V. SINGHI & ASSOCIATES

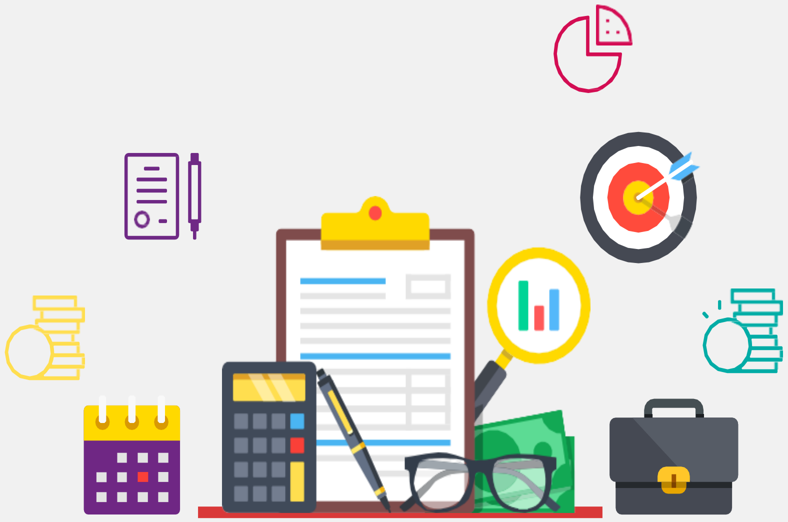
Chartered Accountants

Bengaluru | Delhi | Guwahati | Hyderabad | Jaipur | Kolkata | Mumbai | Ranchi | Surat

Companies (Auditor’s Report) Order, 2020

CA Ansul Agrawal is Manager at V.Singhi & Associates, Chartered Accountants. He is a Commerce Graduate from University of Calcutta, Company Secretary. He was co-opted Member of EIRC-ICAI for the year 2020-21 and Member of the Students Committee of EIRC ICAI. He is a Member of Rotary Club of Salt Lake Metropolitan, Speakers' Institute. He is a budding Chartered Accountant and looking forward in the domain of Audit & Assurance, Transaction Advisory, Income Tax.

CARO 2020: An overview



Overview of CARO 2020

The Ministry of Corporate Affairs (MCA) issued Companies (Auditor's Report) Order, 2020 (CARO 2020) applicable for each report issued by auditors of specified class of companies under Section 143 of the Companies Act 2013 (2013 Act) for financial year commencing on or after 1 April 2021.

No change in applicability requirements as compared to CARO 2016 other than requirements of reporting on Consolidated Financial Statements (CFS).

In case there are any qualifications or adverse remarks by the auditors of companies included in CFS, then principal auditor is required to include reference to such remarks in CARO to CFS.

CARO 2020 includes several new clauses and has revised certain existing clauses of CARO 2016. The new CARO has increased the reporting requirements for auditors and put greater onus on companies to share information with the auditors and users of the financial statements.

The Institute of Chartered Accountants of India (ICAI) issued Guidance Note on CARO 2020 on 1 July 2020 to provide guidance relating to reporting requirements under CARO 2020.

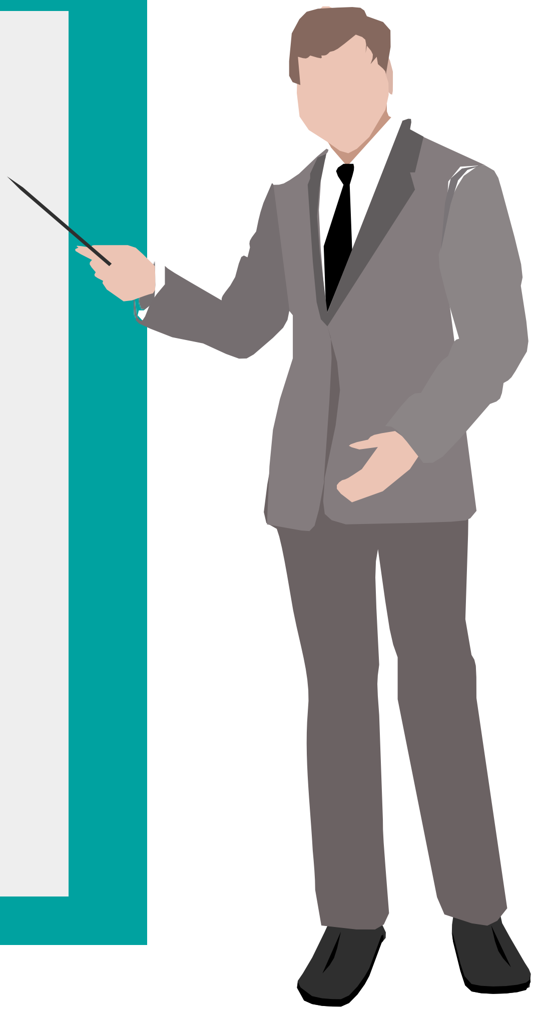
Companies exempted under CARO

Auditors of following class of companies are exempted to comment on matters prescribed under the CARO 2020:

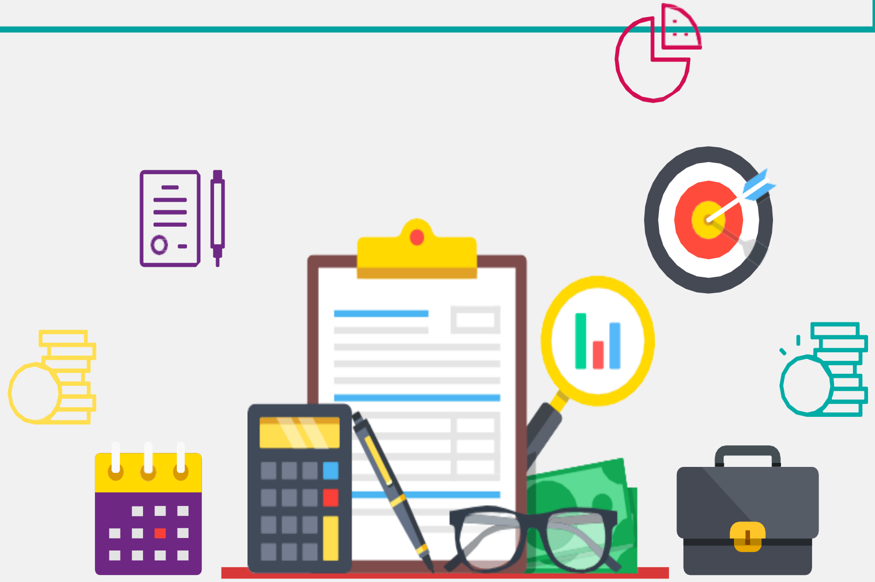
- Banking company as defined under Section 5(c) of the Banking Regulation Act, 1949
- Insurance company as defined under the Insurance Act, 1938
- Companies incorporated with charitable objects, etc. i.e. companies licensed to operate under Section 8 of the 2013 Act
- One person company as defined under Section 2(62) of the 2013 Act
- Small company as defined under Section 2(85) of the 2013 Act
- Private company, not being a subsidiary or holding company of a public company having:
    - Paid-up capital and reserves and surplus not more than INR1 crore as on the balance sheet date
    - Total borrowings not more than INR1 crore from any bank or financial institution at any point of time during the financial year, and
    - Total revenue (including revenue from discontinuing operations) upto INR10 crore during the financial year as per the financial statements (revenue as disclosed in Schedule III to the 2013 Act).

Significant points for applicability

- The order would be applicable to private unlimited Company irrespective of the size of their paid up capital and reserves, turnover, borrowings.
- For the purpose of calculation of paid up share capital –
  - bonus shares allotted to be considered
  - amount originally forfeited shares to be added
  - amount of calls unpaid should be deducted
  - share application money received pending allotment should not be considered
- Where company enjoys a cash credit facility whose balance is fluctuating in nature, the Order would apply to the company if the amount outstanding in the cash credit facility along with other borrowings exceeds Rupees One crore on any day during the financial year concerned. **The outstanding balance in the CC facility as per books of account should be taken and not the balance as per bank statement.**



CARO 2020 Reporting Requirements



Significant Reportable Matters under CARO, 2020-Summary of Changes

New Clauses	Modified Clauses	Retained Clauses	Deleted Clauses
Transaction Not recorded in Books	Fixed assets	Acceptance of deposits	Managerial Remuneration
Ability of Co. to meet its Liabilities	Inventory	Maintenance of cost records	-
CSR-Transfer of Unspent Amount to Fund	Repayment of Loans granted by Company	Compliance of Sections 185 &186	-
Statutory Auditor Resignation	Default in repayment of dues	Application of funds raised	-
CFS: reference to negative remarks in Subsidiary CARO	Reporting of frauds	Related Party Transactions	-
Internal Audit(Reintroduced from CARO, 2003)	Nidhi Company	Non-Cash Transactions	-
Cash Loss(Reintroduced from CARO, 2003)	Registration with RBI	Payment of Statutory Dues	-

Property,Plant and Equipment, Intangible Assets

Clause 3(i)(a)

Modified clause

A. Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of ***Property, Plant and Equipment (PPE)***

B. ***Whether the company is maintaining proper records showing full particulars of Intangible assets.***

Clause 3(i)(b)

Whether these ***PPE*** 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.

Key considerations

- The clause changes the terminology from fixed assets to PPE – to align with Ind AS and AS.
- The clause incorporates details regarding intangible assets.
- This clause requires a company to maintain and require periodic verification of PPE and intangible assets register to ensure proper documentation of PPE and intangible assets. Asset register to include:
  - Details of items self-financed or assets on lease
  - Details of PPE that have been fully depreciated or have been retired from active use and held for disposal
  - Details of PPE that have been fully impaired during the period
  - Bifurcation between self-generated intangible assets and acquired intangible assets
  - Details of investment property and assets held for sale.

Property,Plant and Equipment, Intangible Assets

Modified clause

Clause 3(i)(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)

Key considerations

- This clause requires disclosure of all immovable properties that are not held in the name of the company (in specified format).
- A reconciliation of title deeds with PPE register is required.
- The clause also requires disclosure when any immovable property is held in the name of a promoter, director, their relative or employee.

Property,Plant and Equipment, Intangible Assets

Clause 3(i)(d)

New clause

Whether the company has revalued its PPE (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 per cent or more in the aggregate of the net carrying value of each class of PPE or intangible assets.

Key considerations

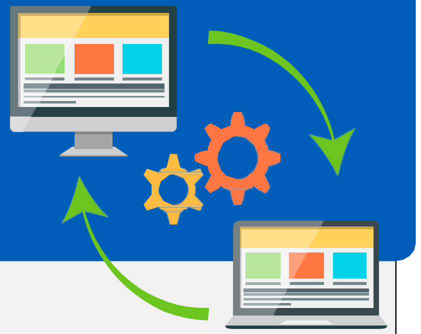
- Consider requirements of AS 10 and Ind AS 16 - that if a single item of PPE is revalued, then the entire class of PPE to which that item belongs should be revalued.
- The clause requires disclosure if change due to revaluation is 10 per cent or more in the aggregate of the net carrying value of each class of PPE or intangible asset.

Property, Plant and Equipment, Intangible Assets

Clause 3(i)(e)

New clause

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.



Key considerations

- The clause requires appropriate disclosure in the financial statements when any proceeding is initiated or is pending regarding benami property
- The reporting would include:
  - Nature of property
  - Carrying value of the property in the books of account
  - Status of proceedings before the relevant authority
  - Consequential impact on the financial statements and/or the liability that may arise in case the proceedings are decided against the company.
- In case proceeding are initiated post balance sheet date but before the signing of the auditor's report, the auditor would be required to report in case such proceeding relates to a property owned by the company as on the balance sheet date.

Inventory and working capital facilities

Modified clause

Clause 3(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 per cent 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.

New clause

b) Whether during any point of time of the year, the company has been sanctioned working capital limits in excess of **INR5 crores**, 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.

Key considerations

- Discrepancy to be evaluated on the basis of total value of inventory and not quantity.
- **10 per cent** threshold for reporting to be applied on net basis after adjusting excesses and shortages within the class of an inventory and based on value for each class of inventory.
- For determining qualifying threshold of INR5 crore, companies to consider:
  - Sanctioned limit of loan and not utilisation of loan
  - Balance outstanding for **any day** during the year and not at year end
  - Limits of all banks and financial institutions in aggregate (limits sanctioned without security of current assets excluded)
  - Credit facilities reckoned should be both fund-based and non-fund based.
- Comparison of books of account with quarterly returns and statements.

Investments, guarantees, securities, loans and advances

New clause

Clause 3(iii)(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.

Key considerations

- Loans include long-term and short-term loans, whether given in cash or in kind to any party(ies), and includes loans squared up during the year.
- Whether an advance is in the nature of loan would depend upon the circumstances of each case.
- Information to be reported in respect of all parties and all kinds of loans.
- Companies would be required to maintain a register for loans or advances in the nature of loans, or guarantee, or security to all the parties to facilitate reporting under this clause.
- Subsidiary/associate/joint venture should be identified as per the definition under the Companies Act, 2013.

Investments, guarantees, securities, loans and advances (cont.)

Modified clause

Clause 3(iii)(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.

Key considerations

- Need to evaluate terms and conditions of all:
  - Loans including long term or short term loans or given in cash or kind
  - Advances in the nature of loans
  - Guarantee/security
  - Investments made.
- The clause requires critical evaluation of advances to determine advances in nature of loans.
- Companies would be required to justify loans/guarantees are not prejudicial to the interest of the company (e.g. loans given at zero per cent interest).
- Reporting requirement under this clause is applicable to all companies, including companies engaged in the financing business.

Investments, guarantees, securities, loans and advances (cont.)

Modified clause

Clause 3(iii) (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.

Clause 3(iii) (d)

The amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest.

Key considerations

- The clause includes all loans and advances in nature of loans granted during the year to any party and also all loans and advances in nature of loans having opening balances
- The term 'regular' means that the principal and interest should normally be received whenever they fall due, respectively.
- Whether reasonable steps have been taken by the company for recovery of principal and interest would depend on facts and circumstances of each case, including the amounts involved. For example, issue of reminders, an advocate's/solicitor's notice, obtaining enhanced security, etc.
- Management of a company would need to provide the steps taken to recover the principal and interest in writing.

Investments, guarantees, securities, loans and advances (cont.)

New clause

Clause 3(iii)(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].

Key considerations

- The clause requires identification of instances of 'ever-greening'[1].
- The clause is not restricted to 'overdue' loans but also extends to situations where fresh loans are given close to settlement date.
- The clause also includes loans falling due on balance sheet date and that are renewed/extended/settled post balance sheet date but before date of audit report.

[1] *ICAI Guidance Note refers ever-greening as an attempt to mask loan default by giving new loans to help delinquent borrowers repay principal or pay interest on old loans.*

Investments, guarantees, securities, loans and advances (cont.)

New clause

Clause 3(iii)(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 Section 2(76) of the 2013 Act.

Key considerations

- This is a big change considering that the previous CARO required only such reporting for related parties or entities having common directors whereas CARO 2020 has increased the scope and included every person. This means that even loans and advances granted to employees, vendors and other persons or entities shall also be covered under and reported this clause.
- Report the gross amount of loans or advances in the nature of loans that are granted to promoters or related parties which:
  - Are repayable on demand, or
  - Without specifying any terms or period of repayment.

Section 185 & 186

Clause 3(iv)

Old clause

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.

Key considerations

Section 185

The auditor should report the nature of non-compliance, the maximum amount outstandingduring the year and the amount outstanding as at the balance sheet date in respect of

I. The Directors; and

II. The persons in whom directors are interested (Specify the relationship with the Directors concerned)

Section 186

The auditor should

I. The auditor should: Obtain the details of, loans given to any person or other body corporate, guarantee given or security provided in connection with a loan,
II. The details at (i) above should pertain to investments etc. made during the year as well as the outstanding balances as at the beginning of the year;
III. Examine whether, at any point of time during the year in case of aforesaid transactions, the company has exceeded the prescribed limit of 60% or 100%;
IV. Examine whether the company is in default in the repayment of any deposits accepted or in payment of interest thereon
V. Check whether the company has made investments through more than two layers of investment companies;
VI. Check whether the company has passed the board resolution as prescribed and obtain the prior approval, whenever required, from the public financial institution.
VII. See whether the company has disclosed the full particulars of transactions envisaged in section 186 in the financial statement.

Public Deposits and Deemed Deposits

Old clause

Clause 3(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.

Key Consideration

This clause requires the auditor to:

- report on compliance with the provisions of section 73 to 76 of the Act; and
- report on compliance with the order, if any, passed by the company Law Board or National company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

Manner of reporting: If not complied with then auditor should state this and report the nature of contraventions. In respect of non-banking financial companies and housing finance companies (to which the provisions of section 73 to 76 of the Companies Act, 2013 and the rules issued thereunder are not applicable), i.e. where such companies are registered with the Reserve Bank of India (RBI) or National Housing Bank (NHB), as deposit taking companies and have accepted or have been holding public deposits during the year - such companies shall be governed by the acceptance of public deposit norms, issued by the respective regulatory bodies. The auditor should specify that sections 73 to 76 of the companies Act, 2013 and rules issued thereunder are not applicable to such company.

Maintenance of Cost Records

Old clause

Clause 3(vi)

Whether maintenance of cost records has been specified by the Central Government under subsection (1) of section 148 of the Companies Act and whether such acco and records
have been somade and maintained.

Key Consideration

- Has the Central Government prescribed cost records under section 148(1) (i.e., through notification of Rules) for any of the products produced or manufactured by the company or services rendered by the company?
- If so, whether such accounts and records have been made and maintained in accordance with the Companies (Cost Records and Audit) Rules, 2014?

Payment / Non-Payment of Statutory Dues

Old clause

Clause 3(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, d of customs, duty of excise, value added tax, cess and any other statutory dues to the appropr authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day o the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;
Clause 3(vii)(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).

Key Consideratioin

- TDS/Advance Tax/Electricity Charges/Bonus Payable etc. –whether statutory dues.
- Regularity of depositing statutory dues irrespective of the fact whether or not there are any arrears on the balance sheet date and subsequent clearance thereof.
- Undisputed statutory dues.
- Penalty and/or interest levied under the repective laws.
- Each instance of delay-whether required to be reported.
- Department's intimations to the assesse for payment of advance tax.
- Lump-sum deposits of estimated amounts of PF/ESI.

Tax Evasion

New clause

Clause 3(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.

Key considerations

- CARO 2020 aims to highlight the companies which have not been disclosing/ offering income properly. Accounting and income tax provisions differ in terms of the timing and amount of recording of income. CARO 2020 wants auditors to specifically consider that in case a Company has offered or disclosed income during income tax assessments then whether such income was properly treated as per accounting provisions.

Default in repayment of loans

Clause 3(ix)(a)

Modified clause

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.				

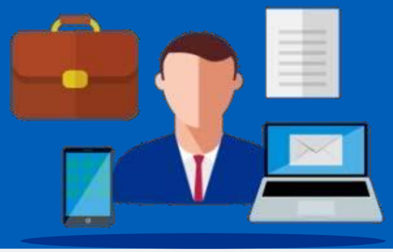
Key considerations

- Default in relation to this clause means non-payment of dues to lenders on the last dates specified in loan documents or debentures trust deed, as the case may be.
- New format includes reporting requirement relating to debt securities and information to be provided lender-wise.
- The clause covers defaults in payment of loans or other borrowings (including principal and interest) to any lender.
- The clause also covers rescheduled/restructured loans, disputed loans and loans and borrowings on demand.
- Period upto the audit report for reporting delay in number of days and amount that remains unpaid is to be considered.
- Undisputed Statutory Dues.
- Each instance of delay – whether required to be reported.

Reporting of Wilful defaulter

New clause

Clause 3(ix)(b)



Whether the company is a declared wilful defaulter by any bank or financial institution or other lender.

Key considerations

- Whether a company has been declared as a wilful defaulter or has been issued a show-cause notice by any lender, bank, financial institution or government as per the procedure specified by RBI (including such bank, financial institution or other lender which has not lent to the company)
- Information on willful defaulters can be obtained from 'credit information companies' and website of RBI and of lender banks/financial institutions and information available in public domain.
- The guidance note limits the scope of 'other lender' to government/government authorities
- Information at the balance sheet date and on the date of the audit report would be considered.
- Company declared wilful defaulter after the balance sheet date.

Diversion of loans

New clause

Clause 3(ix)(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.

Key considerations

- Term loans obtained from entities or persons other than banks and financial institutions would be considered for this clause.
- Diversion would be examined as per the instances defined in the RBI circular and whether the company has granted loans to other parties, including related parties or invested in other companies.
- In case a term loan has not been utilised for the purpose for which it is raised, then an auditor would report the amount of loan diverted and the purpose for which it is used.
- Establishing a one-to-one relationship with the amount of term loan and its utilisation is not necessary. Company may have a common account for different projects from which subsequent utilisation is made.
- General purpose term loans would also be evaluated from the perspective of diversion of funds.

Short-term funds used for long-term purposes

Clause 3(ix)(d)

New clause

Whether funds raised on short term basis have been utilised for long term purposes, if yes, the nature and amount to be indicated.

Key considerations

- Clause requires a statement regarding the nature of application of funds if the company has financed long-term assets out of short-term funds.
- Comparison would be required for long-term sources and long-term application of funds.
- Movement of funds should be supported by relevant documentation.
- Review would be required of balance sheet, cash flow statement and current ratio.

Funds borrowed to meet obligations of subsidiaries, etc.

Clause 3(ix)(e)

New clause

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.

Key considerations

- The term ‘entity’ in this clause would include banks, financial institutions, company, limited liability partnership, trust, government, or others irrespective of the legal form.
- Auditor needs to consider new loans or advances given during the year, meeting the obligations of subsidiaries, etc. during the year and new investments (equity or debt) made during the year.
- Obligation would mean the amounts that subsidiaries, associates, or joint ventures were required to pay themselves to their vendors, lenders, employees or statutory authorities.
- The clause covers both long term and short term funds taken:
  - During the year even if these have been repaid before the year end
  - In earlier years and were repaid during the year or are outstanding as at the year end.

Loans raised on the pledge of securities

Clause 3(ix)(f)

New clause

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.

Key considerations

- Securities held in its subsidiaries, joint ventures or associate companies" means the investment of the company in such subsidiary, joint venture or associate company.
- Default includes both repayment of principal and payment of interest.
- This clause covers all loans taken during the year even if these have been repaid during the year.

Public Offer-IPO & further public offer

Clause 3(x)(a)

Old Clause

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.

Key considerations

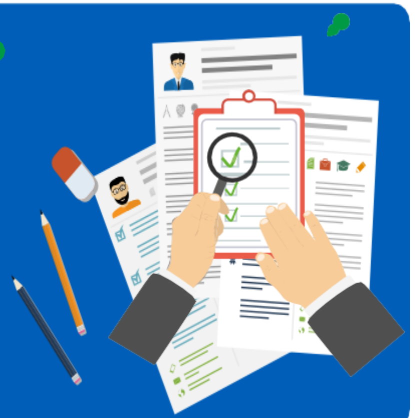
- SEBI Regulations about disclosure of end use of public proceeds.
- One to One relation not necessary.
- Temporary investment of surplus fund.

Public Offer-IPO & further public offer(Cont.)

Old Clause

Clause 3(x)(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 noncompliance;



Key considerations

- One to one relationship not necessary.
- Temporary Investment.
- Funds raised during the year might not have been applied for the stated purpose during the year.

Fraud Reporting

Clause 3(xi)

Modified Clause

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.

Key considerations

- The responsibilities of the auditor have been widened by removing the words “officers or employees”.
- Only factual reporting of filing or any details to be provided.
- CARO 2020 requires an auditor to report whether it has considered whistle-blower complaints received against the Company.

This is one of the key steps for marching towards corporate whistleblowers. At present, the Whistleblower Protection Act, 2014 is not pplicable on corporates and the disclosure is aimed to expose alleged wrongdoings in government bodies, projects and offices.

Nidhi Companies

Clause 3(xii)

Old Clause

(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.

Key considerations

The auditor should ask the management to provide the computation of the deposit liability and net owned funds on the basis of the requirements mentioned above to enable him to verify that the ratio of deposit liability to net owned funds is in accordance with the requirements prescribed in this regard;verify the ratio using the figures of net owned funds and deposit liability computed in accordance with what is stated above. The comments of the auditor should be based upon such a statement provided by the management and verification of the same by the auditor;obtain the schedule of payments of interest and repayments of deposits. The schedule should indicate the amount and the due dates of the payment of interestexamine the documents containing the terms and conditions of the deposits to enable him in verifying the amount and due dates of the payments mentioned in the documents;verify whether the repayments as well interest as per books of accounts are in accordance with the terms and conditions of the relevant documents;report the following incorporating the following as at the balance sheet date:

Related Party Transaction

Clause 3(xiii)

Old Clause

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.

Key Consideration

- Obtain written representations from management and, where appropriate, those charged with governance that:
- They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and
- They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.

Obtain a list of companies, firms or other parties, the particulars of which are required to be entered in the register maintained under section 189 of the Act.

Verify the entries in the register maintained under section 189 of the Act from the declarations made by the directors in Form MBP-1 i.e., general notice received from a director under Rule 9(1) of the Companies (Meetings of Board and Power) Rules, 2014.

Reporting on Internal Audit

Clause 3(xiv)

New clause

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.

Key considerations

- Clause was removed when CARO, 2016 was notified and now again added in CARO 2020.
- Further, it is required to specifically report whether report of internal audit has been considered by the Statutory Auditors.

Non Cash Transactions

Clause 3(xv)

Old Clause

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.

Key considerations

Audit procedures: The auditors should:

- Verify from the minutes book of the general meetings of the company whether company has accorded prior approval for non-cash transaction with director or connected person
- Verify whether notice for approval of the resolution by the company or holding company in general meeting includes the particulars of the arrangement along with the value of the assets involved in such arrangement duly calculated by a registered valuer u/s 247 of the Companies Act, 2013.

Reporting on NBFC ~~Companies~~ Norms

Clause 3(xvi)

Modified Clause

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.

Key considerations

- Earlier there was reporting whether company is required to get itself registered under section 45-IA of Reserve Bank of India Act 1934. Now along with this three more requirements need to be analyzed and report.
- CARO 2020 requires an auditor to check whether an entity which is carrying on non-banking financial business, housing finance activities or is a Core Investment Company (CIC) and has obtained a valid registration certificate from the Reserve Bank of India as per Reserve Bank India Act, 1934.
- Further in case of CIC, auditor also needs to check whether any Company which is exempted or unregistered continues to fulfill the required criteria as mentioned by RBI from time to time. If there are a group of CICs, then the auditor need to provide no. of CIC companies under that group.
- Core investment companies are NBFCs holding at least 90% of their net assets in the form of investment in equity shares, preference shares, debt or loans, debentures, bonds in group companies. The main rationale behind this reporting requirement in CARO 2020 is because in recent times big CIC companies (such as IL&FS) have defaulted.

Cash Losses

Clause 3(xvii)

New clause

a) 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.

Key considerations

- Similar Clause in CARO, 2003.
- Cash losses incurred by company in current and previous financial years needs to be reported.

Reporting on Resignation of the Auditors

Clause 3(xviii)

New clause

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.

Key considerations

- Resignation of auditors often casts a doubt on the management and CARO 2020 aims to highlight this. The new CARO requires reporting in case a statutory auditor has resigned. Further, it also requires the new auditor to take into consideration the reason why previous auditor resigned, and issues raised by the previous auditor.
- Presently, section 139 of the Companies Act, 2013 prescribes various compliances in respect to an auditor resignation. ICAI, on the other hand, has a code of ethics for its members. Even as a matter of professional courtesy and professional obligation, it is necessary for incoming auditor to communicate with outgoing auditor. Practically, this requirement is fulfilled by sending a courtesy letter by the new auditor to previous auditor regarding their appointment seeking any objection or issue the previous auditor wants to highlight.
- There can be several reasons for resignation of auditor on his part but if the reasons behind the resignation is something like hiding of material information by management, code of ethics requirement as slated by ICAI is being violated or involvement of entity in accounting scandals then in such cases, it becomes important to communicate with outgoing auditor to consider the facts before deciding whether or not one should

Reporting on uncertainty in repayment of liabilities

Clause 3(xix)

New clause

a) 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.

Key considerations

- CARO 2020 requires a specific certification that no material uncertainty exists in a Company to pay its liabilities within a period of one year from the due date. This new clause has increased the auditor's responsibility to determine and disclose the financial health of an entity to meet its liabilities existing in the balance sheet.
- To assess this, an auditor may consider:

(a) Financial Ratios

(b) Ageing and expected dates of realisation of financial assets and Payment of financial liabilities

(c) Other information accompanying financial statements

(d) Auditor's knowledge of the Board of Directors and management plans

The reporting required in this clause would enable the auditor to determine whether an entity is financially stable. This clause is more about assessing the validity of fundamental accounting assumption of going concern. Auditor may plan to assess the going concern assumption in accordance with Standards on Auditing (Revised) 570 Going Concern and then respond to the CARO clause

Reporting on CSR unspents

Clause 3(xx)

New clause

- 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;
- 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;

Key considerations

- The present provisions already require that any amount remaining unspent on CSR activities (except due to some ongoing project) shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of thirty days from the date of completion of the third financial year. In case the Company contravene such provision then there are penal provisions in the Act.

.

CARO for Consolidated Financial Statements

Clause 3(xxi)

New clause

a) 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.

Key considerations

Any qualification or adverse remark reported in the CARO of any company included in the audit report on consolidated financial statements, needs to be reported.

CARO 2020 recognises the fact that the there can be few matters which should be addressed via CARO report for consolidated financial statements. The previous CARO was not applicable to auditor's report on consolidated financial statements but CARO 2020 provides an exception.

In case of multiple subsidiaries, joint ventures and associates, it is possible that one audit firm may take all the audits of group entities or various audit firms may be involved for the audit of entire group. CARO 2020 requires that in case respective auditors have made any qualifications or adverse remarks then following reportings should be made:

(a) Details of such companies [Name and relationship - Subsidiaries, Joint venture and Associates]
(b) Clause no. of respective CARO report of such companies containing such qualifications and adverse remarks.

~~CARO for Managerial Remuneration~~

The reporting clause Managerial remuneration [Clause 3(xi))] has been deleted from CARO, 2016.

Key considerations

Section 197(16) of the Companies Act, 2013 requires as under:

*“**The auditor of the Company shall, in his report under section 143,** make a statement as to whether the remuneration paid by the Company to its directors is in accordance with the provisions of this section, whether remuneration paid to any director is in excess of the limit laid down under this section and give such other details as may be prescribed”*

ICAI Advisory dated 9th September, 2019 as under:-

*The aforesaid reporting requirement for auditors of public companies needs to be covered in auditor’s report under the Section “Report on Other Legal and Regulatory Requirements”. **Accordingly, auditors of public companies are advised to comply with the aforesaid reporting requirements in their auditor’s reports.***

Q&A Session

Our touchpoints

KOLKATA **Four Mango Lane, Surendra Mohan Ghosh Sarani, Kolkata – 700001, West Bengal, India. Tel: +91 33 2210 1124.**	**MUMBAI** **Office No. 61, 6th Floor, Sakhar Bhawan, 230 Nariman Point, Mumbai – 400021, Maharashtra, India. Tel: +91 902996601.**
GUWAHATI **Ashiana, Flat No. 2B, Sarvodaya Path, Bye Lane of G. S. Road, Guwahati – 781005, Assam, India. Tel: +91 9038048188.**	NEW DELHI 708, 7th Floor, Pragati Tower, Rajendra Place, New Delhi – 110008, India. Tel: +91 8976246082.
HYDERABAD **109 SMR, Sartaz Plaza, Juipter Colony – Sikh Road, Secunderabad – 500009, Telangana, India. Tel: +91 9703019988.**	BENGALURU 2nd FLOOR, No. 215, Richmond Towers, 12, Richmond Road, Bengaluru (Bangalore) Urban, Karnataka, 560025, Karnataka, India. Tel: +91 9703019988.
JAIPUR **C/o. Babu Lal Gupta, B-57, Indra Verma Colony, Shastrinagar, Jaipur- 302016, Rajasthan, India. Tel: +91 9833313290.**	SURAT M-22, Metro Tower, Near Kinnari Cinema, Ring Road, Surat -395002, Gujarat, India. Tel: +91 9869827390.
RANCHI **3rd Floor, Durga Kutir, Kanke Road, Ranchi – 834008, Jharkhand, India. Tel: + 91 8369143589**	

Thank you

Feedback/queries can be sent to:

ansul.agawal@vsinghi.com, +91-9734935187

General Circular No. 04/2015

No. 1/32/2013-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, `A' wing, Shastri Bhavan
New Delhi – 110001
Dated: 10/03/2015

To

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

Subject : Clarification with regard to section 185 and 186 of the Companies Act, 2013 – loans and advances to employees - reg.

Sir,

This Ministry has received a number of references seeking clarification on the applicability of provisions of section 186 of the Companies Act, 2013 relating to grant of loans and advances by Companies to their employees.

2. The issue has been examined and it is hereby clarified that loans and/or advances made by the companies to their employees, other than the managing or whole time directors (which is governed by section 185) are not governed by the requirements of section 186 of the Companies Act, 2013. This clarification will, however, be applicable if such loans/advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.

3. This issues with the approval of the Secretary.

Yours faithfully,

(KMS Narayanan)
Assistant Director
Phone : 011-23387263

Copy to :

1. PSO to Secretary
2. PS to JS(M)/JS(B)/JS(A)/JS(SP)/DII(NS)/DII(P)
3. E-Gov Cell for uploading on the MCA website
4. Guard File.

Revised Schedule –III for Non Ind AS & Ind AS Companies- Division I & II Sch III

Organised on 1st May 2022

Borivali Kandivali East CPE Study Circle of WIRC of ICAI

Compiled and Presented by CA Yagnesh Mohanlal Desai.

Acknowledgements:-

- MCA Notification dated 24th March,2021
- Guidance Note on the Companies (Auditor's Report) Order, 2020 – GN CARO 2020
- Guidance Note on Division I Schedule III to the Companies Act 2013.
- Guidance Note on Division III Schedule III to the Companies Act 2013.
- "Glossary of Terms used in Financial Statements" issued by the Research Committee of ICAI.
- FAQ on CSR August 2021.
- Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accountants.

Abbreviations

The Companies (Auditor’s Report) Order, 2020.	CARO 2020
The Companies Act 2013.	CA 2013
Indian Accounting Standards	Ind AS
Accounting Standards (applicable to Non-Ind AS Cos.)	AS

- Financial Statements for a company whose Financial Statements are required to comply with the Companies (Accounting Standards) Rules, 2006 –AS.

- Financial Statements for a company whose Financial Statements are required to comply with the Companies (Indian Accounting Standards) Rules, 2015. Ind AS Standards.

- New disclosure requirements encompasses few applications of CARO 2020, Ind AS and IBC.

- Barely two changes in presentation. Major changes in disclosures.

- Applicable to all type of companies.

Disclosure requirements are over and above the one prescribed under the relevant standards.

Rounding off ..

- **Total income < Rs. 100 Crores** - Round off to the **nearest hundreds, thousands,** lakhs or millions or decimal thereof.
- **Total income >Rs. 100 Crores** - Round off to the **nearest lakhs, millions** or crores, or decimal thereof.

Contents

- Part I - Amendment in presentation
  - a. Balance Sheet
  - b. Statement of Profit and Loss

- Part II - Amendment in disclosures
  - a. Balance Sheet
  - b. Statement of Profit and Loss

PART I – Amendments in Presentation

DIVISION I

a. Balance Sheet

I. Equity and Liabilities

There are no changes in equities and liabilities.

II. Assets

Non Current Assets

(1) (a) Property, Plant and Equipment *and Intangible assets*

The words '*and Intangible assets*' have been inserted

b. Statement of Profit and Loss

III. For Total Revenue– *Total Income* has been substituted

DIVISION II

a. Balance Sheet

I. Assets - There are no changes in presentation of assets.

II. Equity & Liabilities

Non Current Liabilities

(3) (a)(ia)Lease liabilities

The sub-item *Lease liabilities* has been inserted

Current Liabilities

(4) (a)(ia)Lease liabilities

The sub-item *Lease liabilities* has been inserted

b. Statement of Profit and Loss - There are no changes in Statement of Profit and Loss

PART II – Amendments in Disclosures

a. Balance Sheet - **This part is not applicable to Division I**

I. Statement of Changes in Equity

A. Equity Share Capital - – To sync with Ind AS 8 -RR

(1)Current Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
-	-	-	-	-

(2)Previous Reporting Period

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
	-	-	-	-

a. Balance Sheet **-This part is not applicable to Division I**

I. Statement of Changes in Equity

B. Instruments entirely equity in nature- – To sync with Ind AS 8 –RR

a. Compulsorily Convertible Preference Shares

(1)Current Reporting Period

Balance at the beginning of the current reporting period	Changes in compulsorily convertible preference shares due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in compulsorily convertible preference shares during the current year	Balance at the end of the current reporting period
-	-	-	-	-

(2)Previous Reporting Period

Balance at the beginning of the previous reporting period	Changes in compulsorily convertible preference shares due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in compulsorily convertible preference shares during the previous year	Balance at the end of the previous reporting period
	-	-	-	-

a. Balance Sheet - **This part is not applicable to Division I**

I. Statement of Changes in Equity

B. Instruments entirely equity in nature- – To sync with Ind AS 8 –RR

b. Compulsorily Convertible Debentures

(1)Current Reporting Period

Balance at the beginning of the current reporting period	Changes in compulsorily convertible debentures due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in compulsorily convertible debentures during the current year	Balance at the end of the current reporting period
-	-	-	-	-

(2)Previous Reporting Period

Balance at the beginning of the previous reporting period	Changes in compulsorily convertible debentures due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in compulsorily convertible debentures during the previous year	Balance at the end of the previous reporting period
	-	-	-	-

a. Balance Sheet - **This part is not applicable to Division I**

I. Statement of Changes in Equity

B. Instruments entirely equity in nature- – To sync with Ind AS 8 –RR

c. [Instrument] (Any other instrument entirely equity in nature)

(1)Current Reporting Period

Balance at the beginning of the current reporting period	Changes in [instrument] due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in [instrument] during the current year	Balance at the end of the current reporting period
-	-	-	-	-

(2)Previous Reporting Period

Balance at the beginning of the previous reporting period	Changes in [instrument] due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in [instrument] during the previous year	Balance at the end of the previous reporting period
	-	-	-	-

A. Equity Share Capital Page no 13 of the Notification - **This part is not applicable to Division I**

(1)Current Reporting Period

			Reserves and Surplus											
	Share Application money pending allotment	Equity Component of compound financial instruments	Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences of translating the financial statements of a foreign operations	Other items of Other Comprehensive Income	Money received against Share Warrants	TOTAL
Balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in accounting policy or prior period errors														-
Restated balance at the beginning of the current reporting period														-
Total Comprehensive Income for the current year														-
Dividends														-
Transfer to retained earnings														-
Any other change (to be specified)														-
Balance at the end of the current reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A. Equity Share Capital Page no 13 of the Notification - **This part is not applicable to Division I**

(2)Previous Reporting Period

			Reserves and Surplus											
	Share Application money pending allotment	Equity Component of compound financial instruments	Capital Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences of translating the financial statements of a foreign operations	Other items of Other Comprehensive Income	Money received against Share Warrants	TOTAL
Balance at the beginning of the previous reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in accounting policy or prior period errors														-
Restated balance at the beginning of the previous reporting period														-
Total Comprehensive Income for the previous year														-
Dividends														-
Transfer to retained earnings														-
Any other change (to be specified)														-
Balance at the end of the previous reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-

a. Balance Sheet- **This part is applicable to both the Divisions**

II. Equity and Liabilities

A. Share Capital

A company shall disclose shareholding of promoters as follows:

Shares held by promoters at the end of the year				% Change during the year***
Sr. No.	Promoter Name	No. of Shares**	% of total shares**	
Total				

** Details shall be given separately for each class of shares
*** percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

Who are promoters S 2(69) of the CA 2013?

S 2 (69) “promoter” means a person—

(a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or

(b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

(c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity;

a. Balance Sheet- **This part is not applicable to Division II**

II. Equity and Liabilities

B. Short term borrowings (STB)

(v) the current maturities of long term borrowings shall be disclosed separately

This is lifted from : OCL

G. Other current liabilities (OCL)

The amounts shall be classified as:

(a)Current maturities of long-term debt; - This eventually is deleted Item IV Page 2

(b)Shift to STB

a. Balance Sheet **This part is not applicable to Division I**

II. Equity and Liabilities

C. Non Current Liabilities

3(a)(i) Borrowings

(f) Long term Maturity of Finance Lease Obligation (has been omitted)

a. Balance Sheet **This part is not applicable to Division I**

II. Equity and Liabilities

D. Current Liabilities

I. Borrowings

(v) Current maturities of Long term borrowings shall be disclosed separately

II. Other Financial Liabilities

(a) Current maturity of long term debt. and (b) current maturity of lease obligation shall be omitted..

a. Balance Sheet - **This part is applicable to both Divisions**

II . Equity and Liabilities

E. Trade Payables to be added to the notes pertaining to -

Prior to amendment only bifurcation between outstanding dues of MSME and others was required, no disputed were required to be disclosed .
The following ageing schedule shall be given for trade payables due for payment:

Particulars	Outstanding for following periods from due date of payment				(Amount in Rs.)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others					
(iii) Disputed dues- MSME					
(iv) Disputed dues - Others					

Refer to MSME 1 form to be lodged with ROC every 6 months

a. Balance Sheet- **This part is applicable to both Divisions**

<u>III. Assets</u>

A. Property , Plant and Equipment and
B. Intangible Assets

(iii) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) and other adjustments and the related depreciation and impairment losses/reversals shall be disclosed separately .

Relevant Para of CARO 2020 – 3(i)(d) reproduced on next slide.

Requirement of Ind AS 16 does not specify any threshold limit. – Ind AS 16.73 and GN 8.1.1.18

Relevant Para of AS 10 :Para 34-44 ,81, 85 and 88.

CARO 2020 3(i) (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;

a. Balance Sheet- **This part is not applicable to Division II**

III. Assets - No reference in CARO 2020

Added to M . “Other non-current assets” lifted from L” “Long-term loans and advances”–

C. Other non-current assets

(ia) Security Deposits

This is lifted from L

a. Balance Sheet – **This part is not applicable to Division I**

III. Assets

D. Loans (under Non current and current assets)

(i) (a) Security deposit shall be omitted -

E. Other Financial Assets (Non current assets)

(i) Security Deposits
(ii) Bank deposits with more than 12 months maturity ***

This is an all-inclusive heading, which incorporates financial assets that do not fit into any other financial assets that do not fit into any other financial assets categories, such as ,Security deposits.

a. Balance Sheet - **This part is applicable to both Divisions**

III. Assets * Ind AS 115 – - No reference in CARO 2020

F. Long term Trade Receivables and Trade Receivables – (unbilled dues and receivables with no due date)
- What is unbilled?

Prior to amendment only bifurcation between outstanding for more than 6 months and others was required. Added disputed and undisputed.

The following ageing schedule shall be given for trade receivables :

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good						
(i) Undisputed Trade receivables - considered doubtful						
(iii) Disputed trade receivables considered good						
(iv) Disputed trade receivables considered doubtful						

a. Balance Sheet VA-Div I JA-Div II

<u>IV. Disclosures – Borrowings from banks and financial institutions.</u>

VA & JA. Where the company has not used **the borrowings** from banks and financial institutions for **the specific purpose** for which it was taken at the balance sheet date , the company shall disclose the details of where they have been used .

Consider events after reporting period.

Fund based and non-fund based borrowings both are considered.

Relevant Para of CARO 2020 3(ix) (c)-→

a. Balance Sheet

IV Disclosures – Borrowings from banks and financial institutions.

Relevant Para of CARO 2020 3(ix) (c)

"(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;"

This clause is applicable to "term loan" -have a fixed or pre-determined repayment schedule. In the common parlance period beyond 36 months are usually known as term loans.

Cash credit, overdraft and call money accounts/deposits are therefore not covered by the expression "Term Loans".

Relevant Para of CARO 2020 3(ix) (c)
Whether this clause also covers term loans obtained from entities/persons other than banks/financial institutions. ?

A strict interpretation of this clause would mean that the term loan obtained from entities/persons other than banks/financial institutions would also have to be examined by the auditor for the purpose of reporting under this clause

No one –to-one relationship needs to established – in other words no nexus to be established

It may happen that the company might have acquired improved version/model of assets as against the assets for which the loan had been sanctioned.

Would this tantamount to diversion?
What if the funds are temporarily invested ?
What if the loan is received at the fag-end of the year.?

If the debt instrument is required to be split as per Ind AS it should be treated as Debt and not to be bifurcated for the limited purpose of this clause.

Diversion of funds would be construed to include any one of the undernoted occurrences:

a) utilization of short-term working capital funds for long-term purposes not in conformity with the terms of sanction;

b) deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned;

c) transferring borrowed funds to the subsidiaries / Group companies or other corporates by whatever modalities

d) routing of funds through any bank other than the lender bank or members of consortium without prior permission of the lender;

e) investment in other companies by way of acquiring equities / debt instruments without approval of lenders;

f) shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for

a. Balance Sheet - **This part is applicable to both Divisions**

V. Additional Regulatory Information Reference in CARO 2020 Clause 3(i)(c)

(i) Title deeds of Immovable property not held in the name of the company

The company shall provide the details of all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company in format given below and where such immovable property is jointly held with others, details are required to be given to the extent of the company's share

Relevant line item in Balance Sheet	Description of item of property	Gross Carrying Value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reasons for not being held in the name of the company**
PPE						
Investment property						
PPE retired from active use and held for disposal						
Others						

a. Balance Sheet

V. Additional Regulatory Information Reference in CARO 2020 Clause 3(i)(c)

(i) Title deeds of Immovable property not held in the name of the company

CARO 2020

3(i) (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:-

Immovable property – not classified as PPE – CARO 2020 is not applicable to such properties.

- Immovable properties not classified as property, plant and equipment, -like inventories of immovable property for a real estate company.

- But what if the property classified under Ind AS 105 Non-current assets held for sale of ROU assets or Investment Property ?

- The auditor may obtain the support of any legal expert in case there is any dispute or litigation as to the title of the immovable property or where the auditor seeks clarity in matters related to this clause.

a. Balance Sheet -**This part is applicable to Division II only**

V. Additional Regulatory Information

(ii). The Company shall disclose as to whether the fair value **of investment property** (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Relevant Ind AS : Ind AS 40 Investment property.

Only one option to measure subsequently at cost.

Disclosure of fair value required in accordance with Para 79(e) of Ind AS 40.

Appointment of the valuer by the Audit Committee in case of listed Companies and the Board in case of unlisted Companies. S 247 of the CA 2013.

a. Balance Sheet

IV. Additional Regulatory Information – DIV I and DIV II

(ii). Where the Company has revalued its Property, Plant and Equipment, the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

Reference in CARO 2020 3(i)(d) **-SA 620, "Using the Work of an Auditor's Expert"**

(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;.

a. Balance Sheet-**This part is applicable to both Divisions**

V. Additional Regulatory Information Relevant Para in CARO 2020 – 3(xiii) Next slide

(iii). Following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

(a) repayable on demand or
(b) without specifying any terms or period of repayment

Types of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loan and Advances in the nature of loans
Promoters		
Directors		
KMPs		
Related Parties		
Total		

Quiz Interest Free Loans to employees and S 185 & 186 of the CA 2013 – Clause 3(iv) of the CARO 2020.

General Circular 4/2015 Dated 10.3.2015

Para of CARO 2020

3 (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;

To some extent also 3(iii)(not verbatim or fully though)

(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) to (f)

a. Balance Sheet-**This part is applicable to both Divisions**

V. Additional Regulatory Information – No specific mention of CWIP in CARO 2020

(iv) & (v) Capital Work in Progress (CWIP) and Intangible assets under development (ITAUD)

The following ageing schedule shall be given:

a. CWIP/ITAUD ageing schedule (Amount in Rs.)

CWIP/ITAUD	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress					
Projects temporarily suspended					

a. Balance Sheet-**This part is applicable to both Divisions**

IV. Additional Regulatory Information No specific mention of CWIP in CARO 2020

(iv) & (v).Capital Work in Progress (CWIP) and Intangible assets under development, (ITAUD) **whose completion** is overdue or has exceeded its cost compared to its original plan

The following **CWIP/ITAUD completion schedule** shall be given

(Amount in Rs.)

CWIP/ITAUD	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1				
Project 2				

a. Balance Sheet-**This part is applicable to both Divisions**

IV. Additional Regulatory Information – Relevant CARO-2020 3(i)(e) – Refer next slide.

(vi). Details of Benami Property

Where any proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder, the company shall disclose the following:-
(a) Details of such property, including year of acquisition,
(b) Amount thereof,
(c) Details of Beneficiaries,
(d) If property is in the books, then reference to the item in the Balance Sheet,
(e) If property is not in the books, then the fact shall be stated with reasons,
(f) Where there are proceedings against the company under this law as an abetter of the transaction or as the transferor then the details shall be provided,
(g) Nature of proceedings, status of same and company's view on same.

CARO 2020 Para 3(i) (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;

What is not considered as benami property?

Benami transaction shall not include any transaction involving the allowing of possession of any property to be taken or retained in part performance of a contract referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882), if, under any law for the time being in force,—

(i) consideration for such property **has been provided by the person** to whom possession of property has been allowed but the person who has granted possession thereof continues to hold ownership of such property;

(ii) stamp duty on such transaction or arrangement has been paid; and

(iii) the contract has been registered;

Section 2(26) - "property" means assets of any kind, whether movable or immovable, tangible or intangible, corporeal or incorporeal and includes any right or interest or legal documents or instruments evidencing title to or interest in the property and where the property is capable of conversion into some other form, then the property in the converted form **and also includes the proceeds from the property**;

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information

(vii) Where the Company ***has borrowings*** from banks or financial institutions on the basis of security of current assets, it shall disclose the following:-

(a) whether quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
(b) if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed.

Relevant Para of CARO 2020 3(ii)(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;

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information Relevant CARO 2020 3(ix)(b)

(viii). Wilful Defaulter *
Where a company is a declared wilful defaulter by any bank or financial Institution or other lender, following details shall be given:
(a) Date of declaration as wilful defaulter,
(b) Details of defaults (amount and nature of defaults),

- "wilful defaulter" here means a person or an issuer who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

- Relevant CARO 2020 3(ix)(b)

"Whether the company is a declared wilful defaulter by any bank or financial institution or other lender"

(viii). Wilful Defaulter

- The term ‘lender’ appearing in the RBI Circular covers all banks/financial institutions to which any amount is due, provided it is arising on account of any banking transaction, including off balance sheet transactions such as derivatives, guarantee and letter of credit.

- restricted to the relevant financial year under audit till the date of audit report.

- Refer to Master Circular of RBI dated July1,2014 as updated from time to time

(viii). Wilful Defaulter

Unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to Honour the said obligations.

The unit has defaulted in meeting its payment / repayment obligations to the lender and has not utilised the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes

3 The unit has defaulted in meeting its payment / repayment obligations to the lender and has siphoned off the funds

4. The unit has defaulted in meeting its payment / repayment obligations to the lender and has also disposed off or removed the movable or immovable property given by him or it for the purpose of securing a term loan without the knowledge of the bank/lender.
Triggering event default – of Interest and or principle

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information

(ix). Relationship with Struck off Companies - No reference in CARO 2020

Where the company has any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, the Company shall disclose the following details:-

Name of struck off Company	Nature of transactions with struck off Company	Balance Outstanding	Relationship with struck off company,if any,to be disclosed
	Investment in securities		
	Receivables		
	Payables		
	Shares held by stuck off company		
	Other outstanding balances (to be specified)		

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information No reference in CARO 2020

(x) Registration of charges or satisfaction with Registrar of Companies

Where any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period, details and reasons thereof shall be disclosed.

None the less refer to the Register of charges - CHG 1 CHG 4 – CHG 7 , S (16), S 77 under the CA 2013.

Section 2(16) of Companies Act, 2013 refers to creation of interest or a right on a property or asset of a company or any of its undertaking as a security against loan provided to the company in respect of such interest.

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information No reference in CARO 2020 *

(xi). Compliance with number of layers of companies

Where the company has not complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, the name and CIN of the companies beyond the specified layers and the relationship/extent of holding of the company in such downstream companies shall be disclosed.

Relevant section of the CA 2013 – S 185/186 of the CA 2013.

- **Bit remotely CARO 3(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;***

a. Balance Sheet – **This part is applicable to both Divisions**

<u>IV. Additional Regulatory Information – 4 T/o, 3 Return 4 Others. CARO 2020 3(xix)</u>

(xii) Following Ratios to be disclosed:-

(a) Current ratio
(b) Debt-Equity ratio
(c) Debt service coverage ratio
(d) Return on equity ratio
(e) Inventory turnover ratio
(f) Trade receivables turnover ratio
(g) Trade payables turnover ratio
(h) Net capital turnover ratio
(i) Net profit ratio
(j) Return on capital employed
(k) Return on investment

The company shall explain the items included in numerator and denominator for computing the above ratios. Further explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year. .

***CARO 2020 3(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;**

Currently, there is no legal requirement – neither in FS or Director’s report about the company’s capability 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.

As per AS 1 Going Concern is a fundamental assumption – under para of 27 disclosure is warranted if that assumption is not followed.

Paragraph 25 of Ind AS 1, requires that when preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern.

As per SA 570(Revised), Going Concern, the auditor’s responsibilities are to obtain sufficient appropriate audit evidence regarding, and to conclude on, the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity’s ability to continue as a going concern

The liabilities to be examined for payment should exist at the date of balance sheet which fall due within a period of one year from the balance sheet date.

“liabilities falling due within a period of one year” V/s
“current liabilities” – they are not the same, as the criteria of current liability also depends on:-

- Operating Cycle.
- Meant for trading , and existence or absence of .
- Unconditional rights to defer the liability beyond one year from the reporting date.

Maturity analysis of financial liabilities and assets as required to be disclosed as per Ind As 107 will be helpful to the Auditor in making judgement about Company's capacity 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;

a. Balance Sheet - **This part is applicable to both Divisions**

IV. Additional Regulatory Information No reference in CARO 2020

(xiii). Compliance with approved Scheme(s) of Arrangements

Where any Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the Company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards' and deviation in this regard shall be explained.

a. Balance Sheet IV. Additional Regulatory Information

(xiv) Utilisation of Borrowed funds and share premium:

(A) Where company has advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or **(BEN 1,2,3)**

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

the company shall disclose the following:-

(I) date and amount of fund advanced or loaned or invested in Intermediaries with complete details of each Intermediary.

(II) date and amount of fund further advanced or loaned or invested by such Intermediaries to other intermediaries or Ultimate Beneficiaries along with complete details of the ultimate beneficiaries.

(III) date and amount of guarantee, security or the like provided to or on behalf of the Ultimate Beneficiaries

(IV) declaration that relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).;

Continued…

a. Balance Sheet IV. Additional Regulatory Information

(xiv) Utilisation of Borrowed funds and share premium:

(B) Where a company has received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
the company shall disclose the following:-
(I) date and amount of fund received from Funding parties with complete details of each Funding party.
(II) date and amount of fund further advanced or loaned or invested other intermediaries or Ultimate Beneficiaries along with complete details of the other intermediaries' or ultimate beneficiaries.
(III) date and amount of guarantee, security or the like provided to or on behalf of the Ultimate Beneficiaries
(IV) declaration that relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003).;

b. Statement of Profit and Loss - **This part is applicable to both Divisions**

A. Revenue from Operations No reference in CARO 2020

(ba) Grants or donations received (relevant in case of section 8 company only)

a. Balance Sheet V. Additional Regulatory Information - **This part is not applicable to Division I**

(iii). Where the Company has revalued its **Property, Plant and Equipment** (including Right-of-Use Assets), the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

(iv) Where the company has revalued its intangible assets, the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Reference in CARO 2020 3(i)(d)

(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;.

Followings are not considered as revaluation:

- Fair valuation of PPE upon first time adoption of Ind AS.
- Remeasurements (i.e., changes in value due to interest or foreign exchange rates) Para D13AA of Ind AS 101
- Changes to ROU assets due to lease modification as per Ind AS 116.
- Applicable SA 620, "Using the Work of an Auditor's Expert" his report can be used as an evidence in terms of the principles enunciated in SA 500, "Audit Evidence", with regard to using the work done by a management's expert.

Discuss Para 35(b) , 39 and 40 of Ind AS 16

Quiz : Accounting treatment of voluntary change in accounting policy of changing from cost model to revaluation model – discuss in the context of Ind AS 8.

b. Statement of Profit and Loss - **This part is applicable to both Divisions**

B. Undisclosed Income – Relevant CARO 2020.. 3(viii)

The Company shall give details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and also shall state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.;

CARO 2020 Clause

3(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;

As per Section 158B of the Income Tax Act, 1961, "undisclosed income" includes any money, bullion, jewellery or other valuable article or thing or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or ***property which has not been or would not have been disclosed for the purposes of this Act, or any expense, deduction or allowance claimed under this Act which is found to be false.***

The words surrendered or disclosed - the company must have voluntarily admitted to the addition of such income.

The auditor should also obtain a copy of the statements made in the course of search and survey to verify the nature of income so surrendered or disclosed.

Where, however, such statement has been retracted on the ground that such disclosure was obtained under force, coercion, etc. the income cannot be treated as surrendered or disclosed by the company same in the case where the additions by the AO, which is challenged by the Company .

The surrender or disclosure of unrecorded income might relate to any assessment year under the Income Tax Act, 1961 – not necessarily current financial year under audit.

b. Statement of Profit and Loss

C. Corporate Social Responsibility (CSR) Relevant Para of the Order 3(xx)

Where the company covered under section 135 of the companies act, the following shall be disclosed with regard to CSR activities:-
(a) amount required to be spent by the company during the year,
(b) amount of expenditure incurred,
(c) shortfall at the end of the year,
(d) total of previous years shortfall,
(e) reason for shortfall,
(f) nature of CSR activities,
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately

Clause 3(xx)(a)- New Clause

(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) Notification date 22.1.2021

(c) Form CSR 2 which was required to be lodged with MCA before March 31,2022

(d) FAQ on CSR [FAQ CSR August 2021.pdf]

(e) Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by the Institute of Chartered Accountants

(a)This clause requires the auditor to comment whether the company has transferred the unspent amount, in respect of "other than ongoing projects", to a fund specified in Schedule VII to the Companies Act 2013 within a period of six months of the expiry of the financial year in compliance with the second proviso to sub-section (5) of section 135 of the said Act

(b)Auditor should refer to the Board Report as an evidence.

Failure to spend the required amount the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Schedule VII funds

1. Contribution to the Prime Minister’s National Relief Fund or
2. Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or
3. any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women

Clause 3(xx)(b)

Whether any amount remaining unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with provision of sub section (6) of section 135 of the said Act; [Paragraph 3(xx)(b)]

To be deposited within a period of thirty days from the end of the financial year in an account opened with any scheduled bank - termed as the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer,

Failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

b. Statement of Profit and Loss –

D. Details of Crypto Currency or Virtual Currency - No reference in CARO 2020

Where the Company has traded or invested in Crypto currency or Virtual Currency during the financial year, the following shall be disclosed:-

(a) profit or loss on transactions involving Crypto currency or Virtual Currency

(b) amount of currency held as at the reporting date,

(c) deposits or advances from any person for the purpose of trading or investing in Crypto Currency/ virtual currency

Thank You

- CA Yagnesh Mohanlal Desai
- 9820133227 , yagnesh@ymdnco.com