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**Ministry of Corporate Affairs
Government of India**

**REPORT
OF
THE COMMITTEE
TO REVIEW CARO, 2016
UNDER THE
COMPANIES ACT, 2013**

08th November, 2019

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REPORT OF THE COMMITTEE TO REVIEW CARO, 2016 UNDER THE COMPANIES ACT, 2013

NEW DELHI, THE 08TH NOVEMBER, 2019

To,
The Secretary,
Ministry of Corporate Affairs,
New Delhi.


Sir,


We have the privilege and honour to present the report of the Committee set up on 29.04.2019 to examine and recommend matters for inclusion in Companies (Auditor's Report) Order, 2016 (CARO 2016) and also to ascertain the possibility of making CARO an e-form.


2. The Committee had the privilege of participation of representatives from the Industry chambers, Professional Institutes, practicing professional and the Officers of the Ministry. During the course of discussion, it was endeavoured to arrive at a meaningful understanding of the nature and gravity of the reporting by the auditors on the financial statements relating to the issues included in CARO, 2016. The Committee after detailed review of the contents of CARO, 2016, decided that instead of modifying CARO, 2016, a new CARO, 2019 be developed.

3. We thank you for providing us an opportunity to present our views on the issues concerning the regulatory approach and overall compliance of the provisions of the Companies Act, 2013 and related matters thereto.

Yours sincerely,



(CA Shri Amarjit Chopra)
Chairman


(Shri Manmohan Juneja)
Member

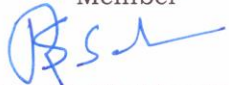

(Shri Sridhar Pamarthi)
Member-Convener


(Shri N.K. Dua)
Member


(Shri Shashiraj Dara)
Member


(CA. G. Sekar)
Member

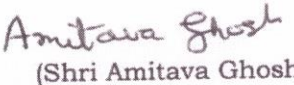

(CA. Debashis Mitra)
Member



(CA Rajib Shekhar Sahoo)
Member

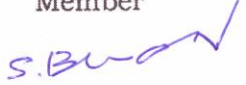

(Shri P. R. Ramesh)
Member


(Shri Anil Gupta)
Member


(Shri Chakravarti T.)
Member


(Shri Amitava Ghosh)
Member


(Shri Y Srinivasa Rao)
Member


(Shri Bhasker Subramanian)
Member


(Shri Kamal Kedia)
Member

ACKNOWLEDGEMENTS

The Committee takes this opportunity to thank all the representatives from the Industry chambers, ICAI, practicing professionals and the Officers of the Ministry who have contributed by way of responses/suggestions to examine and recommend matters for inclusion in Companies (Auditor's Report) Order, 2019 (CARO, 2019) and also to ascertain the possibility of making CARO an e-form. The Committee also acknowledges and places on record the valuable comments/suggestions made by Industry Chambers, ICAI, practicing professional and the Officers of the Ministry.

The Committee expresses gratitude to Shri K.V. R. Murty, Joint Secretary, MCA, the others members of the Committee and the invitees who contributed immensely by participating in various meetings of the Committee and expressed insights on the complex issues to be included in CARO, 2019.

The Committee appreciates the inputs received from the invitees and Officers of the Ministry namely Sh. D. Bandopadhyay, RD(East), Sh. M. R. Bhat, RD(SR), Dr. Raj Singh, RD(NR), Sh. M. V. Chakranarayan, RD(NWR), Sh. M. P. Shah, RD(SER), Sh. B. Mohanty, RD(NER), Shri Kamal Harjani, ROC, Delhi & Haryana, Shri Abhijit Phukon, Director, Ms. Seema Rath, Deputy Director, CSR, Shri Atul Gautam, Senior Advisor, IBA, CA Anil Sharma, CA Sanjeev Singhal, CA Harinderjit Singh, CA. Archana Bhutani and CA. Anil Gupta.

The Committee would like to make a special mention of the dedicated efforts put in by the team of Officers of the Policy Division of the Ministry namely Shri Atma Sah, Deputy Director, Shri Satish Kumar, STA and Shri Rameshwar, Steno in drafting this report, besides collating the suggestions received, facilitating discussions in the meeting and providing administrative & technical support to the Committee.

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Report of the committee on CARO 2019

A committee was constituted by the Ministry vide order dated 29.04.2019 to examine and recommend matters for inclusion in Companies (Auditor's Report) Order, 2016 (CARO 2016) and also to ascertain the possibility of making CARO an e-form.

2. The Committee consisted of the following members:-

1.	CA Shri Amarjit Chopra	Chairman
2.	Shri Manmohan Juneja, RD (WR), MCA	Member
3.	Shri Sridhar Pamarthi, Joint Director, MCA	Member-Convener
4.	Shri N.K. Dua, Joint Director, MCA	Member
5.	Shri Shashiraj Dara, Joint Director, MCA	Member
6.	Shri Bhasker Subramanian, Infosys, MCA	Member
7.	Shri G. Sekar, Chairman AASB, ICAI	Member
8.	Shri Debashis Mitra, Vice Chairman, AASB	Member
9.	Shri Kamal Kedia, Representative of FICCI	Member
10.	Shri P. R. Ramesh, Representative of CII	Member
11.	Shri Anil Gupta, Deputy Director, C & AG	Member
12.	Shri Chakravarti T. Representative of SEBI	Member
13.	Shri Amitava Ghosh, DGM, RBI	Member
14.	Shri Y. Srinivasa Rao, Representative of IRDA	Member

Special Invitee:-

Mr. Anil Sharma, Practicing Chartered Accountant.

3. The Committee was to examine, *inter-alia*, the following matters for inclusion in the Auditor's report along with the requirement of making CARO into an eform:

- (i) Reporting on collection and repayment of deposits.
- (ii) Reporting on amount paid to independent directors either monetary or non-monetary in form of sitting fees or for any professional services or for any other services relating to board report.
- (iii) Reporting on default in loan repayment, redemption of debentures, preference shares etc.
- (iv) Reporting on non-compliance of proper filing of balance sheet on MCA portal.
- (v) Reporting on investment, securities, receivables, payables, immovable properties etc. of struck off companies by the active companies and *vice versa*.

- (vi) Reporting on Utilization and diversion of borrowed funds.
- (vii) Reporting on CSR activities and expenditure.
- (ix) Reporting on IEPF related matters.

4. In addition to above members of the committee, CA Rajib Shekhar Sahoo was invited as co-opted member in the committee. Later on, he had been nominated as a member of the Committee. All RDs, RoC Delhi, representative of CSR Section, MCA, representative of IEPF, MCA, representative of IBA and other practicing chartered accountants namely Shri Harinderjit Singh, CA Archana Bhutani, CA Anil Gupta were invited as other invitees. A representative of NeSL namely Shri P. Sankar has also attended the meetings to put forward his submission for considering by the Committee to include a point in CARO, 2019 that the information available with NeSL with respect to creditors of the companies be utilized by the auditors to get confirmation of the liabilities of the auditee company.

5. The committee had met 05 times as per the details below:-

S.No.	Date of Meeting	Venue
1	03.05.2019	MCA
2	20.05.2019	MCA
3	11.07.2019	MCA
4	28.08.2019	MCA
5	14.09.2019	MCA

5.1 During the aforesaid meetings three working groups were constituted. Shri M.V. Chakranarayan, RD(NWR), Shri Manmohan Juneja RD(WR) and DR. Raj Singh RD(NR) were the members secretary for the each working group. All these working groups had examined and made recommendations on certain issues for inclusion/modifications in exiting CARO, 2016. Thereafter, all recommendations were consolidated and a draft CARO, 2019 was prepared by the working group headed by Shri Manmohan Juneja, RD(WR).

5.2 A sub group was also constituted for drafting the CARO, 2019 under the Convenership of Shri P.R. Ramesh representative of CII. The said group consisted of the following members:-

- (i) Shri P. R. Ramesh, Chairman, CII (NCFR) Member-Convener
- (ii) Shri Manmohan Juneja, RD(WR)
- (iii) Shri D. Bandopadhyay, RD(East)
- (iv) Shri N. K. Dua, Joint Director, MCA

- (v) CA Debashis Mitra, Vice Chairman, AASB
- (vi) CA Anil Sharma
- (vii) CA Archana Bhutani
- (viii) CA Anil Gupta
- (ix) CA Sanjeev Singhal

The said sub-group was met twice i.e. on 05.09.2019 and 13.09.2019 and prepared the draft CARO, 2019.

6. During the last meeting of the committee i.e, on 14.09.2019, a detailed discussion was held on the draft CARO, 2019 and thereafter, a draft CARO, 2019 has been finalized and placed as **Annexure-A**. The other issues/points which have been decided for consideration in schedule III, secretarial audit report, board report and main audit report are placed as **Annexure-B**.

MINISTRY OF CORPORATE AFFAIRS

ORDER

New Delhi, the November, 2019

- 1. Short title, application and commencement.** - (1) This Order may be called the Companies (Auditor's Report) Order, 2019.
- (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 under clause (62) of section 2 of the Companies Act and a small company as defined under 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 rupees one crore as on the balance sheet date and which does not have total borrowings exceeding rupees one crore 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, 2013 (including revenue from discontinuing operations) exceeding rupees ten crore during the financial year as per the financial statements.
- 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, 2013 on the accounts of every company audited by him, to which this Order applies, for the financial years commencing on or after 1st April, 2019, shall in addition, contain the matters specified in paragraphs 3 and 4, as may be applicable:

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

3. Matters to be included in the 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) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (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 the name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of the company*
-	-	-	-	-	*also indicate if in dispute

(d) Whether the Company has revalued its Property, Plant and Equipment (including Right of Use assets) and/or intangible assets 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 as defined under the “Prohibition of Benami Property Transactions Act, 1988 and Rules 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 Rs. 5 crores, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns/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 loans or advances in the nature of loans granted, guarantees provided or security given were to parties other than subsidiaries, joint venture and associates. If yes, indicate the aggregate amount of loans or advances in the nature of loans granted and guarantees provided during the year to such parties and the amount outstanding at the balance sheet date. [Not applicable to companies whose principal business is to give loans]

(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/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/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, Directors or their relatives;

(iv) in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 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, 2013 and the rules framed 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, 2013 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 GST, 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 related to items covered in (a) above 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/disclosed as income during the year in the tax assessments

under the Income Tax Act, 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	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/ financial institution/ other lender?

(c) Whether term loans were applied for the purpose for which the loans were obtained;

(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/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 Section 143 (12) has been filed by the auditors in Form ADT-4 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 section 177 and 188 of Companies Act, 2013 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, 2013 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 and if so, whether the registration has been obtained.

- (b) whether the Company has conducted any Non-Banking Financial or Housing Finance activities before obtaining the Certificate of Registration (CoR) from the Reserve Bank of India as per the RBI Act?
- (c) whether the Company is a Core Investment Company (CIC) as defined under the Regulations by the RBI? If so, whether it continues to fulfil the criteria of a CIC. In case the company is an exempted/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 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 that company is capable of meeting its liabilities as and when they fall due within a period of one year from the balance sheet date.
- (xx) (a) whether the company has given justification for the amount unspent on CSR as required under sub-section (5) of section 135 of the Companies Act, 2013.
- (b) whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII within a period of 6 months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the Act.
- (c) whether any amount remaining unspent under sub-section (5) of section 135 of the 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 Act.
- (xxi) whether there have been any qualifications/adverse remarks by the respective auditors in the CARO reports of the companies included in the

consolidated financial statements? If yes, indicate the details of the companies and the sub-clauses' number of CARO containing qualifications/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.

ANNEXURE-B

Matters need to be included in Schedule III at appropriate places

(1) 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 the name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of the company*
-	Rs. Lakhs	-	-	-	*also indicate if in dispute

(2) Whether the Company has revalued its Property, Plant and Equipment (including Right of Use assets) and/or intangible assets during the year and, if so, whether the revaluation is based on the valuation by a Registered Valuer. Specify the amount of change for each class of Property, Plant and Equipment or intangible assets;

(Modified as per decision in Meeting)

(3) Whether any proceedings have been initiated or pending against the company for holding any Benami property as defined under the “Prohibition of Benami Property Transactions Act, 1988 and Rules thereunder; if so, whether the Company has appropriately disclosed the details in its financial statements;

(Note:- Schedule III needs to capture such details in Notes to accounts that company is/is not holding any Benami Property as defined under the Prohibition of Benami Property Transactions Act , 1988 and Rules there under and the details of Beneficiaries thereof [Declarations under section 134 and rules there under])

(4) whether the Company has borrowings from banks or financial institutions on the basis of security of current assets; whether the quarterly returns/statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company. If not,

whether the details of discrepancies have been adequately disclosed in the financial statements.

(Note:- to amend Schedule III to include the details of Inventories and Book debts as submitted to Banks/FIs and as per Financial Statements and Reconciliation between the two to be included in Notes to accounts)

(5) 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, Directors or their relatives;

(Note:- to amend Schedule III to capture such details in Notes to accounts.)

(6) whether any transactions not recorded in the books of account has been surrendered/disclosed as income during the year in the tax assessments under the Income Tax Act, 1961; if so, whether the previously unrecorded income has been properly recorded in the books of account during the year?

(Note:- to Amend Schedule III requiring the Company to disclose the details in the Financial Statement for the income surrendered during search or survey or any income added under section 68 or 69 or any other relevant provisions of the Income Tax Act.)

(7) Whether the company is a declared wilful defaulter by any bank/ financial institution/ other lender?

(Note:- to amend Schedule III to include this information in the Notes to accounts. Also the details of defaults should be disclosed in schedule III)

(8) Relation with Struck off Companies: Whether the company has the relations with companies struck off under section 248 of CA, 2013/560 of CA, 1956 with regard to Investments in securities , receivables , payables , immovable properties , if so give complete details thereof and the present status and accounting treatments. (Both ways relations to be reported)

(Note:-In schedule III a chart can be prepared to capture the aforesaid details)

(9) CSR activities:- whether the company is required to spend amount under CSR under section 135 of the Act? If so , the amount required to be spent, previous years shortfall if any , total of previous year shortfall and this year due amount , amount spent during the year , shortfall at the end of the year , reason for shortfall as given in Board Report. Whether the reasons given are justified? Nature of CSR activities.

(Note:- Schedule III to disclose amount to be spent and how much has been spent and the reasons to be recorded in Notes to accounts and also whether the amount is spent or Parked somewhere else. Guidance note by ICAI to be strengthened to see whether it is actually spent or parked somewhere. Recent amendment in section 135 may also be looked into)

(10) Whether there are any charges/satisfaction yet to be registered with ROC beyond the statutory period, if so, details and reasons thereof.

(11) Whether the company has complied with the number of layers under Section 2(87) of the Act, if not, specify the name and CIN of the companies beyond the specified layers and the relationship/extent of holding of the company in such downstream companies.

(12) Aging of Creditors & Debtors: Whether the operational creditors of the company are arising out of the business operations of the company. Has there been any instance of creditors remaining due for payment for more than 01 Financial Year. Aging Schedule of creditors and debtors to be given covering period of 3 years.

(Note:- Period buckets need to be specified in schedule III)

(13) Whether there has been a change in the promoters of the company during the Financial year? Any change beyond 25% in shareholding to be reported.

(14) Important Financial Ratios: The following important ratios may be prescribed to be reported in CARO Report:

Liquidity ratio to assess the liquidity position of the company like cash ratio, acid test ratio, current ratio, net worth capital ratio, quick ratio, working capital ratio.

Assets management ratios/activity ratio to assess the time taken by the company to convert its non-cash assets into cash assets

Debt ratios: Asset

Profitability ratios.

(Note:- We should list the ratios and the definitions so that there is no ambiguity in computation. To also include solvency ratios. To include Leverage Ratio in the Consolidated Financial Statements. Companies which are holding companies, it is suggested that group level leverage ratio should be mentioned in addition to the standalone leverage ratio)

(15) Capital work In Progress: Whether the capital work In progress is due to be completed for more than 1 year and the maximum period envisaged to

convert into operating assets. The auditor to report whether the same is as per approved plan and properly dealt in the Books of account and Financial statement.

(**Note:-** ageing of Capital WIP to be given in Schedule III including WIP beyond original scheduled date of completion.)

(16) Crypto Currency/Virtual Currency: Whether the Company has traded or invested in Crypto currency/Virtual Currency during the year, if so, details under each accounting head, Profit/loss on such transactions and its treatment in the books of account. Whether the Company has raised any deposits or advances from any person for the purpose of trading or investing in Crypto Currency/virtual currency? If so. Details thereof.

(17) Whether the Scheme(s) of Arrangements as approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013 have been properly given effect to in the books of account of the Company?

(18) In Schedule III, in all the divisions, in general instructions for preparation of balance sheet, in clause 6, for sub- clause (i)(c) of titled “Contingent liabilities and commitments” the following phrases to be substituted:

“ (c) Other money for which the company is contingently liable. Indicate also-

- (i) how much guarantee has been given in respect of loans or other obligations of the subsidiaries, joint ventures or associate companies.
- (ii) Others”

Matters need to be included in Secretarial Audit report

1. Whether the cost auditor has given any qualified/adverse report?

(Note:- It is proposed to include the question “Whether the Cost Audit report has been filed within time?” in Secretarial Audit.)

2. Filing Position and Adjudication proceedings by ROC: Whether the company has defaulted in filing of AR, FS and other documents with ROC? If so, specify the period of defaults and the penalty proceedings/prosecutions and consequent disqualification of directors under section 164(2)(a) of the Act.
3. Section 248 : Whether the company has not been in operation or conducting business in immediately preceding two financial years or otherwise liable to be struck off within the meaning of section 248(1)(c) or (d) of the Act .

4. Charges : Whether there are any charges /satisfaction yet to be registered with ROC beyond the statutory period, if so, details and reasons thereof
5. *Whether the company has complied with the number of layers under Section 2(87) of the Act, if so, specify the name and CIN of the companies beyond the specified layers and the relationship/ extent of holding of the company in such downstream companies.*
6. Beneficiary's Interest: Whether the company has received declaration in respect of beneficiary's interest in any shares and complied with the provisions of Section 90 of the Act and Rules made thereunder. Each default to be specified. Whether efforts were made by the management to identify the person having actual beneficial interest in any shares
7. KYC of the Company its Directors
 - (i) Whether the company has completed its KYC by filing Form INC-22A during the year? (Default if any, to be specified).
 - (ii) Whether all the directors of the company have completed their e-KYC (Defaults and DIN of the directors failed in filing e-KYC to be specified.
 - (iii) Whether any of the director of the company have been found disqualified under Section 164(2)(a) or Section 164(2)(b) or under Section 164(1) of the Act? Each of such instances to be reported with DIN of the director concerned.
 - (iv) Whether any instance have been noted where a director is disqualified/liable to vacate office under Section 167 has been found actually performing as director in violation of the said provision (like still attending meetings, operating bank accounts or in any way functioning as director of the company)? Each of such instances to be reported.
8. Committees of the Board – Whether the constitution of the audit committee, NRC and CSR Committees are applicable to the company, if so, whether the company has complied with the said provision and the constitution of the committees are as per the prescribed provisions of the Act and Rules there under?
9. Whether there has been a change in the promoters of the company during the Financial Year? Any change beyond 25% in shareholding to be reported
10. Special clauses in articles/Share Purchase Agreement (SPA) or Share Holding Agreement (SHA): Whether there any special clauses/entrenchment provisions in terms of Section 5 of the Act? Each of such provisions to be reported.
11. Internal auditors: Whether the report of the Internal Auditors was considered by the Audit Committee, if so, the adverse comments, irregularities, deficiencies etc reported by the Internal auditors were addressed?

Matters to be included in Board Report

1. Whether any application has been made under the Insolvency and Bankruptcy Code, 2016 during the year or any proceedings are pending. If yes, indicate status as at the end of the financial year.
2. Relation with Struck off Companies: Whether the company has the relations with companies struck off under section 248 of CA, 2013/560 of CA, 1956 with regard to Investments in securities, receivables, payables, immovable properties, if so give complete details thereof and the present status and accounting treatments. (Both ways relations to be reported)
3. Whether there is difference between the valuation done at the time of one time settlement and the valuation done while taking loan from the banks/FI? If yes, the reasons thereof.

Matters to be included in Main Audit Report

1. Whether the dividend declared /paid during the year by the Company is in compliance with Section 123 of the Companies Act, 2013.

List of Members/Invitees

S.No.	Name & Designation	Organization	Email Id & Telephone No.
1	CA Shri Amarjit Chopra	GSA & Associates	ajc@gsa.net.in 9810100299
2	Shri Manmohan Juneja, Regional Director (WR), MCA	RD(WR)	mm.juneja@gov.in
3	Shri Sridhar Pamarthi, Joint Director, MCA	MCA	sridhar.pamarthi@mca.gov.in
4	Shri N.K. Dua, Joint Director, MCA	MCA	narendra.dua@mca.gov.in
5	Shri Shashiraj Dara, Joint Director, MCA	MCA	shashi.dara@mca.gov.in
6	Shri Bhasker Subramanian, Infosys, MCA	MCA	Bhasker_S@infosys.com
7	CA. G. Sekar, Chairman, AASB	ICAI	sekarg.gurukripa@gmail.com 9940177776
8	CA. Debashis Mitra, Vice Chairman, AASB	ICAI	smitra101@gmail.com 9831890318
9	Shri Kamal Kedia Representative of FICCI	FICCI	kamal.kedia@in.nestle.com 9810254886
10	Shri P. R. Ramesh, Chairman, CII National Committee on Financial Reporting	CII	pramesh@DELOITTE.com
11	Shri Anil Gupta, Deputy Director	C & AG	guptaal@cag.gov.in 8826901123
12	Shri Chakravarti T. Representative of SEBI	SEBI	chakravartit@sebi.gov.in 9223338507
13	Shri Amitava Ghosh Deputy General Manager	RBI	amitavaghosh@rbi.org.in 9038033080
14	Shri Y. Srinivasa Rao Representative of IRDA	IRDA	srinivasarao@irda.gov.in

15	CA Rajib Sekhar Sahoo	Member	srbrajib@gmail.com
16	Mr. Anil Sharma, Practicing Chartered Accountant.	Special Invitee	anil54@gmail.com 9811320203

Other Invitees

17	Sh. D. Bandopadhyay	RD(East)	rd.east@mca.gov.in
18	Sh. M. R. Bhat	RD(SR)	rd.south@mca.gov.in
19	Dr. Raj Singh	RD(NR)	dr.raj@mca.gov.in
20	Sh. M. V. Chakranarayan	RD(NWR)	rd.northwest@mca.gov.in
21	Sh. M. P. Shah	RD(SER)	rd.ser@mca.gov.in
22	Sh. B. Mohanty	RD(NER)	
23	Shri Kamal Harjani	ROC, Delhi and Haryana	roc.delhi@mca.gov.in
24	Shri Abhijit Phukon, Director CSR	MCA	abhijit.phukon@nic.in
25	Ms. Seema Rath, Deputy Director	MCA	
26	IEPF	MCA	
27	Mr. Atul Gautam, Senior Advisor	IBA	sa.delhi@iba.org.in 8800437711
28	CA. Harinderjit Singh		harinderjit.singh@in.pwc.com
29	CA. Archana Bhutani		abhutani@bsraffiliates.com 9810203693
30	CA. Anil Gupta,		anilgupta@guptasachdeva.com 9911446688
31	CA. Sanjeev Singhal	CII	Sanjeevsinghalca19972@gmail.com 9811565606
32	Shri P. Sankar	NESL	sankar@nesl.co.in