

IICA Master Class on Early Warning Sign & Red Flags for Independent Directors | April 29, 2020



Center for Independent Directors (C-ID) is organizing a series of Master Class for Independent Directors. As a part of it, IICA concluded Master Class on **Early Warning Sign & Red Flags**, for Independent Directors through its integrated Learning Management System (LMS) - Blackboard on April 29, 2020; where 87 Independent Directors from various listed companies attended the program.

Master Class oriented the Independent Directors (IDs) about How to read early warning signs and raising red flags so that this could not tuned into fraud. **CA Gyan C. Pipara** also explained IDs about How to look for the early warning signs. This can be done by studying the area of Corporate Governance, Legal requirements, Business Model & Business operations of a company. Areas to read for early warning signs are as below:

- 1) Audited financial Statements
- 2) Report on Fixed Assets
- 3) Checking the records of Inventory
- 4) Related Party Transactions
- 5) Default in making payments of Statutory Dues
- 6) Dispute with Different Authorities
- 7) Payments of Penalties
- 8) Gap between Fixed Assets and Production
- 9) Capital Work in Progress
- 10) Debtors Report
- 11) Operating Cycle
- 12) Investment Made into Subsidiaries

- 13) Current Liabilities are not more than Current Assets
- 14) Huge Finance Cost
- 15) Reviewing the Performance of Various committees in the Company
- 16) Internal Finance Controls
- 17) Software used by the company
- 18) Independence of Auditors

He also explained IDs about the steps forward after noticing the early warning sign. How to take these matters forward and how to stop this. Session was applauded by the participants.

Session was started with the introductory remarks of **Dr. Niraj Gupta**, Nodal Officer – Center for Independent Directors who briefed participants about the credentials of speaker CA G C Pipara. He also answered IDs queries about their registration on Independent Directors databank portal.

Webinar Link:

<https://eu.bbcollab.com/guest/97f000271411485e8f759081a7fd28a8>
