INTRODUCTION

1.1 Backdrop
1.2 ICAI’s Guidance on reporting requirements of CARO
1.3 CARO Report
1.4 CARO, 2020 applies to audit reports of Companies (except those specifically exempted) for F.Y. 2020-21 & subsequent FYs
1.5 Features of CARO, 2020
1.6 CARO, 2020 applicable to all companies unless specifically exempted
1.7 CARO, 2020 not applicable to auditor’s report on CFS except para 3(xxv) of CARO, 2020
1.8 Single clause CARO report applicable to consolidated financial statements
1.9 Auditor required to report only on matters specified in Paras 3 and 4 of the Order as applicable to the company
1.10 Requirements of CARO, 2020 are supplemental to the existing provisions of section 143 of the Act
1.11 Distinction between CARO, 2020 and section 143(1)
1.12 Supplemental to Comptroller and Auditor General Directions
1.13 General Audit Approach to CARO, 2020
   1.13-1 Period of compliance
   1.13-2 Investigation not required
APPLICABILITY OF CARO, 2020

2.1 Effective date of CARO, 2020

2.2 Companies to which CARO, 2020 applies
   2.2-1 Applies to foreign company
   2.2-2 Applicability of CARO, 2020 to audit of branches of a company

2.3 Exemption of companies from CARO, 2020
   2.3-1 Company licensed to operate under section 8 of the Act
   2.3-2 Definition of ‘One Person Company’ (OPC)
   2.3-3 Small Company
   2.3-4 Exemption to private limited companies from CARO, 2020
   2.3-5 Not a holding Co. or a subsidiary of a public company
   2.3-6 Paid up capital plus reserves and surplus should not exceed Rs. 1 crore
   2.3-7 Total borrowings not exceeding Rs. 1 crore from any bank or Financial Institution [para 1(2)(iv)]
   2.3-8 Total revenue not exceeding Rs. 10 crore

PROPERTY, PLANT AND EQUIPMENT

3.1 Property, plant and equipment
   3.1-1 PPE covers ‘bearer plants’ also
   3.1-2 PPE acquired under finance/operating lease
   3.1-3 Is project under sale PPE or current asset?

3.2 Reporting Requirements of CARO, 2020 as regards Property, Plant and Equipment (PPE)
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2-1</td>
<td>Do these requirements apply to CWIP (i.e., capital work-in-progress)?</td>
</tr>
<tr>
<td>3.2-2</td>
<td>If any PPE item has been obtained free of cost as a Government grant, in para 3(i) applicable to it?</td>
</tr>
<tr>
<td>3.3</td>
<td>“Proper Records” [Para 3(i)(a)(A)]</td>
</tr>
<tr>
<td>3.3-1</td>
<td>Para 3(i)(a)(A) of the Order does not require the auditor to comment on records maintained for intangible assets</td>
</tr>
<tr>
<td>3.3-2</td>
<td>What is meant by ‘proper records’?</td>
</tr>
<tr>
<td>3.3-3</td>
<td>Electronic PPE register - Whether proper records for the purposes of Para 3(i)(a)(A) of the Order</td>
</tr>
<tr>
<td>3.3-4</td>
<td>How to enter quantitative details in PPE records</td>
</tr>
<tr>
<td>3.3-5</td>
<td>How to enter location/situation of PPE items in PPE records</td>
</tr>
<tr>
<td>3.3-6</td>
<td>Is it necessary to enter the relevant particulars as per Income-tax Act, 1961 in the PPE register?</td>
</tr>
<tr>
<td>3.4</td>
<td>Physical verification of PPE items [Para 3(i)(b)]</td>
</tr>
<tr>
<td>3.4-1</td>
<td>Physical verification of PPE items is management’s responsibility, not auditor’s responsibility</td>
</tr>
<tr>
<td>3.4-2</td>
<td>Auditor’s duties as regards physical verification of PPE conducted by the management - Whether he should attend the physical verification?</td>
</tr>
<tr>
<td>3.4-3</td>
<td>What is meant by ‘reasonable intervals’?</td>
</tr>
<tr>
<td>3.5</td>
<td>Material discrepancies</td>
</tr>
<tr>
<td>3.5-1</td>
<td>When can discrepancy be regarded as ‘material’?</td>
</tr>
<tr>
<td>3.6</td>
<td>Revaluation of PPE by the company [Para 3(i)(d)]</td>
</tr>
<tr>
<td>3.6-1</td>
<td>Auditor’s comment required only if company has revalued its PPE or intangible assets or both during the year</td>
</tr>
<tr>
<td>3.6-2</td>
<td>If no revaluation during the year, no need to state that there has been no revaluation of PPE or intangible assets or both</td>
</tr>
<tr>
<td>3.6-3</td>
<td>What is meant by revaluation?</td>
</tr>
<tr>
<td>3.6-4</td>
<td>Registered Valuer</td>
</tr>
<tr>
<td>3.6-5</td>
<td>Net carrying value</td>
</tr>
<tr>
<td>3.6-6</td>
<td>Revaluation is optional but if done it must comply with accounting standards</td>
</tr>
</tbody>
</table>
Para 3(i)(d) is neither exhaustive of auditor’s duties nor exhaustive of management’s duties as regards revaluation

Auditor’s duty under section 143(3)(i) - Existence, adequacy and operating effectiveness of internal financial controls

Auditor’s duty under section 143(3)(j) - Adverse effect on the functioning of the company

Auditor’s duty under section 143(3)(h) - Any qualification, reservation or adverse remark relating to accounts

4 INTANGIBLE ASSETS

4.1 Intangible assets

4.1-1 Asset

4.1-2 Monetary Assets

4.1-3 Non-monetary assets

4.2 Reporting requirements of CARO, 2020 as regards intangible assets

4.3 Proper records of intangible assets

4.3-1 Full particulars of intangible assets

4.3-2 Electronic intangible assets register - Whether proper records for the purposes of Para 3(i)(a)(B) of the Order

4.3-3 Is it necessary to enter the relevant particulars as per Income-tax Act, 1961 in the intangible assets register?

4.4 Revaluation of intangible assets by the company [Para 3(i)(d)]

4.4-1 Auditor’s comment required only if company has revalued its PPE or intangible assets or both during the year

4.4-2 If no revaluation during the year, no need to state that there has been no revaluation of PPE or intangible assets or both

4.4-3 What is meant by revaluation?

4.4-4 Registered Valuer

4.4-5 Net carrying value

4.4-6 Revaluation is optional but if done it must comply with accounting standards
Para 3(\(i\))(\(d\)) is neither exhaustive of auditor's duties nor exhaustive of management's duties as regards revaluation.

4.5 Auditor’s duty under section 143(3)(i) - Existence, adequacy and operating effectiveness of internal financial controls

4.6 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company

4.7 Auditor’s duty under section 143(3)(h) - Any qualification, reservation or adverse remark relating to accounts

5

TITLE DEEDS OF ALL IMMOVABLE PROPERTIES DISCLOSED IN ACCOUNTS

5.1 Objectives of the Reporting requirement

5.2 Reporting Requirements of CARO, 2020 as regards title Deeds of Immovable Properties not in Company’s name

5.3 Whether Reporting Requirement Applies only to immovable Properties Included in Accounts as PPE

5.4 Immovable property

5.5 Title Deeds

5.6 Auditor’s duty under section 143(3)(i) of the Act - Existence, adequacy and operating effectiveness of internal financial controls

6

PROCEEDINGS PENDING AGAINST THE COMPANY FOR HOLDING BENAMI PROPERTY

6.1 Reporting Requirements as regards proceedings initiated/pending against the Co. for holding benami property

6.2 Any Benami Property

6.2-1 Definition of “Property” [Section 2(26) of the PBPT Act]

6.2-2 Meaning of the word “any” in the expression “any property”

6.2-3 The definition of “benami transaction”

6.2-4 Whether the term “benami property” covers only immovable property?
7
INVENTORY

7.1 Reporting requirements of CARO, 2020 as regards inventory
  7.1-1 Whether assets given under finance lease by lessor-company will be covered under para 3(i)(PPE) or under para 3(ii)(a) (inventory)?
  7.1-2 Whether assets given under operating lease and assets taken under finance lease will be covered under para 3(i) (PPE) or under para 3(ii)(a) (inventory)?

7.2 Meaning of inventory
  7.2-1 Can it be said that para 3(ii)(a) will not apply to inventories of construction companies since these are immovable (e.g., flats) and hence do not require physical verification?

7.3 Physical verification by Management
  7.3-1 What about inventories held with third parties (e.g., consignees, customers on sale or return basis, bounded warehouses)? Is auditor to insist that management physically verify these also?
  7.3-2 Auditor’s responsibilities with reference to physical stock-taking conducted by management

7.4 Reasonable Intervals [para 3(ii)(a)]

7.5 Auditor’s opinion on the appropriateness of the coverage & procedure of verification
  7.5-1 Where due to the nature of the production process/industry, physical verification of WIP is impracticable

7.6 Any discrepancies of 10% or more in the aggregate for each class of inventory noticed on physical verification
  7.6-1 Discrepancy
  7.6-2 Each class of inventory
  7.6-3 Determination of discrepancies in the aggregate for each class of inventory and reporting thereon if it is 10% or more in the aggregate for that class
8 QUARTERLY STATEMENTS SUBMITTED TO BANKS/ FIs BY COMPANIES ENJOYING SANCTIONED WORKING CAPITAL LIMITS

8.1 Reporting requirements of CARO, 2020 as regards quarterly statements submitted to banks/FIs by companies enjoying working capital limits 101
8.2 “During any point of time of the year” 101
8.3 Auditor's duties where reporting requirement is triggered 102
8.4 Auditor's duty u/s 143(3)(f) - Observations on financial transactions/matters that have any adverse effect on the functioning of the company 102

9 LOANS OR ADVANCES IN THE NATURE OF LOANS OR GUARANTEES OR SECURITY PROVIDED TO, OR INVESTMENTS MADE IN, OTHER ENTITIES

9.1 Reporting Requirements of CARO, 2020 as regards loans or advances in the nature of loans or guarantees or security provided or investments made 110
9.2 Loans, Guarantees or securities provided by Co. Whose principal business is not making loans 111
9.2-1 Subsidiary 112
9.2-2 “Associate Company” [Section 2(6)] 117
9.3 Loans 118
9.4 Advances in the nature of loans 118
9.4-1 Sale and Repurchase 119
9.5 Whether terms & conditions of loans or advances in the nature of loans are not prejudicial to company  
9.6 Guarantee  
9.7 Prejudiciality of guarantee or security provided  
9.8 Prejudiciality of investments made  
9.9 Whether repayment schedule stipulated  
9.10 Regularity of repayments or receipts  
9.11 “Overdue”  
9.12 Reasonable steps for recovery  
   9.12-1 Will taking post-dated cheques from the defaulting party amount to ‘reasonable steps for recovery’?  
   9.12-2 If the post-dated cheques taken are honoured before the date of issue of audit report, can the auditor regard the taking of post-dated cheques as ‘reasonable steps’ for recovery?  
9.13 Evergreening of loans that have fallen due during the year  
9.14 Co. has granted loans repayable on demand or without specifying terms of repayment  
   9.14-1 “Related Party” [Section 2(76)]  
   9.14-2 Promoter [Section 2(69)]  
9.15 Auditor’s duty under section 143(3)(f) - Observations on financial transactions which have any adverse effect on the functioning of the company

**10 REPORTING ON COMPLIANCE WITH SECTIONS 185 AND 186 AS REGARDS LOANS, INVESTMENTS, GUARANTEES AND SECURITIES**

10.1 Reporting Requirements under CARO, 2020 in respect of compliance with sections 185 and 186  
10.2 Interpretation of requirements  
   10.2-1 Transactions exempted from section 185/186 and not required to be reported upon by auditor under Para 3(iv)  
10.3 Ban on loan to director or to any other person in whom director is interested [Section 185]
10.3-1 Any other person in whom he is interested
10.3-2 Exception to the prohibition on loans/guarantees/security
10.3-3 Definition of ‘loan’
10.3-4 Distinction between ‘salary advance’ and ‘loan’
10.3-5 Financial accommodation not amounting to loan
10.3-6 Indirect loan
10.3-7 Letter of comfort - Whether guarantee

10.4 Loan and investment by company [Section 186]
10.5 Making inter-corporate investments through investment companies [Section 186(1)]
10.5-1 Investment company
10.6 Restrictions on loans/investments transactions [Section 186(2)/(3)/(5)]
10.6-1 Whether scope of section 186 not limited to inter-corporate transactions?
10.6-2 definition of “loan”
10.6-3 Distinction between loans and deposits
10.6-4 “Directly or Indirectly”
10.6-5 Whether section 186 applies to section 8 companies limited by guarantee and having no share capital
10.6-6 Whether section 186 is applicable to a company which is a subscriber to memorandum of association
10.6-7 Whether provisions of section 186 applicable to investments in the shares of a new company
10.6-8 Whether partners’ capital contribution in LLP is hit by section 186
10.6-9 Whether loan to LLP hit by section 186?
10.7 Disclosure of loans in financial statements [Section 186(4)]
10.8 Benchmark lending rate for loans made by company [Section 186(7)]
10.9 Companies defaulting on repayment of deposits barred from making loans, investments or giving guarantee/security [Section 186(8)]
10.10 Register of loans, investments etc. [Section 186(9)/(10)]
10.11 Restrictions on acceptance of inter-corporate deposits [Section 186(6)]

10.12 Exemption from section 186 [Section 186(11)]
   10.12-1 Infrastructure facilities

10.13 Power of Central Government to make Rules [Section 186(12)]

10.14 Audit procedures
   10.14-1 Audit procedures for verifying compliance with section 185
   10.14-2 Audit procedures for verifying compliance with the provisions of section 186

11 ACCEPTANCE OF PUBLIC DEPOSITS AND DEEMED DEPOSITS

11.1 Requirements of para 3(v)

11.2 Interpretation of the requirements
   11.2-1 Acceptance of deposits
   11.2-2 Deemed Deposits
   11.2-3 Compliance with RBI Directives/section 73/section 76/Rules
   11.2-4 Compliance with Order of CLB/NCLT/any Court/other Tribunal

11.3 Audit Procedures - Auditor’s Checklist

11.4 Documentation - Working papers to be retained

11.5 Sample Drafts of Comments under Para 3(v)

12 MAINTENANCE OF COST RECORDS

12.1 Requirements of para 3(vi)

12.2 Interpretation of requirements
   12.2-1 If records not written up or incomplete

12.3 Companies or classes of Companies obligated to maintain cost records as per prescribed Rules (Rule 3)
12.3-1 Maintenance of records
12.4 Whether Para 3(vi) would apply to companies for which cost audit has been ordered under section 148?
12.5 Whether statutory auditor needs to conduct a detailed audit of cost records for the purposes of reporting under Para 3(vi) of CARO, 2020?
12.6 Audit Procedures - Auditor’s Checklist
12.7 Documentation Audit - Working Papers to be retained
12.8 Sample Drafts of Comments under Para 3(vi)
12.9 Corporate practices (Extracts from the Annual Reports of Companies)

13
PAYMENT/NON-PAYMENT OF STATUTORY DUES

13.1 Requirements of Para 3(vii)
13.2 Interpretation of requirements
  13.2-1 Regularity in deposit of undisputed statutory dues [para 3(vii)(a)]
  13.2-2 Undisputed statutory dues
  13.2-3 Reporting the extent of arrears [para 3(vii)(a)]
  13.2-4 “From the date they become payable”
  13.2-5 Subsequent clearance
  13.2-6 Statement of arrears of statutory dues outstanding for more than six months
  13.2-7 Reporting of amount of disputed dues not deposited [para 3(vii)(b)]
  13.2-8 Tabular format for reporting disputed statutory dues
  13.2-9 Requirements of section 143(3(j) and Rule 11(a)
13.3 Audit procedures - Auditor’s checklist
13.4 Documentation - Working papers to be retained
13.5 Sample drafts of comments under para 3(vii)
13.6 Corporate practices (extracts from Annual Reports of Companies)
13.7 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company
TRANSACTIONS NOT RECORDED IN THE BOOKS AND SURRENDERED OR DISCLOSED AS INCOME IN TAX ASSESSMENT

14.1 Reporting requirements of CARO, 2020 as regards transactions not recorded in books and surrendered or disclosed in income-tax assessment

201

14.2 Whether surrenders or disclosures of unrecorded transactions in schemes like IDS, 2016 attracts reporting

201

14.3 Properly recorded in books of account

201

COMPANY DEFAULTS IN REPAYMENT OF LOANS/OTHER BORROWINGS/IN PAYMENT OF INTEREST TO ANY LENDER

15.1 Interpretation of requirements

204

15.1-1 “Borrowings”, “loans”, “dues”

204

15.1-2 Banks

204

15.1-3 Financial Institution

204

15.1-4 Government

204

15.1-5 ‘Default’

204

15.1-6 Reporting on defaults

205

15.2 Whether company has been declared a wilful defaulter

206

15.3 Auditor’s duties as regards reporting on status of declaration of company as a wilful defaulter

208

15.4 Defaults and declaration as wilful defaulter to be factored in while reporting on going concern status under para 3(xiv) of the order

208

15.5 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company

209

Annex 15.1 Master Circular DBR.No. CID.BC.22/20.16.003/2015-16, dated 1-7-2015

210

END USE OF TERM LOANS

16.1 Term loans

226
16.2 Interpretation of requirements of para 3(ix)(a) 226
16.3 Temporary investment of term loan funds pending end-use 227
16.3-1 What if at the balance sheet date, some part of the term loan funds are temporarily invested pending utilisation for sanctioned purpose? 227
16.4 Audit procedures as regards utilization of term loans 227
16.5 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company 228

17

‘ASSET-LIABILITY MATURITY MISMATCH’ - USE OF SHORT-TERM FUNDS FOR LONG-TERM PURPOSES

17.1 Comparison of reporting requirements with corresponding requirements in CARO, 2016 229
17.2 Requirements of para 3(ix)(d) 229
17.3 Long-term applications/sources of funds 229
17.4 Short-term sources of funds 230
17.5 Short-term application of funds 230
17.6 Comparison of long-term sources and long-term application 230
17.7 Company’s system of funds deployment 231
17.8 Nature of application of funds 231
17.9 Audit Procedures - Auditor’s Checklist 232
17.10 Documentation - Working papers to be retained 233
17.11 Sample drafts of comments under para 3(ix)(d) 233

18

FUNDS TAKEN FROM OTHER ENTITIES BY COMPANY TO MEET OBLIGATIONS OF SUBSIDIARIES, ASSOCIATES OR JVs

18.1 “Whether the company has taken any funds from any entity or person” 235
19
WHETHER COMPANY HAS RAISED LOAN ON PLEDGE OF SECURITIES IN SUBSIDIARIES, ASSOCIATES OR JVs

19.1 Reporting as regards loans taken by pledge of securities held in its subsidiaries/JVs/associate companies 237

20
END USE OF MONEYS RAISED BY WAY OF IPO/FPO

20.1 Reporting requirement triggered only if IPO/FPO takes place during the year 239
20.2 Interpretation of requirements 239
20.3 Initial Public Offer (IPO) 240
20.4 Further Public Offer 240
20.5 Temporary investment of moneys raised by IPO/FPO pending end use 240
20.6 Audit Procedures - Auditor’s Checklist 241
20.7 Documentation - Working papers to be retained 242
20.8 Sample drafts of comments under para 3(x)(a) 242
20.9 Corporate Practices (Extracts from the Annual Reports of Companies) 242
20.10 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company 242

21
PRIVATE PLACEMENT/PREFERENTIAL ALLOTMENT OF SHARES/FCDs/PCDs/OCDs

21.1 Requirements of para 3(x)(b) of CARO, 2020 244
21.2 Interpretation of requirements of para 3(x)(b) 244
21.3 Requirements of section 42 regarding private placement 246
21.3-1 Extant provisions 246
21.3-2 Committee’s Recommendations 246
21.3-3 New substituted provisions on private placement 247
21.4 Preferential allotment of shares 253
21.5 Audit Procedures 257
21.6 Reporting of non-compliances - Format for reporting 258

22 FRAUDS NOTICED/REPORTED

22.1 Reporting requirements as regards frauds noticed/reported 260
22.2 Para 3(xi) of CARO, 2020 \textit{vis-a-vis} section 143(12) 260
  22.2-1 Frauds in the company by its officers or employees 262
  22.2-2 Requirements of Rule 13 of the Companies (Audit and Auditors) Rules, 2014 263
  22.2-3 ICAI’s Clarifications as regards auditor’s duty under section 143(12) read with rule 13 264
  22.2-4 Difference between the requirement of CARO and section 143(12) 265
  22.2-5 Requirements under section 143(12) and under CARO, 2020 are not substitutes of one another 266

22.3 Concept of fraud 266
22.4 “Noticed or reported” 269
22.5 CARO, 2020 deals with fraud reporting and not fraud detection 270
22.6 Whether report under form ADT-4 filed by auditors 270
22.7 Whistleblower complaints 270
22.8 Audit Procedures - Auditor’s Checklist 272
22.9 Auditor’s duty under section 143(3)(f) - Adverse effect on the functioning of the company 272
22.10 Auditor’s duty under section 143(3)(h) - Any qualification, reservation or adverse remark relating to accounts 273

23 REPORTING OF COMPLIANCES BY NIDHI COMPANIES

23.1 Reporting requirements as regards Nidhi companies 275
23.2 Definition of Nidhi company 276
23.3 Net owned funds to deposit liability ratio of 1:20
   23.3.1 Definition of ‘Net Owned Funds’
23.4 Unencumbered term deposits
23.5 Documentation - Audit working papers to be retained
23.6 Auditor’s certificate as to compliance with Nidhi Rules, 2016
23.7 Audit procedures
   23.7-1 Distinction between reporting under Para 3(xii) of CARO, 2020 and certification under Rule 22

24 RELATED PARTY TRANSACTIONS

24.1 Requirements of para 3(xiii)
24.2 Definition of ‘related party'
24.3 Requirements of section 188 as regards approvals for related party transactions
24.4 Requirement of Audit Committee’s approval under section 177
24.5 Audit Procedures and Reporting

25 INTERNAL AUDIT

25.1 Reporting requirements of CARO, 2020 as regards internal audit system
25.2 Companies for which having an internal auditor is mandatory u/s 138 of the Act
25.3 For which companies reporting requirement regarding internal audit system is applicable
25.4 If company is legally obligated to have an internal auditor u/s 138 but does not have an internal auditor
25.5 Evaluation of adequacy of internal audit system with reference to size and nature of its business
25.6 Consideration of reports of the internal auditors for the period under audit
## 26

**NON-CASH TRANSACTIONS INVOLVING DIRECTORS OR CONNECTED PERSONS**

### 26.1 Requirements of para 3(xvi)

### 26.2 Interpretation of requirements of para 3(xvi)

#### 26.2-1 Non-cash transaction

#### 26.2-2 Whether auditor to report on non-cash transactions entered into during preceding financial years?

### 26.3 Requirements of section 192 of the Companies Act, 2013

#### 26.3-1 “Person connected with him”

#### 26.3-2 Valuation of assets by registered valuer

### 26.4 Audit procedures/checklist

### 26.5 Is auditor required to make any adverse comment if there is adverse variance between deal price and registered valuer's valuation?

### 26.6 Suggested paragraph on reporting non-compliance with section 192

## 27

**REGISTRATION OF NBFCs U/S 45-IA OF RBI ACT, 1934**

### 27.1 Requirements of para 3(xvi)

### 27.2 Interpretation of requirements of para 3(xvi)(a)

### 27.3 Non-Banking Financial Company

#### 27.3-1 ‘Financial Institution’

### 27.4 NBFCs exempted by RBI from registration under Chapter III-B (i.e. under section 45-IA)

### 27.5 Core Investment Company (CIC)

#### 27.5-1 “Systemically important Core Investment Company (CIC-ND-SI)”

### 27.6 Registration of CICs

### 27.7 Unregistered CIC or CIC exempt from registration

### 27.8 Group
28  
WHETHER COMPANY HAS INCURRED CASH LOSS

28.1 Reporting requirement of CARO, 2020 as regards cash losses 311
28.2 Reporting requirement applies even during gestation period 312
28.3 ‘Cash Loss’ 312

29  
RESIGNATION OF STATUTORY AUDITORS

29.1 Reporting requirements of CARO, 2020 with regard to resignation of auditor 315
29.2 What constitutes ‘resignation’? 315
29.3 Duties of auditor who resigns 315
29.4 Duties of incoming statutory auditor when predecessor auditor has resigned 316
29.5 Consideration of the issues, objections or concerns raised by the outgoing auditors 316

30  
MATERIAL GOING CONCERN UNCERTAINTY

30.1 Reporting requirements of CARO, 2020 with respect to material going concern uncertainty 318
30.2 Auditor to state his opinion on going concern status in audit report of every company to which CARO, 2020 applies 319
30.3 Opinion of no material uncertainty in para 3(xix) is not a guarantee as to going concern status of Co. 319
30.4 Auditor’s duties if material uncertainty exists 319
30.5 Standard of auditing SA 570 going concern 320
31
TRANSFER OF UNSPENT CSR FUNDS

31.1 Reporting requirements of CARO, 2020 as regards unspent CSR funds applicable only to companies covered by section 135 328
31.2 Reporting on compliance with the second proviso to section 135(5) - Para 3(xx)(a) 328
31.3 Reporting on compliance with section 135(6) as regards transfer of unspent CSR amount relating to ongoing projects - Para 3(xx)(b) 329
31.4 No requirement under CARO to report on utilisation of amount transferred to special bank account within 3 financial years 329

32
QUALIFIED/ADVERSE REMARKS IN CARO REPORTS OF COMPANIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

32.1 Reporting requirements of CARO, 2020 as regards qualified/adverse remarks in CARO reports of companies included in consolidated financial statements 331
32.2 This is the only CARO requirement applicable to audit reports of consolidated financial statements 331
32.3 Clause applicable to audit report on consolidated financial statements only 331

33
REASONS TO BE STATED BY AUDITOR FOR QUALIFIED OR ADVERSE REMARKS IN CARO REPORT

33.1 Reasons to be stated for unfavourable or qualified answers [Para 4(1) of CARO, 2020] 332
33.2 Where auditor is unable to express opinion on any matter, that fact and the reasons are also to be stated [Para 4(2) of CARO, 2020] 332
APPENDICES

◆ COMPANIES (AUDITOR'S REPORT) ORDER, 2020 335
◆ COMPANIES (AUDITOR'S REPORT) ORDER, 2016 342
◆ COMPANIES (AUDITOR'S REPORT) ORDER, 2015 346
◆ COMPANIES (AUDITOR'S REPORT) ORDER, 2003 349
◆ RELEVANT PROVISION OF COMPANIES ACT, 2013 355
◆ MCA ORDER DATED 24-3-2020 359