

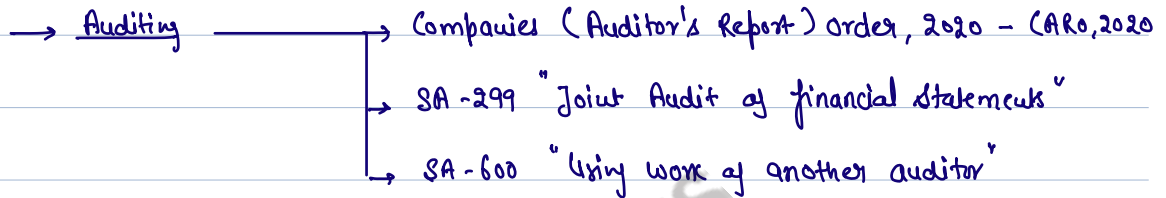
Chapter - 10 " Audit and Auditors " (Inter - Law + Audit)

Coverage → Law and Audit → Chapter - X of Companies Act, 2013

[Sec. 139 to Sec. 148]

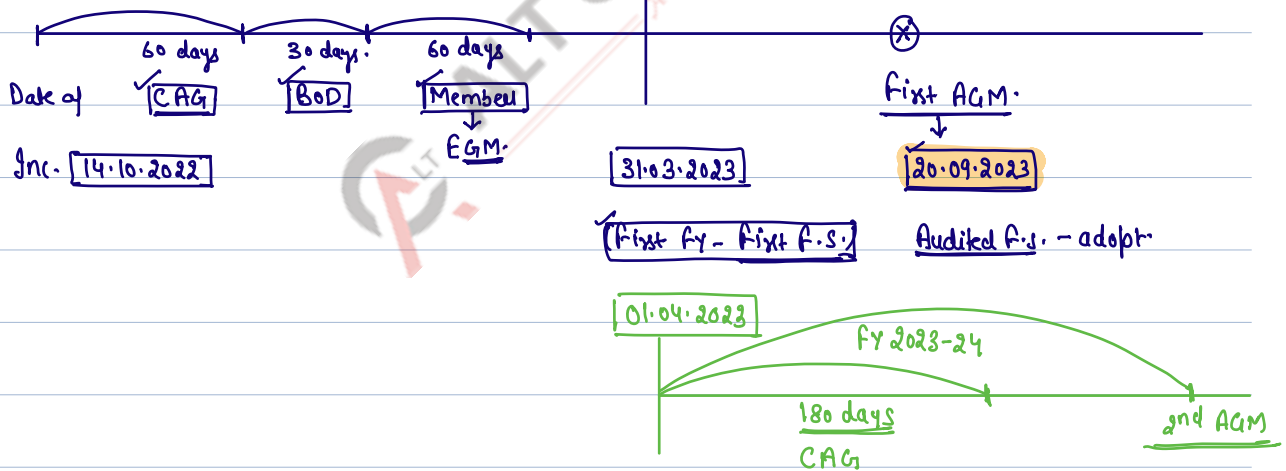
→ Companies (Audit and Auditor's) Rules, 2014

→ Companies (Cost Records and Audit) Rules, 2014

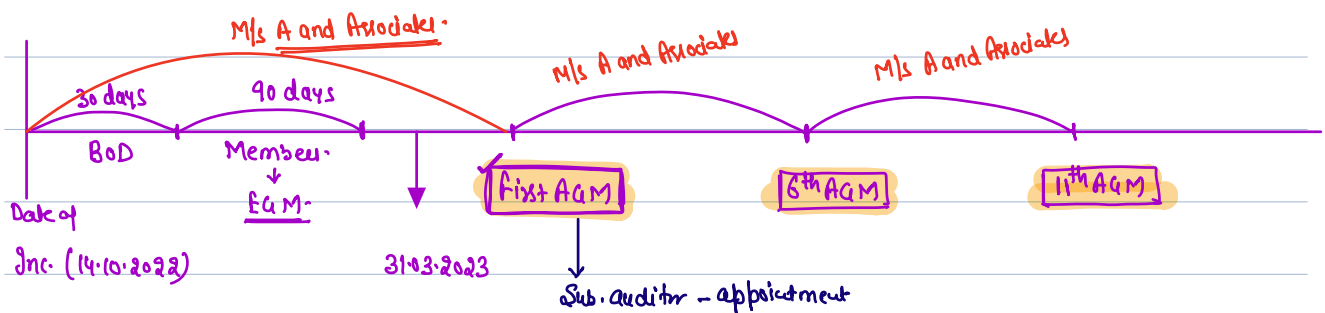


① Appointment of Auditor (Sec. 139) :

(a) Govt. Co-



(b) Non-Govt. Co-



(A) First Auditor:

(i) Non-Govt. Co. - Sec. 139(6)

↓
First auditor shall be appointed by Board of Directors within 30 days of registration of company.

↓
If BOD fails, BOD shall inform the members and members shall appoint the first auditors in General Meeting (EGM) within 90 days.

Tenure: till conclusion of first AGM

(ii) Govt. Co. - Sec. 139(7)

↓
First auditor shall be appointed by CAG within 60 days of registration of company.

↓
If appointment not made by CAG within 60 days, BOD shall appoint the first auditor within next 30 days.

↓
If BOD fails, BOD shall inform the members and members shall appoint the first auditor in General Meeting within 60 days.

Tenure: till conclusion of first AGM.

(B) Appointment of Subsequent Auditor:

(i) Govt. Co. : Sec. 139 (5)

- Subsequent auditor of a government company shall be appointed by CAG
- for each financial year;
 - within 180 days of commencement of each financial year.

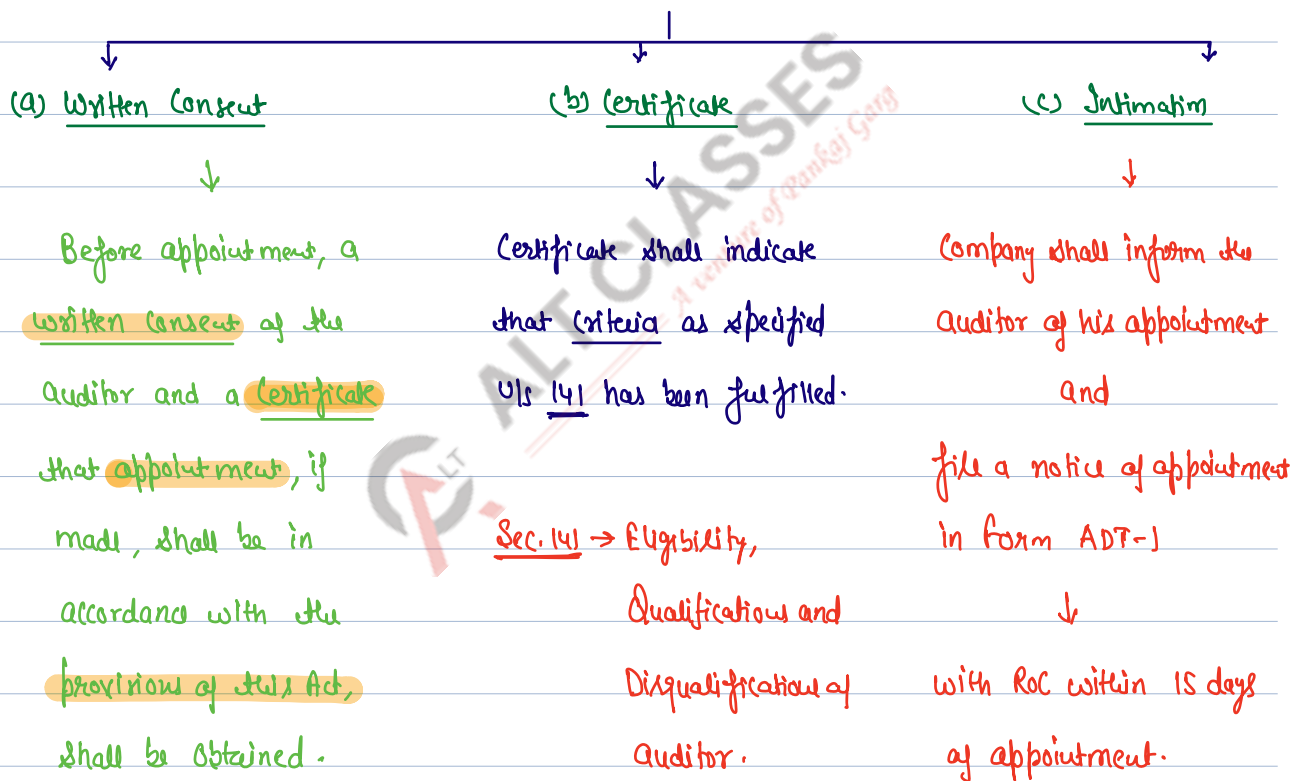
Tenure: till conclusion of AGM held immediately after the end of relevant financial year.

(ii) Non-Govt. Co [Sec. 139(1)]

Subsequent auditor of a non-govt. company shall be appointed at first AGM and thereafter at every 6th AGM.

Tenure: till conclusion of 6th AGM.

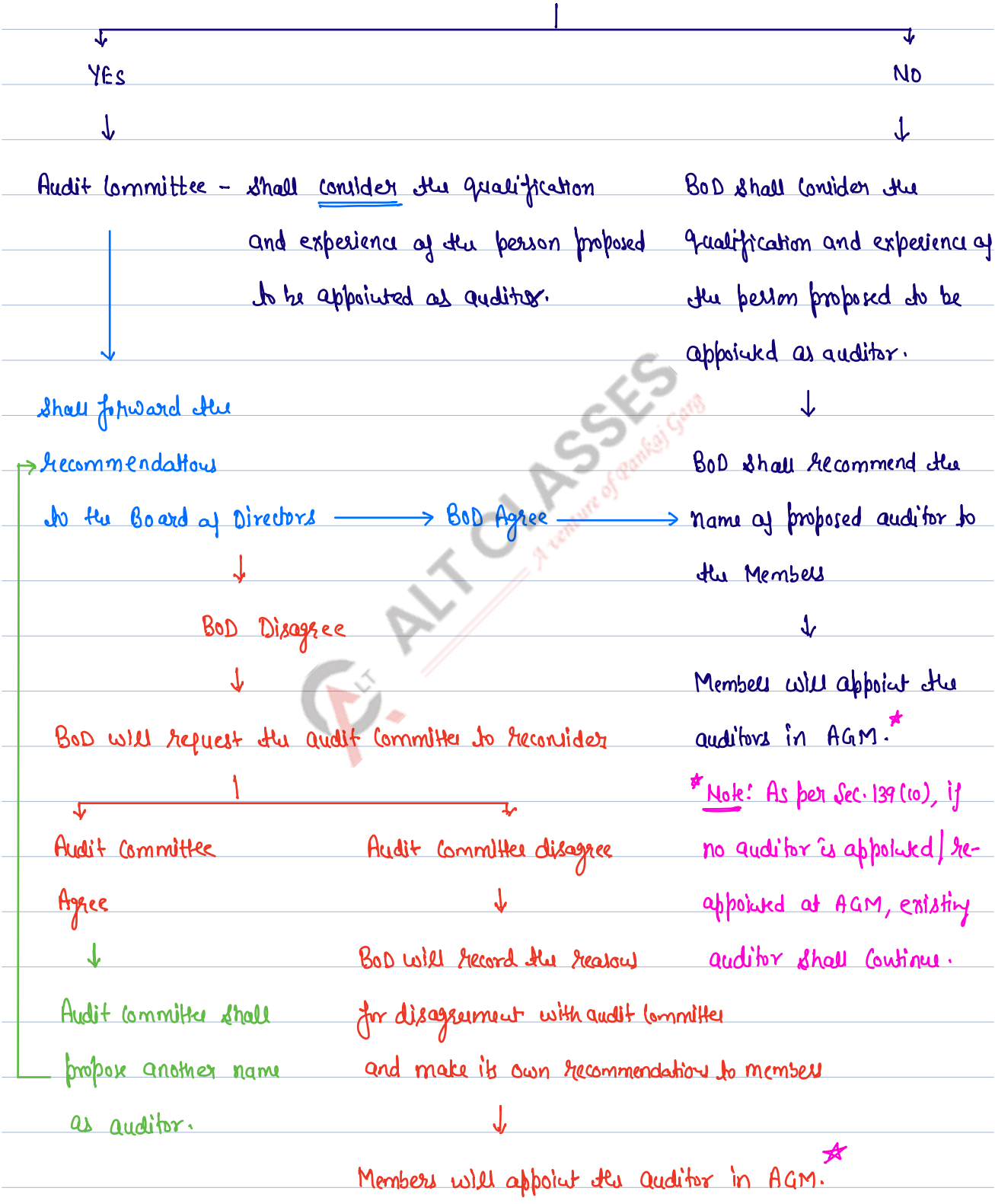
Appointment of subsequent auditor in Non-Govt. Co. shall be made in prescribed manner [Rule 3 of Companies (Audit and Auditor's) Rules, 2014] and shall be subject to following conditions:



Note: Contents of the certificate to be given by the auditor to the company are prescribed in Rule 4.

Rule 3 of CAAR, 2014 : Manner of selection and appointment of auditors:

Company is required to constitute audit committee U/s 177



(C) Companies required to have audit Committee (Sec. 177):

- Every listed public company and
- Other unlisted public company which satisfied any of the following condition : (a) Paid up capital ≥ 100 cr.

Or

(b) Turnover ≥ 100 cr

Or

(c) Outstanding loan, borrowings, debentures and public deposits ≥ 50 cr

as on last day of latest audited financial statements, shall constitute an Audit Committee of directors.

<u>Example.</u>	<u>Nature</u>	<u>PUC</u>	<u>T/b</u>	<u>Borrowing etc.</u>	<u>Requirement of audit Committee.</u>
A Ltd.	Listed	70 cr.	90 cr.	40 cr.	
B Ltd.	unlisted	70 cr.	1050 cr.	40 cr.	(a) A Ltd. and F (P) Ltd.
C Ltd.	"	110 cr.	90 cr.	42 cr.	(b) A Ltd, B Ltd, C Ltd, D Ltd, E Ltd.
D Ltd.	"	50 cr.	850 cr.	510 cr.	(c) F (P) Ltd. and G (P) Ltd.
E Ltd.	"	90 cr.	990 cr.	490 cr. x	(d) A Ltd., B Ltd, C Ltd and D Ltd.
F (P) Ltd.	Listed	70 cr.	90 cr.	40 cr. x	
G (P) Ltd.	unlisted	110 cr.	1100 cr.	600 cr. x	

(D) Contents of Certificate to be furnished by auditor to company: Rule 4 of CAAR, 2014

- Discussed from book -