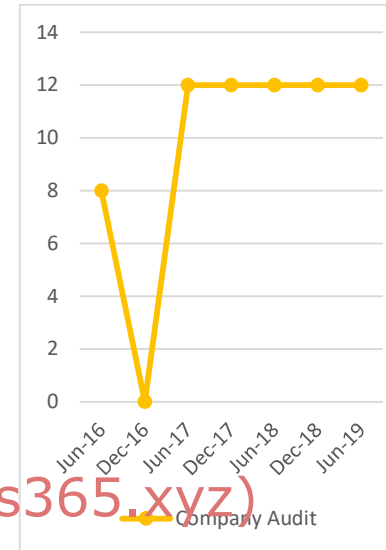


Chapter 4 – Provisions related to audit under the Companies Act

[Chapter X]

Chapter at a Glance

Sec. 128	Books of Accounts
Sec. 139	Appointment of Auditors
Sec. 140	Removal, Resignation of auditor and giving of Special Notice
Sec. 141	Eligibility, qualification and disqualifications of auditors
Sec. 142	Remuneration of Auditors
Sec. 143	Powers and Duties of Auditors and Auditing Standards
Sec. 144	Auditor not to render certain services
Sec. 145	Auditor to sign Audit Reports etc.
Sec. 146	Auditor to attend General Meetings
Sec. 147	Punishment for contravention
Sec. 177	Audit Committee, constitution, functions and powers



Section 128 (Books of Accounts)	<ul style="list-style-type: none"> ➤ Every company shall prepare and keep books of account (either physical or electronic mode) and other relevant books and papers and financial statement for every financial year ➤ at its registered office ➤ which give a true and fair view of the state of the affairs of the company, ➤ on accrual basis and according to the double entry system of accounting. 		
Section 139 (Appointment of the first auditor ¹)	Particulars	Non-Government company [Sec. 139(6)]	Government Company² [Sec. 139(7)]
	Appointed by	Board of Directors	Comptroller and Auditor General of India ³ [CAG]
	Time limit of appointment	Within 30 days of date of registration of the company	Within 60 days of date of registration of the company

¹ First auditors – Auditors who are appointed in the first year of incorporation of a Company

² Government Company is company which is owned or controlled by:-

- Central Government
- State Government
- Partly by Central and / or one or more State Government

³ The Comptroller and Auditor General of India is an authority, established by Article 148 of the Constitution of India, which audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government - Wikipedia

	Consequence of failure to appoint	In case the Board do not appoint the first auditor on time, it shall inform the members of the company, who shall within 90 days at an EGM shall appoint the auditor. <i>[Maximum time limit – 120 Days]</i>	In case the CAG of India does not appoint the first auditor on time, the BOD of the company shall appoint such auditor within next 30 days; In the case of failure of the Board to appoint such auditor, it shall inform the members of the company who shall appoint such auditor within 60 days at an EGM. <i>[Maximum time limit – 150 Days]</i>
	Tenure of auditor	First auditor shall hold office till the conclusion of the first AGM	First Auditor shall hold office till the conclusion of the first AGM.
Test Your Knowledge	<p>Case Study: Managing Director of Parrot Ltd. himself wants to appoint CA. Ms. Koyal, a practicing Chartered Accountant, as first auditor of the company.</p> <p>Analysis: As per the provisions of Section 139(6) of the Companies Act, 2013 the first auditor of a company shall be appointed by the Board of Directors (within 30 days from the date of registration of the company).</p> <p>In the instant case, the proposed appointment of CA. Koyal, a practicing Chartered Accountant, as first auditor by the Managing Director of Pigeon Ltd. by himself is in violation of Section 139(6) of the Companies Act, 2013, which authorizes the Board of Directors to appoint the first auditor of the company.</p> <p>Conclusion: In view of the above, the Managing Director of Pigeon Ltd. should be advised not to appoint the first auditor of the company.</p> <p>Case Study: The first auditor of Bhartiya Ispat Ltd., a Government company, was appointed by the Board of Directors in its meeting after 10 days from the date of registration.</p> <p>Analysis: As per the provisions of Section 139(7) of the Companies Act, 2013, in the case of a Government company, the first auditor shall be appointed by the Comptroller and Auditor-General of India within 60 days from the date of registration of the company. Hence, in the case of Bhartiya Petrol Ltd., being a government company, the first auditor shall be appointed by the Comptroller and Auditor General of India.</p> <p>Conclusion: Thus, the appointment of first auditor made by the Board of Directors of Bhartiya Ispat Ltd., is null and void.</p>		
Sec. 139 – Appointment of subsequent auditor ⁴	Particulars	Non-Government company [Sec. 139(1)]	Government Company [Sec. 139(5)]
	Appointed by	Shareholders	CAG
	Time limit of appointment	At the AGM	Within 180 Days of commencement of the financial year ('FY')
	Tenure of auditor	Till the conclusion of its 6 th AGM	Till the conclusion of the AGM.

⁴ Subsequent auditors are those who are appointed post the first year of incorporation of the company

Class Notes			
<u>Manner and procedure of selection and appointment of auditor (Rule 3⁵)</u>	<u>Companies in which audit committee has been constituted</u>	<u>Companies in which audit committee has not been constituted</u>	
	<u>Audit Committee (AC) should recommend the name of the auditor, to the BOD. In case the BOD do not agree with the name proposed by the AC, they should record their reason for disagreement. However, the decision of the BOD is conclusive and should be forwarded to the members in the AGM.</u>	<u>The Board should recommend the name of the auditor to the members in the AGM.</u>	
	<p>➤ <u>Auditor's qualification and experience (as per the size of the company) should be considered by the AC / BOD before recommending their name for appointment of the auditor</u></p> <p>➤ <u>Appointment of auditor shall be ratified by the members in AGM</u></p> <p>➤ <u>Form ADT 1 is to be filed for the appointment of the auditor</u></p>		
Pre-requisite before appointment of auditor (Rule 4 ⁶)	<p>Before appointment of the auditor is made, following certificates are required to be obtained from the auditor:</p> <p>the auditor is eligible for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder</p> <ul style="list-style-type: none"> - the proposed appointment is as per the term provided under the Companies Act - the list of proceedings against the auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct - the written consent of the auditor to such appointment, and - that the appointment, shall be in accordance with the conditions as may be prescribed by the Companies Act, 2013 - The certificate shall also indicate whether the auditor satisfies the criteria provided in section 141 <u>of the Companies Act.</u> <p>The company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within 15 days of the meeting in which the auditor is appointed in Form ADT -1.</p>		
Sec. 139(8) - Casual Vacancy ⁷ (CV)	Particulars	Non-government company	Government Company
	New auditor appointed by	Board of Directors [After considering the recommendations of the AC]	CAG
	Time limit	30 days of the occurrence of vacancy	30 days of the occurrence of vacancy. In case CAG doesn't fill the CV within the due date, Board shall fill the vacancy till next 30 days.

⁵ Companies (Audit & Auditors) Rules, 2014

⁶ Companies (Audit & Auditors) Rules, 2014

⁷ Vacancy which occurs **after the appointment** of the auditor, due to his death, resignation or disqualification etc. In such a case, a new auditor is to be appointed

	Special conditions in case of CV on resignation of the auditor [Refer Section 140(2) for details]	<ul style="list-style-type: none"> ➤ The resigning auditor should file a statement with - a) the company and b) the Registrar stating the reasons for resignation ➤ The appointment of the new auditor should be approved by the Company at AGM. ➤ Such new auditor holds the office till conclusion of the next AGM only. 	<ul style="list-style-type: none"> ➤ The resigning auditor should file a statement with a) the company, b) the Registrar and c) CAG stating the reasons for resignation
Sec. 139(9) – Conditions for re-appointment of retiring auditor	<ul style="list-style-type: none"> ➤ he is not be disqualified for re-appointment under the Act [like he should not suffer from disqualifications under section 141(3), 141(4) and 144]; ➤ he has not given the company a notice in writing of his unwillingness to be re-appointed; ➤ a special resolution has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed; and ➤ he has not furnished a written certificate that he is eligible under the ceiling limit under section 141(3)(g) <p><i>Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.</i></p>		
Sec. 139(2) readwith Rule 5 – Rotation of Auditors	<p>Applicability</p> <ul style="list-style-type: none"> ➤ All listed companies ➤ Unlisted public company having : <ul style="list-style-type: none"> - Paid up capital of INR 10 crores or more, or - Borrowings from financial institutions / banks of INR 50 crores or more ➤ Private company having : <ul style="list-style-type: none"> - Paid up capital of INR 50 crores or more, or - Borrowings from financial institutions / banks of INR 50 crores or more <p><i>Exclusions – One Person Company and Small Company</i></p>		
	Type of Auditor	Where an Individual is the Auditor	Where a Firm / LLP is the auditor
	Tenure	The retiring auditor (including the auditor in the same network ⁸) shall not be reappointed for more than one term of initial 5 years	The retiring auditor (including the auditor in the same network) shall not be reappointed for more than two terms of initial 5 years If a partner, who is in charge of an audit firm and also certifies the financial statements of the company, retires from the said firm and joins another firm of chartered accountants, such other firm shall also be ineligible to be appointed for a period of five years.
	Cooling Off Period	5 years from the completion of the initial term	5 years from the completion of the initial term

⁸ Network firms means – a) those having common partners; b) operating under common brand / trade name; and c) having common control

Class Notes	
Test Your Knowledge	<p>Case Study: Find the lacuna in the following resolution passed in the AGM of M/s Carrot Ltd., a listed company: <i>“RESOLVED THAT M/s Rabbit & Associates, Chartered Accountants are appointed as the auditors of the Company for two consecutive terms of 5 years each and 1 more year thereafter, ie till the conclusion of 12th AGM.”</i></p> <p>Analysis: As per the provisions of Section 139(1) an auditor shall be appointed till the conclusion of 6th AGM. Further, as per the provisions of Section 139(2) readwith the Companies (Audit and Auditors) Rules, 2014, a listed company cannot re-appoint the firm of auditors beyond the initial two terms of 5 years each.</p> <p>Conclusion: The appointment of M/s Rabbit & Associates is not valid as the appointment can be made only for one term of five consecutive years and then another one more term of five consecutive years. It can't be appointed for two terms in one AGM only. Further, a cooling period of five years from the completion of term is required i.e. the firm can't be re-appointed for further 5 years after completion of two terms of five consecutive years.</p> <p>Case Study: M/s XYZ & Co., is an audit firm having partner Mrs. X, Mr. Y and Mr. Z, whose tenure has expired in the company immediately preceding the financial year. Would M/s ABZ & Co., another audit firm in which Mr. Z is a common partner, will also be disqualified for the same company for the period of five years?</p> <p>Analysis: Firms / Network of firms having common partners are disqualified from auditing the company for which any one firm of network has already audited the financials for two consecutive term of 5 years</p> <p>Conclusion: M/s ABZ would also be disqualified from auditing the company for next five years. The tenure of XYZ & Co. is completed and the same will also be applicable on the firms having common partners as XYZ & Co.</p> <p>Case study: Manner of rotation will not be applicable to Company A which has a paid up share capital of Rs. 15 crores and having a public borrowing, from a nationalized bank, of Rs. 50 crores because it is a private limited company. Comment</p> <p>Analysis: According to Section 139 of the Companies Act, 2013, the provisions related to rotation of auditors are also applicable to a private limited company having a share capital of Rs. 50 crores or more or having public borrowings of Rs. 50 crores or more.</p> <p>Conclusion: In the current case, Company A is having a public borrowing of Rs. 50 crore. Hence, the provisions of rotation are applicable to Company A.</p> <p>Case Study: AMSHA Ltd, a subsidiary of NAMO Ltd, whose 20% shares have been held by the CG, 25% by UP government, and 10% by MP Government. AMSHA appointed Mr. R as statutory auditor for the year. Comment</p> <p>Analysis: As per Section 139(7) of the Companies Act, 2013, the auditor of a Government company shall be appointed by CAG of India.</p> <p>Conclusion: NAMO Ltd has 55% shareholding by CG or the state governments. Therefore, it is a Government Company. AMSHA Ltd is a subsidiary of NAMO Ltd, hence AMSHA is also covered in the definition of Government Company. Therefore, the</p>

	<p>auditor of AMSHA Ltd. should be appointed by the CAG. Appointment of Mr. R is invalid.</p> <p>Case Study: White Star Ltd. was incorporated on 01.08.2014 and Mr. T, who is a relative to the Chairman and MD of the Company, is appointed as the statutory auditor by the Board of Directors in their meeting on 04.09.2014. Comment</p> <p>Analysis: There is two issues in this case – a) appointment of the first auditor and b) relation of the auditor with the MD. As per Section 139(6) of the Companies Act, 2013, the first auditor of company should be appointed by the BOD within 30 days of date of registration of the Company. If the BOD fails to appoint the first auditor, it shall inform the members of the Company, who shall within 90 days, at an EGM, make the appointment.</p> <p>Conclusion: In the given case, appointment of Mr. T is not valid. Hence the second issue of relationship with the CMD becomes redundant.</p> <p>Case Study: Mr. A was appointed auditor of AAS Ltd. by the Board to fill the vacancy that arose due to death of the auditor originally appointed in AGM. Subsequently, Mr. A also resigned on health grounds during the tenure of appointment. The Board filled the vacancy by appointing Mr. B through a duly passed Board resolution. Comment</p> <p>Analysis: As per Section 139(8) of the Companies Act, 2013, any casual vacancy in the office of the auditor shall be filled by the Board within 30 Days. However, if the casual vacancy is on account of resignation, such appointment shall also be approved by the Company at the general meeting convened within 3 months of the recommendation of the Board. The auditor in such a case shall hold the office till next AGM.</p> <p>Conclusion: In the instant case, Mr. B was appointed by the Board on resignation of Mr. A.</p> <p>If the cause of vacancy is resignation, then the power of appointment shall vest with the general meeting only. Hence the appointment of the Board is irrelevant.</p>
Section 140(1) - Removal before expiry of term readwith Rule 7	<p>a) Board resolution to be passed to remove the auditors before the expiry of their term</p> <p>b) Application to be made to the central government (in e-form ADT 2) within 30 days of the Board resolution</p> <p>c) The Company shall hold the general meeting within 60 days of receipt of approval of the Central Government for passing the special resolution.</p> <p>d) the auditor concerned shall be given a reasonable opportunity of being heard before removal.</p>
Section 140(2) – Resignation of the auditor	<p>a) The auditor shall file (within a period of 30 days from the date of resignation), a statement with the company and the Registrar in Form ADT 3.</p> <p>b) The auditor of a government company shall additionally file such statement with CAG, indicating the reasons and other facts as may be relevant with regard to his resignation.</p>
Section 140(3) – Breach of section 140(2)	<p>a) If the auditor does not comply with requirement of Sec. 140(2), he or it shall be punishable with fine of Rs. 50,000 to Rs. 5 Lacs.</p>
Section 140(4) – Removal after expiry of term	<p>a) Unless the auditor has completed a consecutive tenure of five years or ten years as the case may be, his removal shall be approved vide a resolution in the AGM after giving a special notice.</p> <p>b) The special notice must contain the information on the representation (if any) made by the retiring auditor.</p> <p>c) A copy of the representation shall be sent to all the members</p> <p>d) If a copy of the representation is not sent, because it was received too late or because of the company's default, the auditor may require that the representation shall be read out at the meeting.</p> <p>e) Company or any other aggrieved person may apply to Tribunal for not sending or reading the representation, if this right is being abused by the auditor.</p>

	f) If the Tribunal is satisfied, that the auditor is misusing this power of representation, then, the copy of the representation may not be sent and the representation need not be read out at the meeting.
Class Notes	
Section 140(5) – Direction by Tribunal for removal of auditor	<p>a) If Tribunal is satisfied that the auditor of a company has, acted in a fraudulent manner in relation to, the company or its directors or officers, It may, by order, direct the company to change its auditors.</p> <p>b) Such direction may be made:</p> <ul style="list-style-type: none"> • Suo moto (by its own will) by the Tribunal or • on an application made to Tribunal by the C.G. or by any person concerned <p>c) If the application is made by the C.G. and the Tribunal is satisfied that any change of the auditor is required,</p> <ul style="list-style-type: none"> • it shall within 15 days of receipt of such application, make an order that he shall not function as an auditor; and • the C.G. may appoint another auditor in his place. <p>d) An auditor, against whom final order has been passed by the Tribunal under this section shall not be eligible to be appointed as an auditor of any company for a period of five years from the date of passing of the order</p>
Section 141(1) and (2) – Eligibility to be appointed as auditor	<p>a) A person shall be eligible for appointment as an auditor of a company only if he is a Chartered Accountant.</p> <p>b) A firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be auditor of a company.</p> <p>c) Where a firm including a LLP is appointed as an auditor of a company, only the partners who are CA shall be authorised to act and sign on behalf of the firm.</p>
Section 141(3) – Disqualifications of an auditor	<p>a) a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;</p> <p>b) an officer or employee of the company;</p> <p>c) a person who is a partner, or who is in the employment, of an officer or employee of the company;</p> <p>d) a person who, or his relative⁹ or partner</p> <ul style="list-style-type: none"> • is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company: <i>Provided that the relative may hold security or interest in the company of face value not exceeding Rs. 100,000.</i> <i>Provided further that in the event of acquiring and security or interest by a relative above the threshold limit, the corrective action to maintain the limits as specified above shall be taken by the auditor within 60 days of such acquisition or interest.</i>
Section 144 – Auditor not to render certain services	

⁹ **Relative** means - anyone who is related to another - as members of a Hindu Undivided Family; husband and wife; Father (including step- father), Mother (including step-mother), Son (including step- son), Son's wife, Daughter, Daughter's husband, Brother (including step- brother), Sister (including step-sister)

	<ul style="list-style-type: none"> • is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs. Five Lacs; or • has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs. One Lac; <p>e) a person or a firm who, whether directly or indirectly, has business relationship¹⁰ with the company, or its subsidiary, or its holding or associate company or subsidiary of such holding company or associate company of such nature as may be prescribed;</p> <p>f) a person whose relative is a director or is in the employment of the company as a director or key managerial personnel;</p> <p>g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty (20) Companies, other than one-person company, dormant companies, small companies and private companies having paid up capital less than 100 Crores</p> <p>h) a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction;</p> <p>i) a person, who directly or indirectly, renders any service referred to in sec. 144¹¹ to the company or its holding company or its subsidiary company.</p>
Class Notes	<h2 style="color: red;">Online Study (cma.studynotes365.xyz)</h2>
Test Your Knowledge	<p>Case Study: Mr. A, a practicing Chartered Accountant, is holding securities of XYZ Ltd. having face value of Rs. 900. Whether Mr. A is qualified for appointment as an auditor of XYZ Ltd.</p> <p>Analysis: As per section 141(3)(d)(i), an auditor is disqualified to be appointed as an auditor if he, or his relative or partner holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company.</p> <p>Conclusion: In the present case, Mr. A is holding security of Rs. 900 in XYZ Ltd. Therefore, he is not eligible for appointment as an auditor of XYZ Ltd.</p>

¹⁰ **Business Relationship:** According to the Companies (Audit and Auditors) Rules, 2014, the term "business relationship" shall be construed as any transaction entered into for a commercial purpose, except:

- commercial transactions which are in the nature of **professional services permitted to be rendered by an auditor** or audit firm under the Act and the Chartered Accountants Act, 1949 and the rules or the regulations made under those Acts;

- commercial transactions which are – a) **in the ordinary course of business of the company** and b) **at arm's length price** - like sale of products or services to the auditor, as customer, in the ordinary course of business, by companies engaged in the business of telecommunications, airlines, hospitals, hotels and such other similar businesses.

¹¹ **Consulting and Specialised Services specified in Section 144** of Companies Act, 2013: a) accounting and book keeping services; b) internal audit; (c) design and implementation of any financial information system; (d) actuarial services; e) investment advisory services; (f) investment banking services; (g) rendering of outsourced financial services; (h) management services; and (i) any other kind of services as may be prescribed

	<p>Case Study: Mr. P is a practicing Chartered Accountant and Mr. Q, the relative of Mr. P, is holding securities of ABC Ltd. having face value of Rs. 90,000. Whether Mr. P is qualified from being appointed as an auditor of ABC Ltd.</p> <p>Analysis: As per section 141(3)(d)(i), a person is disqualified to be appointed as an auditor if he, or his relative or partner is holding any security of or interest in the company or its subsidiary or of its holding or associate company or a subsidiary of such holding company. Further, as per proviso to this section, the relative of the person may hold the securities or interest in the company of face value not exceeding of 1,00,000.</p> <p>Conclusion: In the present case, Mr. Q. (relative of Mr. P), is having securities of Rs. 90,000 face value in ABC Ltd., which is as per requirement of proviso to section 141 (3)(d)(i). Therefore, Mr. P will not be disqualified to be appointed as an auditor of ABC Ltd.</p> <p>Case Study: M/s RM & Co. is an audit firm having partners CA. R and CA. M. The firm has been offered the appointment as an auditor of ENN Ltd. for the Financial Year 2016-17. Mr. Bee, the relative of CA. R, is holding 5,000 shares (face value of Rs. 10 each) in ENN Ltd. having market value of Rs. 1,50,000. Whether M/s RM & Co. is disqualified to be appointed as audit of ENN Ltd.</p> <p>Analysis: As per section 141(3)(d)(i), a person shall not be eligible for appointment as an auditor of a company, who, or his relative or partner is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company. However, as per proviso to this section, the relative of the person may hold the securities or interest in the company of face value not exceeding of Rs. 1,00,000.</p> <p>Conclusion: In the instant case, M/s RM & Co. is an audit firm having partners. CA. R and CA. M. Mr. Bee is a relative of CA. R and he is holding shares of Enn Ltd. of face value of Rs. 50,000 only (5,000 shares X Rs. 10 per share). Therefore, M/s RM & Co. is not disqualified for appointment as an auditors. of ENN Ltd. as the relative of CA. R (i.e. partner of M/s RM & Co.) is holding the securities in ENN Ltd. which is within the limit mentioned in proviso to section 141(3)(d)(i) of the Companies Act, 2013.</p> <p>Case Study: CA. Pasha is providing the services of investment banking to C Ltd. Later on, he was also offered to be appointed as an auditor of the company for the current financial year.</p> <p>Analysis: Section 141(3)(i) of the Companies Act, 2013 disqualifies a person for appointment as an auditor of a company who is engaged as on the date of appointment in consulting and specialized services as provided in section 144. Section 144 of the Companies Act, 2013 prescribes certain services not to be rendered by the auditor which includes investment banking services.</p> <p>Conclusion: CA. Pasha is advised not to accept the assignment of auditing as the investment banking service is specifically notified in the list of services not to be rendered by him as per section 141(3)(i) read with section 144 of the Companies Act, 2013.</p>
Section 141(4) – Subsequent disqualification of an auditor	Where a person appointed as an auditor of a company incurs any of the disqualifications mentioned in sub-section (3) after his appointment , he shall vacate his office as such auditor and such vacation shall be deemed to be a casual vacancy in the office of the auditor.
Section 142 – Remuneration of the auditor	<p>First Auditor - The remuneration (including the out of pocket expenses) is fixed by board of directors</p> <p>Subsequent Auditor - The remuneration (including the out of pocket expenses) is fixed in the general meeting or in the manner prescribed in such a meeting</p> <p>However, this does not include any remuneration paid to him for any other service rendered by him at the request of the company, like advisory services</p>

<p>Section 143 – Powers and duties of Auditors</p>	<p>Powers / Rights</p> <ul style="list-style-type: none"> ➤ Right of access to the books of account and vouchers of the company, at any time, whether kept at the registered office of the company or at any other place ➤ Right to inquire / require from the officers of the company such information and explanation as he may consider necessary for the performance of his duties as auditor, including the following matter: <ul style="list-style-type: none"> - Whether the loans and advances made by the company are fully secured and they are not prejudicial to the interest of the company - Whether personnel expenses have been charged to P&L Account - Whether the position stated in the financial statements is correct and not misleading - Whether any assets of the company are sold below the purchase price ➤ In case of an audit of a holding company, the auditor may also access the records of all the subsidiaries for consolidation purposes. ➤ Right to receive notices, to attend and to be heard in the general meeting [Section 146] ➤ Right to report to the members of the company on the accounts examined by him. The report should conclude whether the financial statements give a true and fair view of the state of the company's affairs ➤ Right to Lien¹² - auditor can exercise lien on books and documents placed at his possession by the client for non-payment of fees, for work done on the books and documents. ➤ In case of Government companies, the CAG has the power to conduct a test audit / supplementary audit, in addition to the regular statutory audit
<p>Section 145 – To sign the audit report</p>	<p>Duties</p> <ul style="list-style-type: none"> ➤ To inquire into all the relevant matters before issuing the report. Examples of the matters which (s/he) might look at are: <ul style="list-style-type: none"> • Whether loans and advances are made by the company on the basis of adequate security or not • Whether the transactions of the company which are represented merely by book entries are prejudicial to the interests of the company • Whether personal expenses have been charged to revenue account Reporting is to be done if anything adverse is discovered in the course of audit ➤ To report on all the relevant matters which affects the ‘true and fair’ view of the financial statements. Especially on the matters specified in Companies (Auditor's Report) Order, 2016 [‘CARO, 2016’]. ➤ To report on the adequacy of internal financial controls (IFC) of the company. ➤ To state the reason for qualification or negative report – In case the auditor issues a negative / qualified report, the report shall state the reasons there for ➤ To report on the branch financials after considering the report of the branch auditor ➤ To report on Frauds – In case the auditor believes that an offence of fraud is being or has been committed in the company by its officers or employees, the auditor shall take the following steps: <ul style="list-style-type: none"> • Where the amount involved is Rs.1 crore or above – report the matter to the Central Government within such time / manner as prescribed • Where the amount involved is less than Rs.1 crore – report it to the audit committee or to the Board within such time / manner as prescribed. Additionally, the details about such frauds should be disclosed in the Board's report in such manner as prescribed. <p>Provisions related to fraud are equally applicable to the cost auditor as well as the secretarial auditor.</p>

¹² ‘Lien’ means having the lawful possession of somebody else's property, in the event if non-payment of the dues

	<ul style="list-style-type: none"> ➤ To sign the Audit Report [Sec. 145] – The manner of signing of audit report is given in Section 141(2), according to which - where a firm (including a limited liability partnership) is appointed as an auditor of a company, only the partners who are chartered accountants shall be authorised to act and sign on behalf of the firm. ➤ To comply with Auditing Standards ➤ To report on any other matter specified by Central Government (in consultation with the NFRA)
<u>Other Matters to be Included in Auditors Report (Rule 11¹³)</u>	<p><u>The auditor's report shall also include their views and comments on the following matters, namely:</u></p> <ol style="list-style-type: none"> <u>a) whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;</u> <u>b) whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;</u> <u>c) whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.</u> <u>d) whether the company has an adequate internal financial control system and there exists operating effectiveness</u>
<u>Reporting of Frauds by Auditor (Rule 13¹⁴)</u>	<p><u>The provisions of Companies Act 2013 regarding reporting of frauds by a company auditor are as follows:</u></p> <p>A. <u>In case the auditor has sufficient reason to believe that an offence involving fraud (which involves or is expected to involve an amount of rupees one crore or above), is being or has been committed against the company by officers or employees of the company, he shall report the matter to the Central Government immediately but not later than sixty days of his knowledge and after following the procedure indicated herein below.</u></p> <ol style="list-style-type: none"> <u>1. auditor shall forward his report to the Board or the Audit Committee, as the case may be, immediately (within 2 days) after he comes to knowledge of the fraud, seeking their reply or observations within forty-five days;</u> <u>2. on receipt of such reply or observations, the auditor shall forward his report and the reply or observations of the Board or the Audit Committee along with his comments (on such reply or observations of the Board or the Audit Committee) to the Central Government within fifteen days of receipt of such reply or observations;</u> <u>3. in case the auditor fails to get any reply or observations from the Board or the Audit Committee within the stipulated period of forty-five days, he shall forward his report to the Central Government along with a note containing the details of his report that was earlier forwarded to the Board or the Audit Committee for which he failed to receive any reply or observations within the stipulated time.</u> <u>4. The report shall be sent to the Secretary, Ministry of Corporate Affairs in a sealed cover by Registered Post with Acknowledgement Due or by Speed post followed by an e-mail in confirmation of the same.</u> <u>5. The report shall be on the letter-head of the auditor containing postal address, e-mail address and contact number and be signed by the auditor with his seal and shall indicate his Membership Number.</u> <u>6. The report shall be in the form of a statement as specified in Form ADT-4.</u> <p>B. <u>In case of a fraud involving lesser than rupees one crore, the auditor shall report the matter to Audit Committee constituted under section 177 or to the Board immediately</u></p>

¹³ Companies (Audit & Auditors) Rules, 2014

¹⁴ Companies (Audit & Auditors) Rules, 2014

	<p><u>but not later than two days of his knowledge of the fraud and he shall report the matter specifying the following:</u></p> <ol style="list-style-type: none"> <u>Nature of Fraud with description;</u> <u>Approximate amount involved; and</u> <u>Parties involved.</u> <p><u>Common points for both A and B above:</u></p> <ul style="list-style-type: none"> ➤ <u>The provision of this rule shall also, mutatis mutandis, to a cost auditor and a secretarial auditor during the performance of his duties under section 148 and section 204 respectively.</u> ➤ <u>The following details of the fraud shall be disclosed in the Board's Report:</u> <ol style="list-style-type: none"> <u>Nature of Fraud with description;</u> <u>Approximate Amount involved;</u> <u>Parties involved, if remedial action not taken; and</u> <u>Remedial actions taken.</u>
<u>Class Notes</u>	
Test Your Knowledge	<p>Case Study. X Ltd. restrains its company auditor from visiting another branch at different location and having access to the inventory records maintained at that branch because the branch is already audited by another auditor and the report has been received.</p> <p>Analysis: It may be noted that the company auditor has right to visit the branch, even if the branch accounts are audited by another auditor, if he considers it necessary to do so for the performance of his duties as auditor.</p> <p>Conclusion: In the given case the auditor has the right to access the branch of X Ltd.</p>
Section 147 - Punishment for contravention of sections 139-146	<p>For the auditor</p> <ul style="list-style-type: none"> ➤ For unknowing defaults - fine of INR 25,000 to INR 500,000; ➤ For knowing / willful defaults - fine of INR 100,000 to INR 2,500,000, and imprisonment for 0-1 year. <p>Where the cost auditor is convicted, he/she shall also be required to</p> <ol style="list-style-type: none"> refund the remuneration received by him; and pay for damages to the company statutory bodies or authorities or to any other persons for loss arising out of incorrect or misleading statements of particulars made in his audit report.. <p>For the company</p> <ul style="list-style-type: none"> ➤ fine of INR 25,000 to INR 500,000 <p>For the officer of the Company</p> <ul style="list-style-type: none"> ➤ imprisonment for 0-1 years and / or ➤ fine of INR 10,000-INR 100,000
Audit Committee (Section 177)	<p>Constitution of an Audit committee is mandatory for the following companies:</p> <ol style="list-style-type: none"> Every listed Company; All public companies with a paid up share capital Rs 10 Crore or more; All Public Companies having turnover of Rs 100 Crore or more;

	(d) All Public Companies having in aggregate, outstanding Loans, or borrowings and debentures or deposits exceeding Rs. 50 Crore or more.
Constitution of Audit committee	An Audit committee shall have minimum 3 Directors majority of them should be Independent Director. Majority of the member of the Audit Committee able to read & understand the financial statement.
Functions of Audit Committee	<ul style="list-style-type: none"> - Appointment and fixation of the remuneration of Auditor. - Examination of the Financial Statement. - Scrutiny of Inter Corporate Loans and Investment, - Valuation of the Assets of the Company, - Evaluation of the internal financial control and risk management system of the entity. - Evaluation of the use of the funds rose through public offers. - Evaluation of any related party transaction.
Powers of the Audit Committee	<ul style="list-style-type: none"> - to call for comments / observations of the Auditor about Internal Control Systems and other matters. - to review the Financial Statement before they are submitted to the Board. - to discuss any issues with the Statutory & Internal Auditor and the Management of the Company in relation to matter contained in the Financial Statement. - <u>Power to investigate into any matter under the purview of Audit Committee.</u> - <u>Auditors of the company and key managerial personnel shall have a right to be heard into the meeting.</u> - <u>Composition of Audit Committee is to be disclosed in Board's Report.</u> - <u>In case recommendation of the Audit Committee is not accepted by the Board, the Board shall disclose in Board's report along with reasons.</u>

Important Questions – Provisions related to audit under the Companies Act

Online Study (cma.studynotes365.xyz)	
Q.1	Enumerate the duties the Company Auditor [Dec 15 (4 Marks)]
Q.2	Statutory Auditor can be appointed as the Internal Auditor of the same Company for the same period. Comment [Dec 2008, June 2013 (2 marks)]
	As per section 144, Statutory Auditor cannot be appointed as the Internal Auditor for the same company for the same period. This is because of self-review threat, that the auditor will not be independent.
Q.3	Audit Committee is only a luxury for the Company. So you agree? [Dec 2008 (2 marks)]
	Audit Committee is not a luxury. It serves as a communication channel among various departments and has to interact with the management, internal auditor, statutory auditor and the public.
Q.4	Statutory Auditor of the company is legally bound to attend the AGM of the Company. State the correct position [June 2009 (2 marks)]
	Section 146 of the Companies Act, 2013 states that the auditor shall be entitled to attend and be heard in an AGM. Whether he exercises his right or not, is up to him.
Q.5	M/s SS Associates, Chartered Accountants who were appointed as Auditor by the members in AGM refuses to accept the appointment. In such cases CG only can appoint another Auditor. [Dec 2009 (2 marks)]
	When the appointed auditor refuses to take up the assignment, the company should take recourse to Section 139 and hold an extra ordinary general meeting for appointment of auditor, as the Board has no powers to

	appoint auditor in place of the resigned auditor. The refusal of auditor will tantamount to assuming that he has resigned.
Q.6	Auditor is not liable in case of honorary (free of cost) audit. [June 2010 (2 marks)] The Auditor has to conduct and conclude his audit as per the provisions of the Companies Act, 2013. The quantum of fees does not decide the scope or liability of the audit. Hence it doesn't matter whether the auditor has charged fees for the audit or not, his liability remains as it is.
Q.7	The Articles of Association of ABC Ltd. provides that the Fixed deposit receipts should not be shown to the statutory auditors. Accordingly, the Manager (Accounts) refuses to show it to the Auditor. Analyse the legality. [June 2010 (2 marks)] The Auditor has to conduct and conclude his audit as per the provisions of the Companies Act, 2013. As per the provisions of Section 143, auditor has the right to access the books and records thereon. If this right is restricted, the auditor shall report it in the Auditor's Report.
Q.8	The auditor demanded the notice for AGM but the Director of the Company refused. State the legality [Dec 2010 (2 marks)]
Q.9	At the AGM, a resolution was passed by all the Shareholders restricting some of the powers of a Auditor. State the validity of the Resolution. [Dec 2012 (2 marks)] Certain specific rights & power have been conferred by the Companies Act, 2013 on the Auditor which cannot be restricted or curtailed by the shareholders of the company. Hence any such resolution even if passed by entire body of shareholders is ultra-vires (beyond law) and, therefore, not valid.
Q.10	A practicing cost accountant is appointed by the shareholders in general meeting as the Auditor of a private limited company. Is the appointment valid? [June 2013, June 2014 (2 marks)] Only a practicing Chartered Accountant is qualified for appointment as the Auditor of a Company, even if the company is a private limited company. Hence, this appointment is not valid.
Q.11	Sec. 177 of Companies Act 1956 lays down the Auditor's duty as a member of Audit Committee. Comment. [June 2013 (2 marks)] This statement is false. Auditor is not a member of Audit Committee. He has no right to vote. However he shall attend and participate at the meetings of the Audit Committee.
Q.12	What are the disqualifications for appointment of Statutory Auditor of a Company? [Dec 2013, June 2015, June 2017 (4 marks)]
Q.13	Discuss the scope of audit committee in public limited company. [June 2016 (8 marks)]
Q.14	What are the services that an Auditor cannot render under section 144 of the Companies Act, 2013. [June 2017 (5 marks)]
Q.15	Discuss the provisions under Section 139(7) relating to the appointment of the first auditor in a Government Company. How can an auditor, duly appointed by a company, be removed before expiry of his term? [Dec 2017 (7 marks)] Or How can an auditor, who is appointed under section 139 of the Companies Act, 2013, be removed from his office before the expiry of his term. [June 2019 (4 marks)]

Q.16	Discuss the duty of an auditor to report certain matters in the audit report u/s 143(3). [Dec 2017 (5 marks)]
	<p>Duty Regarding Inclusion of Certain Matters in the Audit Report: As per Section 143(3), the company auditor, in his audit report, shall clearly state –</p> <ul style="list-style-type: none"> ➤ Whether he has sought and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof and the effect of such information on the financial statements. ➤ Whether, in his opinion, proper books of account as required by law have been kept by the company and proper returns adequate for the purposes of his audit have been received from branches not visited by him. ➤ Whether the report on the accounts of any branch office of the company audited by a person other than the company's auditor has been sent to him and the manner in which he has dealt with it in preparing his report. ➤ Whether the company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns. ➤ Whether, in his opinion, the financial statements comply with the accounting standards. ➤ The observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company. ➤ Whether any director is disqualified from being appointed as a director under sub-section (2) of section 164. ➤ Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith. ➤ Whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
Q.17	Discuss the provisions of Companies Act, 2013 as regards reporting of frauds by Company Auditor. [June 2018 (6 marks)]
	<ul style="list-style-type: none"> ➤ The provisions of Companies Act 2013 regarding reporting of frauds by a company auditor are as follows: For the purpose of sub-section (12) of section 143, in case the auditor has sufficient reason to believe that an offence involving fraud, is being or has been committed against the company by officers or employees of the company, he shall report the matter to the Central Government immediately but not later than sixty days of his knowledge and after following the procedure indicated herein below. <ol style="list-style-type: none"> 1. auditor shall forward his report to the Board or the Audit Committee, as the case may be, immediately after he comes to knowledge of the fraud, seeking their reply or observations within forty-five days; 2. on receipt of such reply or observations the auditor shall forward his report and the reply or observations of the Board or the Audit Committee along with his comments (on such reply or observations of the Board or the Audit Committee) to the Central Government within fifteen days of receipt of such reply or observations; 3. in case the auditor fails to get any reply or observations from the Board or the Audit Committee within the stipulated period of forty-five days, he shall forward his report to the Central Government along with a note containing the details of his report that was earlier forwarded to the Board or the Audit Committee for which he failed to receive any reply or observations within the stipulated time. ➤ The report shall be sent to the Secretary, Ministry of Corporate Affairs in a sealed cover by Registered Post with Acknowledgement Due or by Speed post followed by an e-mail in confirmation of the same.

	<ul style="list-style-type: none"> ➤ The report shall be on the letter-head of the auditor containing postal address, e-mail address and contact number and be signed by the auditor with his seal and shall indicate his Membership Number. ➤ The report shall be in the form of a statement as specified in Form ADT-4. ➤ The provision of this rule shall also, mutatis mutandis, to a cost auditor and a secretarial auditor during the performance of his duties under section 148 and section 204 respectively.
Q.18	Discuss about the manner in which rotation of Auditors may be done by the company on expiry of their term. [June 2018 (6 marks)]
Q.19	Discuss the rights of an auditor according to the Companies Act, 2013 [June 2019 (8 marks)]
Q.20	Discuss the functions and power of the Audit Committee. [Dec 2018 (6 marks)]
Q.21	Discuss the procedure for appointment for first Auditor of the Company and his tenure [Dec 2018 (6 marks)]

Key points to remember

Appointment of auditors (Section 139)	<p><i>First auditor – Government company</i></p> <ul style="list-style-type: none"> ✓ Appointed by CAG within 60 days from date of registration of company ✓ In case CAG doesn't appoint the auditor within 60 days, the Board of Directors must appoint the auditor within next 30 days. ✓ In case the Board also doesn't appoint the first auditor, it should be appointed by the members within 60 days in an EGM <p><i>First auditor – Company other than a Government company</i></p> <ul style="list-style-type: none"> ✓ Appointed by Board of Directors within 30 days of the registration of the company ✓ In case the board fails to appoint the first auditor, it should be appointed by the Members within 90 days in an EGM <p><i>Subsequent auditor – Government Company</i></p> <ul style="list-style-type: none"> ✓ In case of Government company, CAG should appoint an auditor within 180 days from commencement of the financial year <p><i>Subsequent auditor – Company other than a Government company</i></p> <ul style="list-style-type: none"> ✓ Every company appoints an auditor at the first AGM till the conclusion of sixth AGM. ✓ Auditor can be an individual or a partnership firm ✓ No listed company can re-appoint an individual auditor or a firm for more than five consecutive years or ten consecutive years respectively (Rotation of auditor) ✓ An auditor who has completed the prescribed term of five or ten consecutive years, should not be re-appointed as auditor for the next five consecutive years (Cooling off period)
Casual Vacancy (CV)	<ul style="list-style-type: none"> ✓ In case of Government Company, CV is filled by CAG within 30 days ✓ In case of any other company, CV is filled by Board of Directors within 30 days

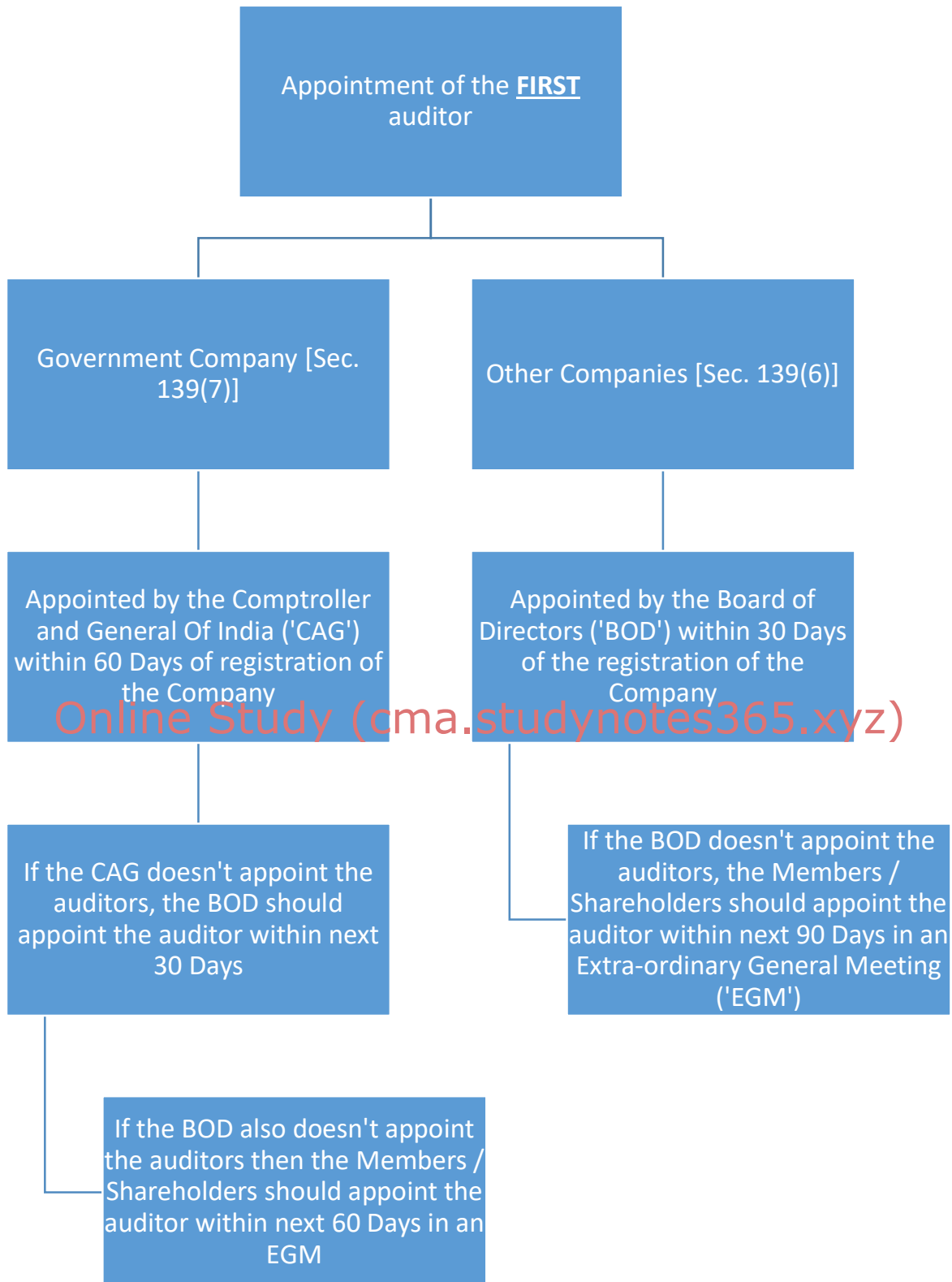
Removal / resignation of auditor	<ul style="list-style-type: none"> ✓ Removal - The auditor may be removed before the end of his term, by: <ul style="list-style-type: none"> • passing a special resolution and • obtaining the previous approval of Central government ✓ Removal – The auditor may be removed (or not re-appointed) after the end of his term, by: <ul style="list-style-type: none"> • Special notice issued by the shareholders intending to appoint an auditor other than the retiring auditor • Retiring Auditor to make a representation in writing • Special resolution be passed • Not applicable to Section 139(2) – rotation cases ✓ Resignation - When the auditor resigns from the company, he should, within 30 days from the resignation, file a statement with the company and the Registrar, indicating the reasons of resignation
Eligibility / qualifications of auditor (Section 141)	<ul style="list-style-type: none"> ✓ An auditor can be a Chartered Accountant or a firm (including LLP) of Chartered Accountants ✓ In case of a firm, only the partners who are Chartered Accountants shall be authorized to act and sign on behalf of the firm
Disqualifications of auditor (Section 141)	<ul style="list-style-type: none"> ✓ Body corporate ✓ Officer / employee of the company or partner / employee of such officer / employee ✓ Who holds any security or interest in the company (a relative can hold security upto FV of INR 100,000) ✓ Who is indebted to the company in excess of INR 500,000 ✓ Who has given any guarantee / security in connected with indebtedness of the company in excess of INR 100,000 ✓ Who has a business relationship with the company ✓ Who is in full time employment elsewhere ✓ Who has been convicted by a court for any fraud and 10 years have not lapsed from such a conviction ✓ Who is engaged in consulting and specialized services under section 144 (like book-keeping, actuarial services, managerial services, design and implementation of financial information system)
Remuneration of auditors (Section 142)	<ul style="list-style-type: none"> ✓ Should be fixed in the general meeting ✓ Should be fixed by the Board for the first auditor ✓ Remunerations includes the expenses, if any, incurred by the auditor
Powers /rights of an auditor (Section 143)	<ul style="list-style-type: none"> ✓ Right to access books of accounts and the supporting documents of the company as well as its subsidiaries ✓ Ask such information and explanation, from the officers of the company, as is required for audit ✓ Inquire into the critical matters like: <ul style="list-style-type: none"> • Whether the loans and advances made by the company are fully secured and they are not prejudicial to the interest of the company • Whether personnel expenses have been charged to P&L Account

	<ul style="list-style-type: none"> • Whether the position stated in the financial statements is correct and not misleading • Whether any assets of the company are sold below the purchase price ✓ To give qualification on the matters he deems fit, in the auditor's report ✓ In case of Government companies, the CAG has the power to conduct a test audit / supplementary audit, in addition to the regular statutory audit ✓ To attend the AGM and address the members, either himself or through an authorized representative
Duties of an auditor (Section 143)	<ul style="list-style-type: none"> ✓ To make report to the members of the company on the basis of the accounts examined by him ✓ In case of Government company, to furnish the report to the CAG ✓ To comply with the auditing standards ✓ To give a true and fair view of the company's affairs ✓ To give the reasons for every qualification given in the auditor's report ✓ To inform the board of directors or the audit committee, and subsequently to the central government, in case of a fraud, within the prescribed timelines ✓ To disclose the impact of pending litigation, if any ✓ To ensure that the company has made provision for foreseeable losses ✓ To ensure that the company has duly deposited the statutory obligations like TDS, Provident fund etc on a timely manner
Punishment for contravention (Section 147)	<p>For the contravention of any of the above provisions, following punishments should follow:</p> <p><i>For the default of the Company - Fine of INR 25,000 - INR 500,000</i> <i>For the default of the Auditor:</i></p> <ul style="list-style-type: none"> ✓ For unknowing defaults - fine of INR 25,000 to INR 500,000; ✓ For knowing / willful defaults - fine of INR 100,000 to INR 2,500,000, and imprisonment for 0-1 year. – Imprisonment of upto one year <p>Where the auditor is convicted, he/she shall also be required to - a) refund the remuneration received by him to the company and b) pay damages, if any.</p>
Audit Committee (Section 177)	<p>Constitution of Audit committee is mandatory for:</p> <p>(i) Every listed Company; and</p> <p>(ii) All public companies having:-</p> <ul style="list-style-type: none"> ✓ a paid up share capital Rs 10 Crore or more; ✓ turnover of Rs 100 Crore or more; ✓ outstanding Loans, or borrowings and debentures or deposits aggregating to Rs 50 Crore or more. <p>An Audit committee shall have minimum 3 Directors majority of them should be Independent Director.</p>
Functions of audit committee	<ul style="list-style-type: none"> ✓ Appointment and fixation of the remuneration of the Auditor ✓ Examination of the Financial Statement. ✓ Scrutiny of Inter Corporate Loans and Investment, ✓ Valuation of the Assets of the Company, ✓ Evaluation of the internal financial control and risk management system of the entity. ✓ Evaluation of the use of the funds rose through public offers.

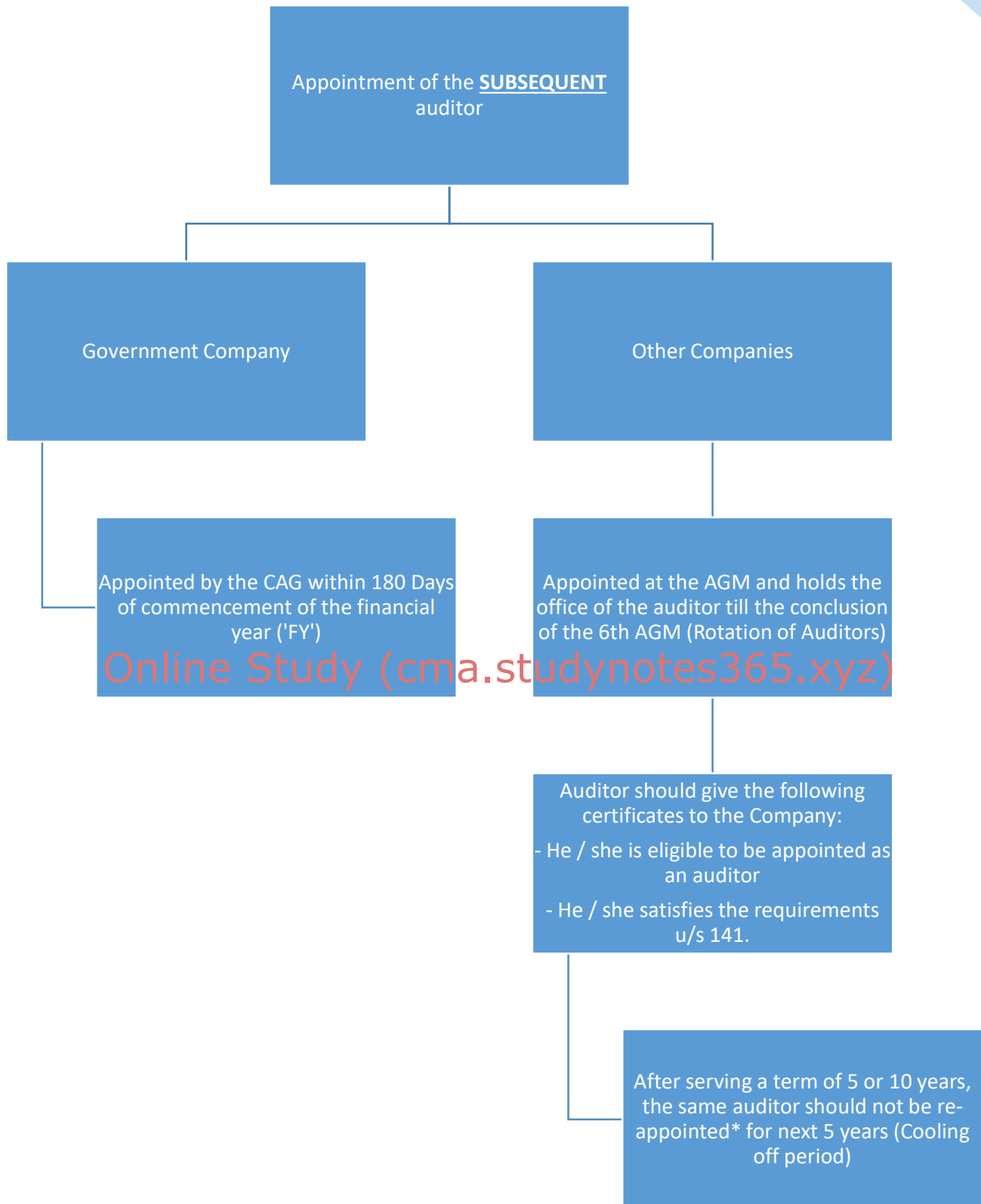
	<ul style="list-style-type: none"> ✓ Evaluation of any related party transaction.
Powers of audit committee	<ul style="list-style-type: none"> ✓ to call for comments of the Auditor about Internal Control Systems and its other observations. ✓ to review the Financial Statement and Audit report, before submission to the Board ✓ to discuss any issues with the Statutory & Internal Auditor and the Board of the Company

Diagrammatic presentation of key provisions of the Company Audit

Online Study (cma.studynotes365.xyz)



Note: The tenure of the first auditor is till the conclusion of the first Annual General Meeting ('AGM') only.



*The network firms of the same auditor also cannot be re-appointed. Network firms means - CA Firms under same brand / common control.

Reappointment of the existing auditors: The existing auditors may be re-appointed if following conditions are satisfied:

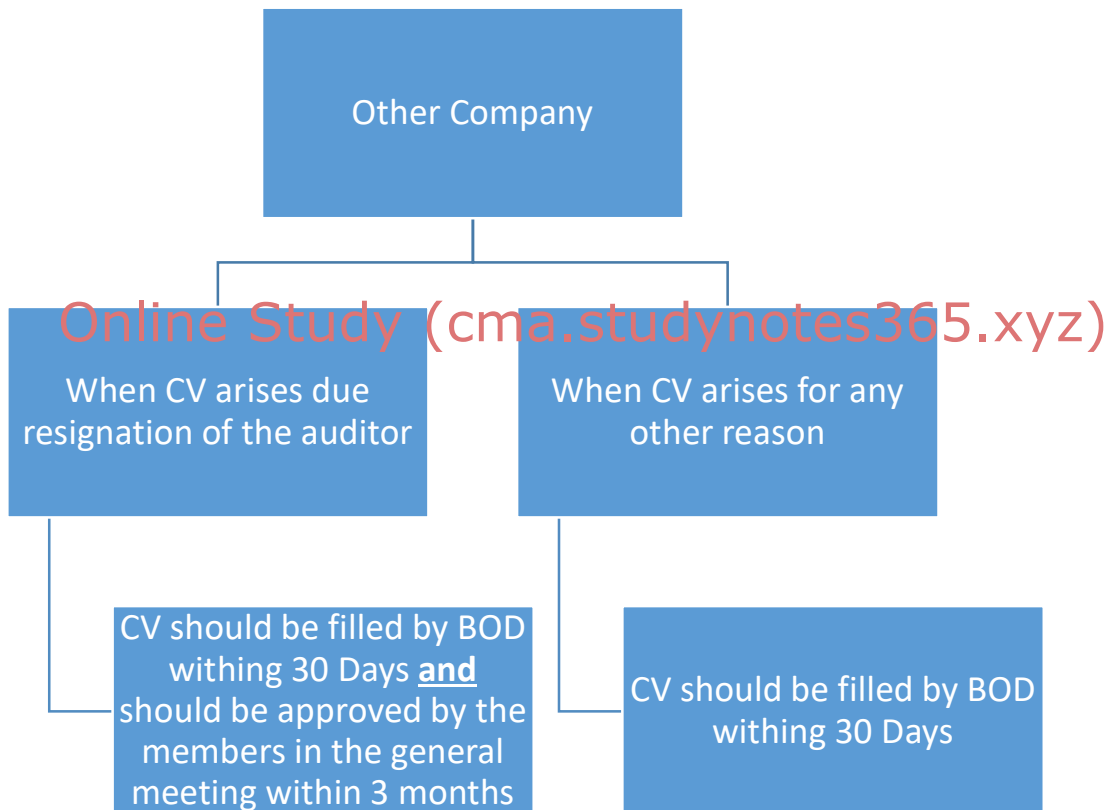
- 1) The existing auditor is not disqualified from being re-appointed
- 2) The existing auditor is not unwilling to be re-appointed
- 3) Any other auditor has not been already appointed

Note 1: In case the appointment of a new auditor or re-appointment of the existing auditor does not take place, the existing auditor is automatically re-appointed and continues the office of the auditor.

Note 2: Audit committee should be consulted before re-appointing the existing auditor.

Appointment of the auditor in case of Casual Vacancy ('CV')

For a Government Company, CAG should fill the CV within 30 Days. For companies other than the Government company:



Note 1: Audit committee should be consulted before filling the casual vacancy.

Duty of an auditor with respect to Fraud



In any case, the auditor should report the fraud to the Central Government within maximum **60 days**, on his **letterhead**, in the prescribed **Form ADT – 4**.

Punishment for contravention of provisions related to audit (Section 147 of the Companies Act, 2013)

Contravention by:	Fine (INR)	Imprisonment
The Company	25,000 to 500,000	Not Applicable, since a company cannot be jailed
Officer of the Company	10,000 to 100,000	Upto 1 Year
Auditor (Unknowing contravention)	25,000 to 500,000	No imprisonment
Auditor (Knowing contravention)	100,000 to 2,500,000	Upto 1 Year