supreme Court in the past five years against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, referred to in the offer document . [Clause 15 of Listing Agreement]

Get written confirmation to that effect from the Company about promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, referred to in the offer document.

Check:

(i) the websites of Supreme Court, High Court, Company Law Board, SEBI, MCA to know whether any show cause notice/prohibitory order has been issued by the ROC, High Court, Company Law Board in the past five years against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, which are referred in the offer document for non-compliance of any of the provisions of the Act;

If the notice has been issued, then verify the explanations given by the company while assessing enormity of the violations in question.

(ii) Check whether any compounding applications have been filed and if so the status of the applications also needs to be ascertained.

If the matter has been compounded, check whether the prosecution launched has been withdrawn by ROC.

Para 7. None of the directors of the issuer are disqualified under section 274(1)(g) of the Companies Act, 1956.

Check:

a) Certificate given by the Directors under Section 274(1)(g) of the Act and placed before the Board.

b) website of MCA for Balance Sheet / Annual Return filings of the relevant year (also of other companies in which the directors of the issuer are directors).

Para 8. None of the promoter / promoter group entities are associated with any company that is sick / potentially sick / against which winding up petition has been filed or winding up order has been passed in the past _____ years.

Check:

a) the Form 24AA and disclosure under sec 274(1)(g) filed by the promoter directors to ascertain the name of the companies in which they are interested.

b) the financial statements / annual returns of promoters group entities to ascertain the companies in which they are interested

c) the websites of High Courts, Registrar of Companies, Company Law Board to know whether any winding up order has been passed against such companies in which Promoters or its group entities are interested.

d) Also check whether such companies are potentially sick companies in the manner discussed under Para 3.

Also, seek individual confirmation / declaration from promoter / promoter group entities to that effect.

Para 9. There is no non-compliance with regard to the appointment of Managing Director / Whole Time Director of the issuer (Please mention details, in case of any non-compliance)

Check whether

(a) an MD has been appointed where capital exceeds five crores.

(b) disclosures required to be made in respect of the MD / WTD reappointed and newly appointed were made in the notice of the Annual General Meeting

Also check:

(a) Compliance under Section 192

(b) Compliance of Section 269 (Form 25A or 25 B or 25 C)

(c) Compliance of Section 302(7)

(d) Application, if any under Section 314

(e) Compliances under Schedule XIII

Para 10. The issuer has / has not made all statutory filings and returns required to be made under, the Companies Act, 1956 for the last three years within the statutory time period. (Please attach an Annexure mentioning the details of statutory filings for last three years stating the last date of filing and actual date of filing by the issuer)

Check the following for last three years:

(a) Annual Return

Check whether:

(i) the annual return as per schedule V of the Act has been duly filed with the ROC alongwith e-form 20B (for companies having share capital) within prescribed time limits (even where annual general meeting has not been held);

(ii) the annual return has been duly signed and the requisite certificates have been attached as per section 161 of the Act;

(iii) in case of a company whose shares are listed on a recognised stock exchange, the return is also signed by a PCS.

(b) Balance Sheet & Profit and Loss Account under section 220

Check:

(i) whether e-form 23AC was filed with the ROC within 30 days of the date of the annual general meeting along with a copy of the balance sheet duly authenticated, including the Board's report, Auditors' report and other documents (mandatory attachment), statement of subsidiaries as per section 212 of the Act and optional attachment(s), if any;

(iv) whether a copy of the profit and loss account duly authenticated was filed with the ROC in e-form 23ACA within 30 days of the date of the annual general meeting along with optional attachment(s), if any;

(v) where an annual general meeting has not been held, e-form 23AC and 23ACA along with the prescribed attachments, were filed within 30 days from the latest day on or before which the meeting should have been held and whether a statement of that fact and of the reasons therefor was filed along with the said e-forms;

(vi) where balance-sheet and the profit and loss account, were laid before but not adopted by the annual general meeting or the annual general meeting was adjourned without adopting the balance sheet, whether a statement of that fact and reasons therefor was filed along with the said e-forms.

(c) Compliance Certificate under Section 383A

Check whether:

(i) the company to which proviso to sub-section (1) of section 383A of the Act is applicable, has filed with the ROC, e-form 66 along with a certificate from a PCS, pursuant to rule 3 of the Companies (Compliance Certificate) Rules, 2001 within 30 days from the date of annual general meeting;

(ii) in case the annual general meeting of the company is not held for the year, the aforesaid Compliance Certificate in e-form 66 has been filed with the ROC along with the aforesaid compliance certificate within 30 days from the latest day on or before which that meeting should have been held.

Note: If the company has filed any of the above returns with additional fees, mention the same in the Annexure.

Para 11. The issuer has / has not maintained the statutory registers under the Companies Act, 1956.

Check whether the company has maintained the following Registers and Records or not:

(a) Register of Investments under Section 49

- (b) Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975
- (c) Register of Securities Bought Back under Section 77A
- (d) Register of Charges under Section 143/Copies of Instruments Creating Charge under Section 136
- (e) Register of Members under Section 150 and Index of Members under Section 151
- (f) Register and Index of Debenture holders under Section 152
- (g) Foreign Registers of Members or Debenture holders under Section 157
- (h) Registers and Returns under Section 163
- (i) Minutes Book of Meetings
 - Meetings of Board of directors
 - Meetings of Shareholders (General Meetings)
- (j) Minutes Book of Class Meeting/Creditors Meeting
- (k) Books of Account and Cost Records under Section 209
- (l) Register of Particulars of Contracts in which Directors are Interested under Section 301
- (m) Register of Directors, Managing Director, Manager and Secretary under Section 303
- (n) Register of Directors' Shareholdings under Section 307
- (o) Register of Investments or Loans Made, Guarantee Given or Security Provided under Section 372A

Note: If the provisions of section 372A of the Act are not applicable to a company, no entries need to be made in the Register of investments or loans made, guarantee given or security provided u/s 372A.
- (p) Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960
- (q) Register of Destruction of Records/Documents

Para 12. The issuer has / has not made all disclosures required to be made under Section 297 of the Companies Act, 1956 in respect of related party transactions (please mention details, in case of any non-compliance)

Check if exemptions provided in sub-section (2) of section 297 of the Act were applicable. If not check whether:

- (i) Board of directors' consent was obtained by a resolution passed at a meeting for entering into contracts in which directors were interested;
- (ii) Regional Director's prior approval was obtained if the paid-up share capital of the company was not less than rupees one crore;
- (iii) the particulars of contract were entered in the register of contracts in accordance with section 301 of the Act.

Note: Copy of the Relevant ledger accounts and approval granted by the Regional Director, if any, should be obtained and verified.

II) Schemes/Petitions filed by the Issuer.

Para 1. There are no schemes under the provisions of the Companies Act, 1956, pending with any High Court / National Company Law Tribunal (NCLT) / any other regulatory or statutory authority involving the issuer. (If yes, details thereof).

Check:

- a) the websites of High Courts or other regulatory authorities to know whether any schemes have been filed under the provisions of the Act.
- b) the Annual Reports of the company to ascertain whether any schemes, if filed are pending approval from the High Courts or any other regulatory authority.

Para 2. There are no schemes filed in the High Court, in which the issuer is a respondent company. (If yes, details thereof).

Check the websites of High Courts or other regulatory authorities to know whether any schemes have been filed under the provisions of the Act in which the company is a respondent company.

Para 3. There is / are no winding up petition filed / orders issued against the issuer. (If yes, details thereof)

Check the websites of High Courts or other regulatory authorities to know whether any winding up orders have been filed under the provisions of the Act.

Para 4. The issuer has been / has not been referred to BIFR. (If yes, details thereof, including status of reference/ implementation of the BIFR order etc.)

BIFR is the Board for Industrial and Financial Reconstruction constituted under section 4 of the Sick Industrial Companies Act, 1985 to exercise the jurisdiction and

powers and discharge the functions and duties conferred or imposed on the Board by or under the Sick Industrial Companies Act, 1985.

Check whether:

a) the Board of Directors have made a reference to BIFR within 60 days from the date of finalisation of the duly audited accounts of the company for the financial year in which the company has become a sick industrial company u/s 15(1) of the Sick Industrial Companies (Special Provisions) Act 1985.

b) the RBI or State Government or a public financial institution or a state level institution or a scheduled bank has made a reference to the BIFR subject to the provisions of Sec 15(2) of the Sick Industrial Companies (Special Provisions) Act 1985.

Para 5. The issuer has been / has not been referred to Corporate Debt Restructuring (CDR). (If yes, details thereof including status of reference/ implementation of the CDR etc.)

CDR means the reorganization of a company's outstanding obligations, often achieved by reducing the burden of the debts on the company by decreasing the rates paid and increasing the time within which the company has to pay the obligation back. This allows a company to increase its ability to meet the obligations. Also, some of the debt may be forgiven by creditors in exchange for an equity position in the company.

In spite of their best efforts and intentions, sometimes corporates find themselves in financial difficulty because of factors beyond their control and also due to certain internal reasons. For the revival of the corporates as well as for the safety of the money lent by the banks and financial institutions, timely support through restructuring in genuine cases is called for. Based on the experience in other countries like the U.K., Thailand, Korea, etc. of putting in place institutional mechanism for restructuring of corporate debt and need for a similar mechanism in India, a Corporate Debt Restructuring System was evolved, and detailed guidelines were issued by RBI vide circular DBOD No. BP.BC. 15/21.04.114/2000-01 dated August 23, 2001 for implementation by banks and the same has been revised from time to time in consultation with the Government.

The objective of the Corporate Debt Restructuring (CDR) framework is to ensure timely and transparent mechanism for restructuring the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned.

CDR system in the country has a three tier structure:

- CDR Standing Forum and its Core Group
- CDR Empowered Group

- CDR Cell

Check:

- the website of RBI.
- the defaulters list of RBI for NPAs
- Whether any notice has been received by the company referring it to CDR scheme.

Get written confirmation / declaration to that effect from the company.

Para 6. There are no petitions filed or pending in any Court / Company Law Board, for disputes relating to the management of the issuer. (If yes, details thereof)

Check:

- the website of the respective High Court .

For all the compliances noted above, the PCS may refer to the Risk factors given in the Offer Documents on pending litigations, defaults, nonpayment of statutory dues, proceedings initiated for economic offences/civil offences (including past cases, if found guilty), any disciplinary action taken by SEBI/Stock Exchange(s) against the issuer company and its directors /promoters and their business ventures as referred under the SEBI (ICDR) Regulations, 2009

For all the matters in respect of which the PCS is unable to form an opinion or unable to get the information, a declaration from management in that regard should be taken.

(III) Status of compliance with Securities Laws, Company law etc.

In respect of the IPO, the issuer is in compliance with all the applicable provisions of SEBI Act 1992, SEBI (ICDR) Regulations 2009, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, and the Companies Act, 1956 and Rules and Regulations issued under the said laws and related amendments thereto.

Certification for the compliances of the above mentioned acts should be given based on a broad overview of compliances under the aforesaid laws prior to the Listing of shares on the SME Exchange.

Check the Due Diligence certificate issued by the Merchant Bankers.

(IV) Post Issue Face Value Capital

The issuer is proposing to make an IPO of specified securities in terms of Chapter XB of SEBI (ICDR) Regulations, 2009. The post IPO face value capital of the issuer will be Rs. ____.

Check:

- a) that the post issue face value capital of the company does not exceed Rs 10 crores.
- b) that if the post issue face value capital of the company exceeds Rs 10 crores, it does not exceed Rs 25 crores. **(Regulation 106A of SEBI (ICDR) Regulations)**
- c) that the issue of shares under IPO/further issue is pursuant to Chapter XB of the SEBI (ICDR) Regulations 2009.

(V) Filing of Draft Prospectus / Draft Red Herring Prospectus

The issuer has filed the Draft Prospectus / Draft Red Herring Prospectus with SME Exchange / Exchange with SME Platform (Please specify name of the exchange) in respect of the IPO through the SEBI registered merchant banker(s). [Regulation 106 O (1) of Chapter XB]

Check:

- a) whether the company has filed a copy of Draft Prospectus / Draft Red Herring Prospectus with the SME Exchange. This should be verified with the recipient copy of the document.
- b) copy of offer document on the website of SME exchange, SEBI, issuer and the Merchant Banker to ascertain filing and the date of filing.
- c) whether the issuer has obtained the permission of its customer in writing to use the customer's name/logo in the Offer Document

VI) Due Diligence

The merchant banker/s to the IPO of the issuer has / have submitted the due diligence certificate in the prescribed format as required under Chapter XB of SEBI (ICDR) Regulations, 2009 to the Stock Exchange(s) and SEBI. [Regulation 106 O (2) of Chapter XB]

Check whether the merchant banker has submitted a due diligence certificate as per Form A of schedule VI including additional confirmations as provided in Form H of schedule VI along with the offer document to SEBI.

If so, check the due diligence report and make a noting thereof in the records as an audit evidence. Also, obtain copies of the DDR

(VII) Capital Structure of the Issuer including Pledge of Shares

Para 1. There are no regulatory orders restraining the issuer from altering its capital structure.

Check:

a) whether any regulatory orders have been issued by any authority restraining the company from altering its capital structure.

Check with reference to SEBI website and watchourinvestors.com.

Para 2. The issuer has complied with all the requirements of the Companies Act, 1956 and other acts relating to the current outstanding nominal capital.

Check:

a) the records to verify whether the company has complied with the provisions relating to outstanding share capital as per the Act and other applicable laws.

b) compliance with minimum promoters' contribution

Para 3. The issuer has not issued any shares with superior rights as to voting or dividend or has not issued warrants or convertible instruments that would give rise to shares with superior rights as to voting or dividend.

Check:

a) the memorandum or articles of the company for permission or restriction of such variation of rights.

b) the Minutes of the annual general meeting and Registrar's File to ascertain whether the issuer has issued shares with superior rights as to voting or dividend or has issued warrants or convertible instruments to be converted into shares subject to the provisions of Section 106 of the Act. (Check the negative compliance and not positive compliance.)

Also, reconcile the capital structure in the DRHP with forms filed with MCA/ROC

Para 4. There are no outstanding convertible instruments (including warrants) issued by the issuer.

Check the financial statements of the company to ascertain whether any convertible instruments are outstanding.

Para 5 _____ (Nos.) specified securities of the issuer held by the promoters / promoter group of the issuer (amounting to _____% of promoters / promoter group shareholding) are pledged; the details whereof has been correctly disclosed in the offer document.

Obtain PAN and statement of holdings of promoter / promoter group from Registrar and Transfer Agents of the Company and verify

Also Check:

a) the demat account statements of the promoter or promoter group entities to ascertain whether any shares are pledged.

b) Board or Committee Resolutions, if any, approving pledge of shares by promoters.

Para 6. There are no restrictive clauses in the Articles of Association of the issuer in respect of specified securities. (Please mention if there are restrictive clauses in the AOA)

Restrictive clauses may be in terms of restriction on transfer of shares or such other provision. (For eg:- JV clauses)

Check whether the articles of association of the company contains any such restrictive clauses.

Generally, Stock Exchanges provide with a standard list of clauses which should be included in the Articles of Association.

Para 7. The issuer has established connectivity with the Depositories directly or through Registrars and Share Transfer Agents and as on date, ____ % of total specified securities are in dematerialised form and ____ % of total specified securities are in physical form.

Check the Registrars and Share Transfer Agents' Letter to verify the %. Also Check:

a) whether the company has entered into agreement for dematerialisation of shares with Depositories.

b) whether most of the securities of the companies are in dematerialised form.

c) whether the company has appointed the Registrar and Share Transfer Agent for the handling of corporate actions and an agreement has been entered into with him.

Para 8. Entire holding of specified securities by the promoters / promoter group is in dematerialised form

OR

The promoters / promoter group have taken adequate steps to convert their holding into dematerialised form (Please mention the expected timeline for conversion to dematerialised holdings)

Check:

a) the demat account statements of the promoter group/promoters to know whether all the shares are held in demat form or not.

b) whether the promoters or its group entities have filed the Dematerialisation Request Form(DRF) for making demat of securities.

VIII) Payment of Deposits, Statutory dues etc.

There are no defaults in payment of dues to the banks and financial institutions, towards Employees' Provident Fund, towards Payment of Deposits under 58A, 58AA of the Companies Act, 1956 and/or any other statutory dues.

Check whether the company has defaulted in payment of dues to banks and financial institutions, towards Employees' Provident Fund, towards Payment of Deposits under 58A, 58AA of the Act and/or any other statutory dues in the past five years.

Also check whether the Company has complied with the requirements of IEPF with regard to hosting of data regarding unpaid amounts in their website and filing of the relevant information with IEPF.

a) In case of deposits under Section 58AA of the Act.

Check whether the company has accepted deposits from small depositors as defined under section 58AA of the Act.

If so, whether it has made any default in repayment of such deposits or part thereof or interest thereupon. For this, check:

(i) the intimation of default, if any, in repayment of deposit or part thereof or interest thereupon sent to the Company Law Board on monthly basis;

(ii) the order of the Company Law Board, if any;

(iii) every advertisement and application form inviting deposits from the public issued. For the total number of small depositors and amount due to them in respect of which default had been made, the fact of waiver of interest accrued on deposits of the small depositors, if any.

b) In case of deposit of contribution to provident fund.

Check whether the company has constituted a Provident Fund for its employees or any class of employees. If yes, check that all moneys contributed to such fund (whether by the company or by the employees) or received or accruing by way of interest or otherwise to such fund has been deposited within 15 days from the date of contribution, receipt of accrual, as the case may be, in an account as specified in clause (a) of subsection (1) of section 418 of the Act or invested in the securities mentioned or referred to in clause (a) to (e) of section 20 of the Indian Trust Act, 1882.

c) Deposit of Employees' Security Deposits

Check whether:

- (i) any money or security deposited with the company by any employee in pursuance of his contract of service with the company has been kept or deposited by the company within 15 days from the date of deposit in an account as specified in clauses (a) to (c) of sub-section (1) of section 417 of the Act;
- (ii) the company has not utilized any portion of such money or securities except for the purposes agreed to in the contracts of service.

IX) Appointment of Compliance Officer.

The issuer has appointed company secretary as a Compliance Officer for monitoring the share transfer process and liaising with the authorities such as SEBI, Stock Exchanges, ROC etc. [Clause 50 of Listing Agreement]

Check whether the company has designated the Company Secretary as compliance officer pursuant to Clause 50 of the Listing Agreement and informed about the appointment of compliance officer to the SME Stock Exchange and various regulatory authorities inter-alia including Registrar of Companies, SEBI.

For this purpose, check:

- (a) the Board Resolution appointing the company secretary
- (b) correspondences with the SME Exchange, Registrar of Companies, SEBI etc.

X) Maintenance of Website

The issuer has its website with the domain name _____ / has taken adequate steps for launch of its website at least one month before the opening of the IPO. (Please attach the print-out of the website's home page) [Clause 33(a) and 34(b) of Listing Agreement]

Clause 34(b) of the Listing Agreement requires the company to have a website of its own.

Check whether:

- a) the company has its own independent website , which is operational. If so, attach the print screen copy of the first page of the website.
- b) the company has duly uploaded in its website the Annual Report including Balance Sheet, Profit and Loss Account, Directors' Report, Corporate Governance Report etc. as soon as they are sent to the shareholders.

If the company does not have such website, seek the information from the company as to the steps taken by them for the launch of its website at least one month before the opening of the IPO.

XI) Compliance with Corporate governance

The status / level of compliance with all the mandatory provisions of Clause 52 of the Listing Agreement relating to Corporate Governance, as on date is as under:

- (i) Board Composition (Please confirm Compliance)**
- (ii) Non Executive Directors including Independent Directors**
- (iii) Board Committees (Please confirm Compliance)**
- (iv) Information to be placed before the Board**
- (v) Code of Conduct**
- (vi) Audit Committee – Constitution, Role**
- (vii) Details of related party transactions**

i) Board Composition and ii) Non-Executive Directors including Independent Directors.

Check whether:

- a) there is an optimum combination of the Board of directors with executive directors comprising of 50% of the board if the Chairman is Executive Director and if the Chairman is Non-Executive director 1/3rd of the Board comprises of Independent Directors.
- b) There is an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors.
- c) the vacancy created by the resignation or removal of Independent directors has been refilled by the company within a period of not more than 180 days

iii) Board Committees and vi) Audit committee –constitution, role

Check whether :

- a) the company has constituted the committees which are mandatory as per the provisions of Listing Agreement.
- b) the committee meetings are held at regular intervals as may be prescribed by the Listing Agreement from time to time.

- c) the company has constituted Audit Committee as the per the Listing Agreement.
- d) the Audit Committee has minimum three directors as its members and whether 2/3rd of the Audit Committee members are Independent Directors.
- e) the Chairman of the Audit Committee is an Independent Director.
- f) All the members of the Audit Committee are financial literate and atleast one member is having accounting or financial management expertise.
- g) the Company Secretary is acting as the secretary of the audit Committee.
- h) the Chairman of the Audit Committee is present at the Annual General Meeting to answer the queries of the shareholders.

iv) Information to be placed before the Board.

Check whether the company has placed before the board the following information, in the previous financial year:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. half yearly results for the Issuer and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Issuer, or substantial non-payment for goods sold by the Issuer.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Issuer or taken an adverse view regarding another enterprise that can have negative implications on the Issuer.
10. Details of any joint venture or collaboration agreement.

11. Transactions that involve substantial payment towards goodwill, brand equity, Or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

v) Code of Conduct

Check whether:

- a) the company has laid down a code of conduct for the Board of Directors and Senior Managers.
- b) the company has posted the same code of conduct on the website of the company.
- c) the Annual Report of the company contains a declaration to this effect signed by the CEO of the company.

vi) Details of Related Party Transactions

Check whether:

- a) the details of related party transactions in a summary form has been placed before the Audit Committee at regular intervals.
- b) the details of material individual transactions with related parties which are not in the ordinary course of business are placed before the audit committee.
- c) the details of material individual transactions with related parties or others, which are not on an arm's length basis are placed before the audit committee, together with Management's justification for the same.

(XII) Risk management

The issuer has laid down procedures for risk assessment and process for initiating adequate steps to inform Board members about the identified risks. [Clause 52(IV) (C) of Listing Agreement]

Check whether:

- a) the company has laid down risk management procedures to identify and assess the risks.
- b) the procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

PCS can check the website of the company, if it has uploaded the Risk Management procedures on the website. PCS should guide the company to have in place an independent Risk Management Committee to oversee the risk management process.

(XIII) Accounting standards

There is / is no qualification, reservation or adverse remarks / comments by the statutory auditors in the annual reports of the issuer in last five years regarding non-compliance of the accounting standards issued by ICAI from time to time. (Please mention the qualification, reservation or adverse remarks/comments, if any) [Clause 53 of Listing Agreement]

Check whether the issuer has complied with all the accounting standards as are prescribed by the Institute of Chartered Accountants of India.

Check the Auditor's report and the disclosures in the financial statements made by the company.

List of Documents / Records Referred For Confirming Compliance (Illustrative)

Note : Every PCS should develop his own list of documents and verify.

Company Statutory Documents

1. Memorandum and Articles of Association
2. Minutes of Board Meeting(s)
3. Minutes of Board Committee Meeting(s)
4. Circular Resolution(s) of the Board / Committee
5. Notice(s) of General Meeting(s)
6. Minutes of the General Meeting(s)
7. E-form 23, E-form 5 filed with ROC challan evidencing payment of fees and approval status of form
8. Form 32 for appointment of Company Secretary
9. Stamped Copy of E-form 5 evidencing payment of state stamp duty.

Offer Related Documents

10. Draft Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus (Offer Documents)
11. Due Diligence Certificate from Merchant Bankers
12. Consent letters from Directors
13. Power of Attorney issued by the Director(s) for signing offer documents, if any
14. Appointment letters to and consent letters from all the intermediaries like Underwriters, Stock Brokers, RTI, Merchant Bankers, Monitoring Agency etc.
15. Memorandum of Understanding entered into between the issuer and the various intermediaries
16. Tripartite agreement between the issuer, its Registrar to Issue (RTI), RTA and Depositories (NSDL and CDSL)
17. MOU with RTI/RTA
18. Issue related advertisement released during the time of issue by the issuer

19. IPO Grading by Agencies

Payment of Fees

- 19. Acknowledgement of Annual Listing Fees and Listing Application Processing Fees payment
- 20. Agreement with Stock Exchanges for the use of trading terminals and acknowledgement for payment of fees for the same
- 21. Acknowledgement of Custody Fees paid to NSDL and CDSL.

Others

- 22. RBI Approval Letters
- 23. FIPB Approval Letters
- 24. Letter of Intent SIA Registration
- 25. Loan Agreements / Term Sheets
- 26. Shareholders Agreement
- 27. Bank Comfort Letter

SPECIMEN COMPLIANCE CERTIFICATE

For listing of 1,00,00,000 Equity Shares of Rs.10 each of ABC Ltd., on the SME Stock Exchange pursuant to the Initial Public Offer (IPO)

To,

The SME Stock Exchange

Dear Sir(s),

Sub: Listing of 1,00,00,000 Equity Shares of Rs.10 each (hereinafter referred to as “the specified securities”) of ABC Ltd., on the SME Exchange pursuant to the Initial Public Offer (IPO) made by the Issuer under Chapter XB of the SEBI (ICDR) Regulations, 2009

I state that this Certificate has been issued in accordance with the Guidance Note issued by the Institute of Company Secretaries of India in this regard.

I have examined the records, books and papers (collectively referred to as “the records”) of ABC Limited (“the issuer”) made available and placed before me. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the issuer, its officers, agents and other intermediaries involved in the aforesaid Initial Public Offer (hereinafter referred to as “the IPO”), I certify the following in respect of the aforesaid IPO, that:

(I) Background of the Issuer

1. The issuer was not listed on any stock exchange, at any time in history of the company.

OR

The issuer was listed on the BSE Ltd. from June 26, 2006 to January 25, 2007.

2. The promoters, promoter group entities and directors of the issuer are not related / associated with any company that has been compulsorily delisted by Stock Exchange(s) or is suspended from trading on the Stock Exchanges.

OR

The promoter Mr. X is related / associated with ABC Ltd., a company that has been compulsorily delisted by BSE Ltd. in January 2012 (Details in Annexure)

3. The issuer is a potentially sick company in terms of BIFR Act.

OR

The issuer is a not a potentially sick company in terms of BIFR Act.

4. No Bank / Financial Institution / Entity has invoked the SARFAESI Act against the issuer or has classified any of the assets of issuer as an NPA.

OR

STT Bank has invoked the SARFAESI Act against the issuer and has classified the assets of issuer as an NPA (Details in Annexure).

5. There is no disciplinary action taken, in the past five years, by any stock exchange or regulatory authority i.e. Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) or Ministry of Corporate Affairs (MCA), against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company(ies), directors, group companies / subsidiaries, referred to in Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus / Letter of offer (hereinafter referred to as “the offer document”)

OR

Disciplinary action has been taken, in the last financial year i.e. 2011-2012, by Registrar of Companies against the issuer and its promoters referred to in Draft Red Herring Prospectus (hereinafter referred to as “the offer document”) (Details in Annexure). The company has applied for Compounding of the Offences.

6. Prohibitory Orders: There are no prohibitory orders issued by SEBI, Stock Exchanges, Registrar of Companies, Company Law Board or High Court against the issuer, its promoters, promoter group entities, persons in control of the issuer, promoting companies, companies promoted by the promoters / promoting company (ies), directors, group companies / subsidiaries, referred to in the offer document.

OR

Prohibitory Orders: There is a prohibitory order issued by the Company Law Board against the issuer and its promoters referred to in the offer document. (Details in Annexure)

7. None of the directors of the issuer are disqualified under section 274(1)(g) of the Companies Act, 1956.

OR

Mr. Z, Non-Executive Director of the issuer is disqualified from being appointed as Director pursuant to Sec 274(1)(g) of the Companies Act 1956.

8. None of the promoter / promoter group entities are associated with any company that is sick / potentially sick / against which winding up petition has been filed or winding up order has been passed.

OR

Mr. Z , the Promoter is associated with M/s XYZ Ltd, a potentially sick company against which winding up petition has been filed High Court. (Details in Annexure)

9. There is no non-compliance with regard to the appointment of Managing Director / Whole Time Director of the issuer

OR

There is non-compliance with the provisions relating to Schedule XIII of the Companies Act 1956 with regard to the appointment of Managing Director/Whole Time Director. (Details in Annexure)

10. The issuer has made all statutory filings and returns required to be made under Companies Act, 1956 for the last three years within the statutory time period.

OR

The issuer has defaulted in filing Annual Return pertaining to financial year 2011-2012 within the statutory time period.

11. The issuer has maintained the statutory registers under the Companies Act, 1956.

OR

The issuer has not maintained the Register of Securities Bought Back under Section 77A of the Companies Act, 1956.

12. The issuer has made all disclosures required to be made under Section 297 of Companies Act, 1956 in respect of related party transactions

OR

12. The issuer has not made all disclosures required to be made under Section 297 of Companies Act, 1956 in respect of related party transactions (Details in Annexure)

(II) Schemes / Petitions filed by the Issuer

1. There are no schemes under the provisions of the Companies Act, 1956, pending with any High Court, National Company Law Tribunal (NCLT) and any other regulatory or statutory authority involving the issuer.

2. There are no schemes filed in the High Court, in which the issuer is a respondent company.

3. There are no winding up petition filed or orders issued against the issuer
4. The issuer has not been referred to BIFR
5. The issuer has not been referred to Corporate Debt Restructuring (CDR)
6. There are no petitions filed or pending in any Court or Company Law Board, for disputes relating to the management of the issuer

(III) Status of compliance with Securities Law, Company law etc.

In respect of the IPO, the issuer is in compliance with all the applicable provisions of SEBI Act 1992, SEBI (ICDR) Regulations 2009, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, and the Companies Act, 1956 and Rules and Regulations issued under the said laws and related amendments thereto.

(IV) Post Issue Face Value Capital

The issuer is proposing to make an IPO of specified securities in terms of Chapter XB of SEBI (ICDR) Regulations, 2009. The post IPO face value capital of the issuer will be Rs. 10,00,00,000 (Ten crores).

(V) Filing of Draft Prospectus

The issuer has filed the Draft Prospectus with SME Exchange in respect of the IPO through the SEBI registered merchant banker.

(VI) Due Diligence

The merchant banker to the IPO of the issuer has submitted the due diligence certificate in the prescribed format as required under Chapter XB of SEBI (ICDR) Regulations, 2009 to the SME Exchange and SEBI.

(VII) Capital Structure of the Issuer including Pledge of Shares

1. There are no regulatory orders restraining the issuer from altering its capital structure

OR

There are regulatory orders issued by SEBI restraining the issuer from accessing the capital markets for next 6 months. (Details in Annexure)

2. The issuer has complied with all the requirements of the Companies Act, 1956 and other acts relating to the current outstanding nominal capital.
3. The issuer has not issued any shares with superior rights as to voting or dividend or has not issued warrants or convertible instruments that would give rise to shares with superior rights as to voting or dividend.

4. There are no outstanding convertible instruments (including warrants) issued by the issuer

OR

There are 100,000 convertible preference shares issued by the issuer which are due for conversion within the next financial year

5. 1,00,00,000 specified securities of the issuer held by the promoters / promoter group of the issuer (amounting to 20 % of promoters / promoter group shareholding) are pledged; the details whereof has been correctly disclosed in the offer document.

6. There are no restrictive clauses in the Articles of Association of the issuer in respect of specified securities.

OR

Clause No. 45 and 46 are partially restrictive clauses which may delay the share transfer process.

7. The issuer has established connectivity with the Depositories directly or through Registrars and Share Transfer Agents and as on date, 97% of total specified securities are in dematerialised form and 3 % of total specified securities are in physical form.

8. Entire holding of specified securities by the promoters / promoter group is in dematerialised form.

OR

The promoters / promoter group have taken adequate steps to convert their holding into dematerialised form. (The expected timeline for conversion to dematerialised holdings is _____ days)

(VIII) Payment of Deposits, Statutory dues etc.

There are no defaults in payment of dues to the banks and financial institutions, towards Employees' Provident Fund, towards Payment of Deposits under 58A, 58AA of the Companies Act, 1956 and/or any other statutory dues.

(IX) Appointment of Compliance Officer

The issuer has appointed company secretary as a Compliance Officer for monitoring the share transfer process and liaising with the authorities such as SEBI, Stock Exchanges, ROC etc.

OR

The issuer has obtained a compliance certificate from M/s _____ for the preceding financial year and is in the process of appointing a whole time Company Secretary.

(X) Maintenance of website

The issuer has its website with the domain name www.abc.com pursuant to clause 34(b) of the Listing Agreement. A copy of the printout of the websites home page is attached.

OR

The issuer has taken adequate steps for launch of its website at least one month before the opening of the IPO.

(XI) Compliance with Corporate governance

The status / level of compliance with all the mandatory provisions of Clause 52 of the Listing Agreement relating to Corporate Governance, as on date is as under:

- i) Board Composition: The Company has complied with the provisions relating to Board composition of Clause 52 of the Listing Agreement.
- ii) Non Executive Directors including Independent Directors: As the Chairman of the company is Non-Executive Director the Board comprises of 1/3rd of Independent Directors.
- iii) Board Committees: The Company has constituted all the committees which are mandatorily required to be formed as per the Listing Agreement.
- iv) Information to be placed before the Board: The company regularly places before the Board all the information which is mandatorily required to be done as per the Listing Agreement.
- v) Code of Conduct: A company has formed a code of conduct for its Directors and Senior Management Personnel. The Code of Conduct has been uploaded on the website of the company.
- vi) Audit Committee – The company has a duly constituted Audit Committee. The company has also defined the role of Audit Committee.
- vii) Details of related party transactions: A statement of related party transactions is periodically placed before the Board.

(XII) Risk management

The issuer has laid down procedures for risk assessment and process for initiating adequate steps to inform Board members about the identified risks pursuant to Clause 52(IV) (C) of Listing Agreement.

(XIII) Accounting standards

There is no qualification, reservation or adverse remarks or comments by the statutory auditors in the annual reports of the issuer in last five years regarding non-compliance of the accounting standards issued by ICAI from time to time.

Signature:

Place :

Name of Company Secretary:

Date :

C.P. No. :

Note: The qualification, reservation or adverse remarks, if any, may be stated at the relevant places.

SPECIMEN LETTER OF MANAGEMENT REPRESENTATION/DECLARATION

To

M/s _____

COMPANY SECRETARIES

Sir,

In response to your queries seeking information and explanations relating to the transactions of ABC Private Limited, we the undersigned hereby state, declare and confirm that during the financial year ending on 31st March

1. The company has maintained books of account as required under section 209 of the Companies Act 1956.
2. No requests for transfer or transmission of shares have been received by the company during the year other than _____.
3. The register of members was kept open for public inspection during working hours on all working days.
4. The company had not invited public to subscribe for its shares or debentures nor has it invited or accepted any deposits from persons other than its members, directors or their relatives.
5. Notices of Board meetings were duly sent to all the directors.
6. No resolutions were passed by way of circulation during the year under review other than _____.
7. Company has not obtained any secured loan from any Financial Institutions/Banks other than those mentioned in the register of charges.
8. Notices of Annual General Meeting have been duly sent to all the members.
9. No person has been appointed as the sole selling agent as mentioned in section 294 of Companies Act, 1956.
10. No show cause notice has been received by the company under the Companies Act, 1956 or any other Act or from any Government Authority nor has any prosecution been launched against the company.
11. The company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act other than _____.

12. Minutes of the meetings both Board and general meetings were entered in the minute book within thirty days from the date of the meeting.
13. The company has not entered into any contracts in which directors were directly or indirectly interested other than those which are entered in the register of contracts.
14. The share certificates are properly stamped.
15. The entries in all the statutory registers were made within the prescribed time.
16. The company has not done any alterations to Articles of Association or Memorandum of Association other than those of which the necessary compliance as to alterations is carried out and proofs of the filing with the ROC is available in the records.

Date:

FOR ABC PRIVATE LIMITED

Place:

Director