

Preface

1. ***Author*** has felt when he ***qualified*** as Chartered Accountant (CA) in Year 1985 that ***legal provisions' interpretations*** are ***big challenge*** for legal professionals, govts' officials and public at large ***in India and outside India***.
 2. ***Author*** has ***realized*** that ***something*** should ***be developed to resolve this challenge*** in India and outside India.
 3. ***Author*** has ***started compiling*** Frequently Asked Questions (FAQs) on many subjects where his 100% ***answers are precisely based on Yes or No i.e. white or black nothing is grey***
 4. ***Author*** has ***compiled approximately 150 +(plus) research papers / books with 25 thousand + (plus) pages*** on many prevailing subjects / acts in India and outside India.
 5. ***Author's 1st paper book*** is now ***being published*** under head FAQs on Enforcement Directorate (ED) ***where 571 FAQs are replied*** based on Yes or No i.e. white or black nothing is grey
 6. ***This book*** is also ***containing***
 - (i) *Foreign Exchange Management Act (FEMA) 1999 and rules / regulations*
 - (ii) *Prevention of Money Laundering Act (PMLA) 2002 and rules / regulations*
 - (iii) *Fugitive Economic Offenders Act (FEOA) 2018 and rules / regulations*
 7. ***This book*** is ***published with Sai Kripa and dedicated*** to my father (late) ***Mr. M.R. Agarwal***, Mother ***Mrs. R.D. Agarwal***, wife ***Mrs. Snigdha Agarwal***, daughter ***Ms. Soumya Agarwal***, daughter ***Ms. Sanya Agarwal*** and dedicated team headed by ***Rajat Kumar***
- ***I trust that you will be enriched by reading this book***

With best wishes,
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Author's Profile

Mr. Satish Agarwal (FCA) is heading M/s Satish S Agarwal & Co. Chartered Accountants since 1985 with a team of dynamic young professionals serving clients from various business sectors including public listed companies and government undertakings. Firm was also registered with PCAOB (USA) for undertaking audits and other work of US GAAP.

He is regularly advising on several matters to Institute of Chartered Accountant of India (ICAI) and also to Ministry of Commerce (MoC) for Foreign Trade Agreements (FTAs) and World Trade Organization (WTO) for securing India's best interests.

He is continuously advising on Foreign Investments (FIs) in India and also on Overseas Direct Investments (ODIs) outside India.

He is known for his expertise in incorporating companies in most of countries across the world.

He has written around 150 +(plus) Research papers / books containing 25 thousand +(plus) pages available "freely" on certain portals like:

https://taxguru.in/author/satishagarwal307_1957

Or

www.femainindia.com

Few out of abovementioned Research papers / books are as under:

- 1. Book on Enforcement Directorate (ED) in India- (Book with 617 pages)***
- 2. Director of Revenue Intelligence (DRI) in India***
- 3. Central Bureau of Investigation (CBI) in India***
- 4. National Investigation Agency (NIA) in India***
- 5. Serious Fraud Investigation Office (SFIO) in India***
- 6. Financial Intelligence Unit (FIU-IND) in India***
- 7. Central Vigilance Commission (CVC) in India***
- 8. Narcotics Control Bureau (NCB) in India***
- 9. Research & Analysis Wing (R&AW) in India***
- 10. Economic Offence Wing (EOW) in India***
- 11. Intelligence Bureau (IB) in India***
- 12. Director General of Income Tax Criminal Investigation (DGITCI) in India***
- 13. National Company Law Tribunal (NCLT) in India***
- 14. Security Exchange Board of India (SEBI) in India***
- 15. Prevention of Corruption (PC) Act, 1988 in India***

16. *Foreign Assets Investigation Unit (FAIU) in India*
17. *Book on International Financial Services Center (IFSC) in India (Book with 290 pages)*
18. *Replacement of Indian Penal Code (IPC) Criminal Procedure (CP) & Evidence Act (EA) in India*
19. *Undisclosed Foreign Income & Asset (UFIA)-Black Money Act, 2015*
20. *Statutory provisions for General Anti Avoidance Rule (GAAR) in India*
21. *Reserve Bank of India (RBI) Act, 1934*
22. *Foreign Exchange Management Act (FEMA) 1999 in India*
23. *Benami Transactions (Prohibition) Amendment Act, 2016 in India*
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21 FAQ's on Companies Auditor Report Order (CARO) 2020 in India

1. Reporting for Property + Plant + Equipment (PPE) + Intangible Assets (all)

(a) Maintaining of records for PPE + Intangible assets (both) (Clause 3(i) of CARO)

(A) Whether company maintaining proper records for showing 100% particulars + quantitative details + also situation of PPE (all) ?

+ (plus)

(B) Whether company maintaining proper records for showing 100% particulars of intangible assets ?

(b) Physical verification for PPE (Clause 3(i) of CARO, 2020)

● Whether PPE physically verified by management reasonable intervals ?

+ (plus)

● Whether material discrepancies noticed after verification ?

If yes

● Whether material discrepancies properly dealt in books of account ?

(c) Title deed for immovable property not in company's name (Clause 3(i), CARO)

● Whether title deeds for 100% immovable properties disclosed in financial statements in company's name ?

If Not

To specify

● Property's description.....

● Property's Gross Carrying Value

● Property held in name

● Whether property held in name of promoter director or their relative or employee (any)

- *Property's holding period in non company's name*
- *Property why not in company's name.....*
- *Except properties when company's lease + also lease agreements duly executed in favor for lessee*
- (d) *Revaluation of PPE + also Intangible Assets (both) (Clause 3(i), CARO-2020)*
- *Whether company revalued PPE + Right to use assets + intangible assets (all) ?
+ (plus)*
- *Whether revaluation made by Registered Valuer showing amount of change minimum 10% in aggregate for net carrying value for each class of PPE + intangible assets (both) ?*
- (e) *Proceedings initiated under Benami Transactions (Prohibition), Act (Clause 3(i))*
- *Whether proceedings initiated or pending for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) + also rules made thereon ?*
- If yes*
- *Whether company appropriately disclosed details in its financial statements ?*

2. Reporting for Inventories (stocks)

- (a) *Physical verification for inventories (Clause 3(ii), CARO-2020)*
- *Whether physical verification for inventories conducted at reasonable intervals by management ?*
- + (plus)*
- *Whether in auditor's opinion coverage's + procedures (both) for verification by management is appropriate ?*
- + (plus)*
- *Whether noticed discrepancies minimum 10% in aggregate for each class of inventory ?*
- If Yes*
- *Whether properly dealt in books of accounts ?*

(b) Verification of quarterly returns filed with banks + also etc. (Clause 3(ii), CARO)

- *Whether banks + also financial institutions (both) sanctioned working capital limits exceeding INR 5 crore in aggregate based on current asset's security ?*

+ (plus)

- *Whether quarterly returns + statements filed with banks + also financial institutions (all) in agreement with books of account ?*

if Not

To specify

- *Details for quarterly returns not in agreement with books of accounts*
- *Details for reasons not in agreement with books of accounts*

3. Reporting for Loans + Investments + Guarantees + Securities + Advances (all)

- *Loans + investments + guarantees + securities + advance (all) (Clause 3(iii))*
- *Whether made investments + provided guarantee + security + granted loans + advances in nature of loans + secured + unsecured (all) to companies + firms + Limited Liability Partnerships (LLP) + also other parties ?*

(a) Loans + guarantees + securities (all) given to other entity (Clause 3(iii), CARO)

- *Whether provided loans + advances in nature of loans + stood guarantee + provided security (all) to other entity ?*
- *Clause 3(iii) not applicable to companies whose principal business to give loans*

(A) Loans + advances given to subsidiaries + JVs + associates (all) (Clause 3(iii))

- *Aggregate amount + balance outstanding at balance sheet date for loans + advances + guarantees + security to subsidiaries + Joint Ventures (JVs) + also associates (all) ?*

(B) Outstanding loans + advances to non-subsidiary JVs + associates (Clause 3(iii))

- *Aggregate amount + balance outstanding at balance sheet date for loans + advances + guarantees + security to non subsidiaries + JVs + associates (all) ?*

- (b) *Investment made + guarantee given not prejudicial to co.'s interest (Clause 3(iii))*
- *Whether investments made + guarantees provided + securities given + terms and conditions for granting 100% loans + advances in nature of loans + guarantees provided (all) not prejudicial to company's interest ?*
- (c) *Repayment of principle + interest (both) in stipulated time (Clause 3(iii), CARO)*
- *Whether repayment of principle + interest (both) in stipulated time schedule ?*
+ (plus)
Whether payments + receipts (both) regular ?
- (d) *Amount overdue exceeding 90 day + also steps for recovery (both) (Clause 3(iii))*
- *Whether amount overdue exceeding 90 days ?*
+ (plus)
 - *Whether reasonable steps taken for recovery of principal + interest (both) ?*
- (e) *Loans + advances (both) due but renewed or extended (Clause 3(iii), CARO)*
- *Whether loans + advances in nature of loan granted renewed or extended or fresh loans granted to settle over dues of existing loans given to same parties?*
If Yes
To specify aggregate amount for renewed or extended or settled by fresh loans (any) percentage of aggregate to total loans or advances in nature of loans granted ?
 - *Not applicable to companies whose principal business to give loans*
- (f) *Loans + advances given to promoters + related parties (all) (Clause 3(iii), CARO)*
- *Whether granted loans + advances in nature of loans either repayable on demand or without specifying terms or period for repayment ?*
If Yes
To specify aggregate amount + percentage to total loans granted + aggregate amount of loans granted to promoters + also to related parties (all) defined in Section 2(76) of Companies Act (CA) 2013 ?

4. Reporting for Loans + Investments + Guarantees + Securities under sec. 185 + 186

- Loans + investments + etc. (all) under section 185 + 186 (clause 3(iv), CARO-20)
- Whether provisions for sections 185 + 186 of CA, 2013 complied ?

If Not

To specify

- Details for non compliances
- Nature for non compliances

5. Reporting for RBI's Compliances for Deposits + Deemed Deposits (both)

- RBI's Compliances for Deposits + Deemed Deposits (both) (Clause 3(v), CARO-20)
- Whether RBI's directives + provisions of sections 73 to 76 of CA, 2013 + other relevant provisions of CA, 2013 + rules made thereon complied ?

If Not

To specify nature for contraventions + order passed by Company Law Board (CLB) or National Company Law Tribunal (NCLT) or Reserve Bank of India (RBI) or other court or other tribunal ?

+ (plus)

- Whether order complied ?

6. Reporting for Maintenance of Cost Records specified by Central govt.

- Maintenance of Cost Records specified by Central govt. (Clause 3(vi), CARO-2020)
- Whether maintenance of cost records specified by Central Govt. under Section 148(1) of CA, 2013 ?

+ (plus)

- Whether cost records + accounts + records made + also maintained (all) ?

7. Reporting for Undisputed + also Disputed Statutory Dues exceeding 6 month

(a) Outstanding undisputed statutory dues exceeding 6 month (Clause 3(vii), CARO)

- Whether company regular in depositing undisputed statutory dues + Goods and

Services Tax (GST) + Provident Fund (PF) + Employees' State Insurance (ESI) + Income-tax + Sales-tax + Service tax + Customs duties + Excise duties + Value Added Tax (VAT) + Cess + other statutory dues (all) to appropriate authorities ?

If Not

To specify

- *Details for arrears of outstanding statutory dues on last day of financial year*
- *Amount for arrears of outstanding exceeding 6 month from date became payable to be indicated*

(b) Outstanding disputed statutory dues exceeding 6 month (Clause 3(vii), CARO)

- *Whether abovementioned statutory dues not deposited due to dispute ?*

If Yes

To specify amount involved + also authority (forum) where dispute lying pending be mentioned ?

- *Merely representation before concerned department not to be treated dispute*

8. Reporting for Incomes Surrendered but not recorded into books of accounts

- *Incomes Surrendered but not recorded into books of accounts (Clause 3(viii))*
- *Whether incomes surrendered against transactions but not recorded in books of accounts + also not disclosed in tax assessments under ITA, 1961 ?*

If Yes

- *Whether previously unrecorded incomes but properly recorded in books of accounts during relevant year ?*

9. Reporting for Repayment's defaults + Willful defaulter + Diversion of funds

(a) Defaults in repayments of loans from 100% lenders (Clause 3(ix), CARO-2020)

- *Whether company defaulted in repayments of loans + other borrowings + in payment of interest thereon to 100% lenders like inter-corporate lenders + banks + financial intuitions + govt. + etc. (all) ?*

If Yes

To specify

- *period + also amount of default (both)*
- *Nature of borrowing + also debt securities (both)*
- *Name of lenders*
- *Amount not paid on due date*
- *Whether outstanding for principal or interest or both (any) ?*
- *No. of days delay or unpaid (any)*
- *Remarks (if any)*

(b) Declared willful defaulter by banks + etc. (both) (Clause 3(ix), CARO-2020)

- *Whether company declared willful defaulter by bank or financial institution or other lender (any) ?*

(c) Diversion of term loan's amount for any other purpose (Clause 3(ix), CARO)

- *Whether term loan's amount applied for same purpose ?*

If Not

To specify

- *Purpose for term loan's obtained*
- *Amount for diversion*
- *Purpose for utilization*

(d) Utilization of short term loan for long term purpose (Clause 3(ix), CARO-2020)

- *Whether funds raised on short term basis utilized for long term purposes ?*

If Yes

To specify

- *Purpose for short term funds raised*
- *Purpose for long term funds utilized*
- *Amount for long term funds utilized*

(e) Loans utilized by subsidiaries + associates + JVs (all) (Clause 3(ix), CARO-2020)

- *Whether company taken funds from entity or person for meeting obligations for its subsidiaries or associates or JVs (any) ?*

If Yes

To specify

- *Nature of transactions*
- *Amount of transactions in each case*

(f) Pledging of securities of subsidiaries or JVs or associates (any) (Clause 3(ix))

- *Whether company raised loans against pledging of securities which already held in name of its subsidiaries or JVs or associates companies (any)*

If Yes

To specify

- *Details for pledging of securities by subsidiaries + etc. (all)*
- *Details for defaulting in repayment of loans against pledging of securities by subsidiaries + etc. (all)*

10. Reporting for Misuse of funds raised through IPO or FPO or Debt (any)

(a) Diversion of money raised through IPO or FPO or debt (any) (Clause 3(x), CARO)

- *Whether amounts of money raised through Initial Public Offer (IPO) or Further Public Offer (FPO) or debt instruments (any) applied for same purpose ?*

If Not

To specify

- *Details for delays*
- *Details for defaults*
- *Details for subsequent rectifications*

(b) Preferential allotment or private placement of shares + etc. (Clause 3(x), CARO)

- *Whether company made preferential allotment or private placement of shares or convertible debentures like fully or partially or optionally convertible (any)?*

If Yes

- *Whether requisites requirements specified under section 42 + also section 62 of CA, 2013 (both) complied ?*

+ (plus)

- *Whether funds raised actually used for same purposes ?*

If Not

To specify

- *Amount of funds involved for contraventions*
- *Nature for contraventions*

11. Reporting for Frauds committed by Company + committed on Company

(a) Any fraud by company or on company (Clause 3(xi), CARO-2020)

- *Whether any fraud by company or any fraud on company noticed or reported ?*

If Yes

To specify

- *Nature for fraud*
- *Amount of fraud*

(b) Report filed by statutory auditors with central govt. (Clause 3(xi), CARO-2020)

- *Whether any report specified under section 143(12) of CA, 2013 filed by statutory auditors in Form ADT-4 prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with Central govt. ?*

(c) Considering whistle-blower complaint by statutory auditors (Clause 3(xi), CARO)

- *Whether statutory auditor considering whistle-blower complaint which received (if any) by company ?*

12. Reporting for NOF + defaults for Principle's repayments by Nidhi Company

(a) Compliance for NOF to deposit to meet its liabilities (Clause 3(xii), CARO-2020)

- *Whether Nidhi Company complied requirement for Net Owned Funds (NOF) to Deposits like ratio 1:20 to meet its liabilities ?*

- (b) *Compliance for maintaining 10% unencumbered term deposits (Clause 3(xii))*
- *Whether Nidhi Company maintaining 10% unencumbered term deposits specified in Nidhi Rules, 2014 to meet its liabilities ?*
- (c) *Default in payment for interest on deposits + also repayment (Clause 3(xii))*
- *Whether any default in payment for interest on deposits + also repayment (both) ?*
- If Yes*
- To specify*
- *Nature for default*
 - *Amount for default*

13. Reporting for compliances for Related Party's Transactions

- *Compliances for Related Party's Transactions (Clause 3(xiii), CARO-2020)*
 - *Whether 100% transactions with related parties complied requirements specified under sections 177 + 188 (both) CA, 2013 ?*
- + (plus)*
- *Whether applicable details disclosed in financial statements + etc. (both) required by related accounting standards ?*

14. Reporting for Internal Audit System (IAS) + also Statutory Auditor's role (both)

- (a) *IAS be having commensurate with size + nature of business (Clause 3(xiv))*
- *Whether company having IAS commensurate with size + nature of its business ?*
- (b) *Statutory Auditor's be considered Internal Auditor's report (Clause 3(xiv), CARO)*
- *Whether statutory auditor considered Internal Auditor's report ?*

15. Reporting for Non-Cash Transactions with Directors or Connected Persons

- *Non-Cash Transactions with Directors or Connected Persons (Clause 3(xv), CARO)*
 - *Whether company entered into non-cash transactions with directors + also with connected persons (both) ?*
- If Yes*
- *Whether provisions complied which specified under section 192 of CA, 2013 ?*

16. Reporting for Non Banking Finance Business without having CoR from RBI

(a) Registration of company with RBI (Clause 3(xvi), CARO-2020)

- *Whether company required to be registered under section 45-IA of RBI Act, 1934?*

If Yes

- *Whether Certificate of Registration (CoR) obtained from RBI ?*

(b) Operating NBFC without having COR from RBI (Clause 3(xvi), CARO-2020)

- *Whether company conducted any Non-Banking Financial + also Housing Finance (both) activities without having valid CoR from RBI ?*

(c) Company treated Core Investment Company (CIC) (Clause 3(xvi), CARO-2020)

- *Whether company treated CIC defined under regulations made by RBI ?*

If Yes

- *Whether company continues to fulfill criteria's for CIC ?*

+ (plus)

- *Whether company exempted or unregistered CIC ?*

(d) More than 1 CIC in 1 group (Clause 3(xvi), CARO-2020)

- *Whether Group having more than 1 CIC ?*

If Yes

To specify

- *Number of other CICs*

17. Reporting for Cash Losses

- *Cash losses (Clause 3(xvii), CARO-2020)*

- *Whether company incurred cash losses in relevant financial year + also in immediately preceding financial year (both).*

If Yes

To specify

- *Amount of cash losses*

18. Reporting for Statutory Auditor's Resignation

- *Statutory Auditor's Resignation (Clause 3(xviii), CARO-2020)*
- *Whether any resignation for statutory auditors during relevant financial year ?*
If Yes
- *Whether present auditor taken into consideration 100% issues + objections + concerns (all) raised by outgoing auditors ?*

19. Reporting for capability to pay for existing liabilities on recorded date

- *Co's capability to pay for existing liabilities on recorded date (Clause 3(xix))*
- *Whether statutory auditor's opinion that no material uncertainty existed on audit report's date ?*
+ (plus)
- *Whether company capable for meeting its existing liabilities on balance sheet's date ?*
+ (plus)
- *Whether company capable for meeting its future liabilities to be arises within 1 year from balance sheet's date ?*
- *Statutory auditor required to give abovementioned opinions (reply) based on financial ratios + aging + expected dates for realization of financial assets + payment for financial liabilities + other information's accompanying with financial statements + auditor's knowledge for Board of Directors + also management's plans (all).*

20. Reporting for CSR Compliances

- (a) Unspent amount be transferred to specified fund (Clause 3(xx), CARO-2020)*
- *Whether company transferred unspent amount against ongoing projects to fund specified in Schedule VII of CA, 2013 within not exceeding 6 month from expiry of financial year under compliances specified in section 135(5)(ii) of CA, 2013 ?*

(b) Remaining unspent amount be transferred to special account (Clause 3(xx))

- *Whether remaining unspent amount specified under section 135(5) of CA, 2013 against ongoing project transferred to special account under compliances specified in Section 135(6) of CA, 2013 ?*

21. Reporting for Qualifications + also Adverse remarks (both) in CARO, 2020

- *Qualifications + also Adverse remarks (both) (Clause 3(xxi), CARO-2020)*
- *Whether qualifications + adverse remarks (both) given by respective auditors in CARO reports for companies already included in Consolidated Financial Statements (CFS) ?*

If Yes

To specify

- *Details for companies*
- *Details for paragraph numbers of CARO report containing qualifications + also adverse remarks (both)*

MINISTRY OF CORPORATE AFFAIRS

ORDER

New Delhi, the 25th February, 2020

S.O. 849(E).—In exercise of the powers conferred by sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Auditor's Report) Order, 2016, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), vide number S.O. 1228 (E), dated the 29th March, 2016, except as respects things done or omitted to be done before such supersession, the Central Government, after consultation with the National Financial Reporting Authority constituted under section 132 of the Companies Act, 2013, hereby makes the following Order, namely:—

1. Short title, application and commencement.—(1) This Order may be called the Companies (Auditor's Report) Order, 2020.

(2) It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 (18 of 2013) [hereinafter referred to as the Companies Act], except—

- (i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- (ii) an insurance company as defined under the Insurance Act, 1938 (4 of 1938);
- (iii) a company licensed to operate under section 8 of the Companies Act;
- (iv) a One Person Company as defined in clause (62) of section 2 of the Companies Act and a small company as defined in clause (85) of section 2 of the Companies Act; and
- (v) a private limited company, not being a subsidiary or holding company of a public company, having a paid up capital and reserves and surplus not more than one crore rupees as on the balance sheet date and which does not have total borrowings exceeding one crore rupees from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act (including revenue from discontinuing operations) exceeding ten crore rupees during the financial year as per the financial statements.

(3) It shall come into force on the date of its publication in the Official Gazette.

2. Auditor's report to contain matters specified in paragraphs 3 and 4. - Every report made by the auditor under section 143 of the Companies Act on the accounts of every company audited by him, to which this Order applies, for the financial years commencing on or after the 1st April, 2019, shall in addition, contain the matters specified in paragraphs 3 and 4, as may be applicable:

Provided this Order shall not apply to the auditor's report on consolidated financial statements except clause (xxi) of paragraph 3.

3. Matters to be included in auditor's report. - The auditor's report on the accounts of a company to which this Order applies shall include a statement on the following matters, namely:-

(i) (a) (A) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) whether the company is maintaining proper records showing full particulars of intangible assets;

(b) whether these Property, Plant and Equipment have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;

(c) whether the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, if not, provide the details thereof in the format below:-

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*
-	--	-	-	-	*also indicate if in dispute

(d) whether the company has revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and, if so, whether the revaluation is based on the valuation by a Registered Valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets;

(e) whether any proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, if so, whether the company has appropriately disclosed the details in its financial statements;

(ii) (a) whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account;

(b) whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details;

(iii) whether during the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, if so,-

(a) whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate-

(A) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates;

(B) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates;

- (b) whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
- (c) in respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;
- (d) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;
- (e) whether any loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties, if so, specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans];
- (f) whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013;
- (iv) in respect of loans, investments, guarantees, and security, whether provisions of sections 185 and 186 of the Companies Act have been complied with, if not, provide the details thereof;
- (v) in respect of deposits accepted by the company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not;
- (vi) whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act and whether such accounts and records have been so made and maintained;
- (vii) (a) whether the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;
- (b) where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned (a mere representation to the concerned Department shall not be treated as a dispute);
- (viii) whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year;
- (ix) (a) whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported as per the format below:-

Nature of borrowing, including debt securities	Name of lender*	Amount not paid on due date	Whether principal or interest	No. of days delay or unpaid	Remarks, if any
	*lender wise details to be provided in case of defaults to banks, financial institutions and Government.				

- (b) whether the company is a declared wilful defaulter by any bank or financial institution or other lender;
- (c) whether term loans were applied for the purpose for which the loans were obtained; if not, the amount of loan so diverted and the purpose for which it is used may be reported;
- (d) whether funds raised on short term basis have been utilised for long term purposes, if yes, the nature and amount to be indicated;
- (e) whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if so, details thereof with nature of such transactions and the amount in each case;
- (f) whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if so, give details thereof and also report if the company has defaulted in repayment of such loans raised;
- (x) (a) whether moneys raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raised, if not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;
- (b) whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance;
- (xi) (a) whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;
- (b) whether any report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) whether the auditor has considered whistle-blower complaints, if any, received during the year by the company;
- (xii) (a) whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability;
- (b) whether the Nidhi Company is maintaining ten per cent. unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;
- (c) whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof;
- (xiii) whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;
- (xiv) (a) whether the company has an internal audit system commensurate with the size and nature of its business;
- (b) whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor;
- (xv) whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act have been complied with;
- (xvi) (a) whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and if so, whether the registration has been obtained;

- (b) whether the company has conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil such criteria;
- (d) whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group;
- (xvii) whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses;
- (xviii) whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors;
- (xix) on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- (xx) (a) whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;
- (b) whether any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;
- (xxi) whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks.

4. Reasons to be stated for unfavourable or qualified answers.- (1) Where, in the auditor's report, the answer to any of the questions referred to in paragraph 3 is unfavourable or qualified, the auditor's report shall also state the basis for such unfavourable or qualified answer, as the case may be.

(2) Where the auditor is unable to express any opinion on any specified matter, his report shall indicate such fact together with the reasons as to why it is not possible for him to give his opinion on the same.

[F. No. 17/45/2015-CL-V Part I]

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