

## Chapter - 7 "Reporting"

(9) CARO, 2020:

Applicability of CARO, 2020:

Matters to be reported under CARO, 2020:

Para 3 (i) - PPE - (a) Adequacy of records

(b) Physical verification

(c) Title deeds

(d) Revaluation of PPE - Change  $\geq 10\%$  - Net carrying value of each class of PPE

(e) Proceedings - Benami Property

Para 3 (ii) - Inventories - (a) Physical verification - discrepancy  $\geq 10\%$  - each class

(b) Working capital (Current assets)  $> 5$  cr.

Para 3 (iii) - Investment / Guarantee / Security / loan / Advance - Co / F / LLP / other

Para 3 (iv) - Compliance of Sec. 185 and 186

3 (v) - Public deposits

3 (vi) - Cost records

3 (vii) - Statutory dues

(a) Undisputed - Regular deposit - O/S -  $> 6M$  - B/s date

(b) Disputed - Amount and forum.

3 (viii) - Unrecorded Income.

Para 3 (ix): Loans and Borrowings - default / utilisation / repayments etc.

(A) Default in repayment of Principal or payment of Interest - B / F.I. / other lender.

(a) Period of default (b) Amount of default - lenderwise

(B) Whether Co. is declared Willful defaulter - by Bank / F.I. / other

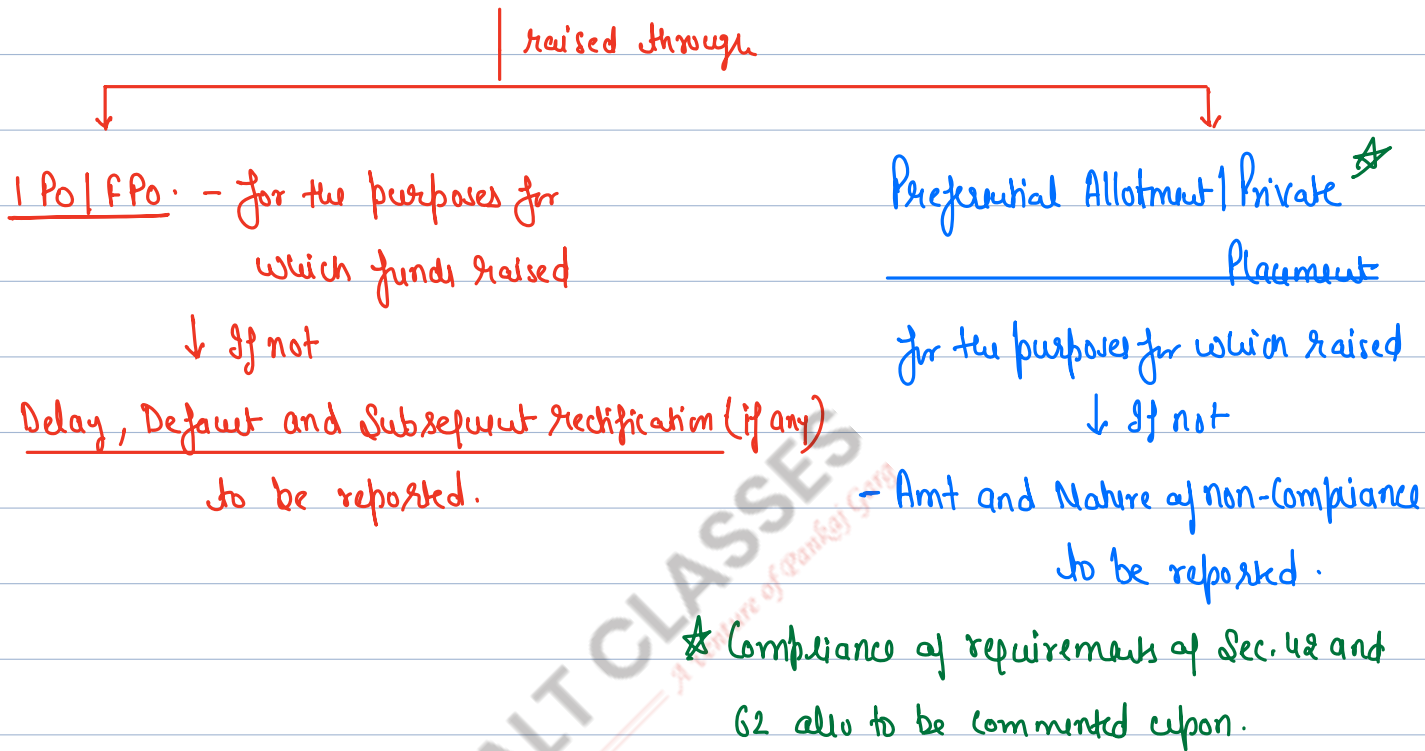
(C) Term loans - applied purposes; If not - Amount divert / purpose

(d) Funds raised on short-term basis - applied for long-term purposes.

If yes. (a) Nature (b) Amount.

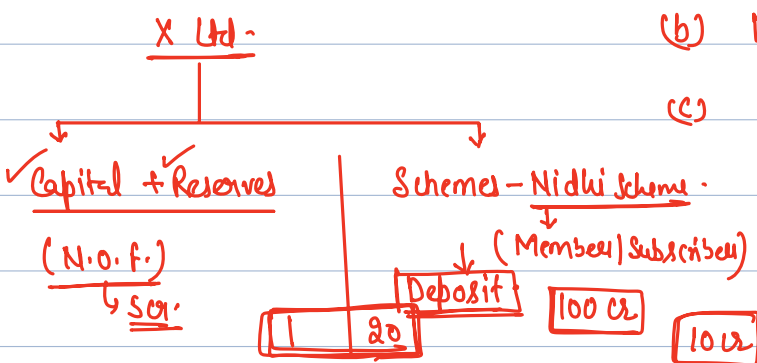
- (e) Funds raised - meet obligations of SIA/J.V - Nature and amount
- (f) Loans raised - Pledge of securities (S.A.J.V)  
If yes - details / report if any default exist in repayment.

Para 3(x): Application of Money



- Para 3(xi): Fraud - (i) Any fraud on/by the company - Noticed/ reported during the year; If yes - Nature and Amount
- (ii) Any report in ADT-04 filed by auditor with C.G.
  - (iii) Considered whistle-blower complaints recd. by Co.

Para 3(xii): Nidhi Companies: (a) Net Owned Funds to deposit liability ratio to be maintained at 1:20.



- (b) Maintenance of 10% Unencumbered Term deposits.
- (c) Default in payment of interest or repayment of deposits.

### Para 3 (xiii): Transactions with Related Parties:

- (a) whether all transactions with related parties are in compliance with Secs. 177 and 188 of Companies Act, 2013.
- (b) whether details have been disclosed in F.S. as per applicable AS.

### Para 3 (xiv): Internal Audit System:

- (a) whether Co. has Internal audit system commensurate with size and nature of its business.
- (b) whether reports of Internal auditors were considered by statutory auditors.

### Para 3 (xv): Non cash transactions with directors:

- (a) whether Company has entered into any non-cash transactions with directors or persons connected with him;  
↓ If do
- (b) whether provisions of Sec. 192 of Companies Act, 2013 have been complied with.

### Para 3 (xvi): Regn. with RBI / NBFC companies / Core Investment Companies:

- (a) whether Co. required regn. u/s 45 IA of RBI Act, 1934; and if do, whether regn. has been obtained.

Note: A Co. is required to get regd. with RBI if its Principal Business is of financing activity (So: So Jett) Income from financial asset's > 50% of total income; Financial assets > 50% of total assets.

- (b) whether Company has conducted non-banking financial or banking finance activities without a Valid Certificate of regn. from RBI.

(c) Whether Company is a Core Investment Company (CIC)

↓ If so

whether it continues to fulfill the Criteria of CIC

In case Company is exempted or unregd CIC, whether it continues to fulfill such Criteria.

(d) Whether group has >1 CIC as part of the group

↓ if yes

Indicate the number.

Para 3 (xvii): CASH Losses: (Cash receipts < Cash payments)

Whether Co. has incurred cash losses in current FY and immediate preceding FY; If yes → State the amount of cash losses.

Para 3 (xviii): Resignation of Auditor:

Whether st. auditor has resigned during the year;

↓ If so

whether issues, objections or concerns raised by outgoing auditor are considered by the auditor.

Para 3 (xix): Material Uncertainty:

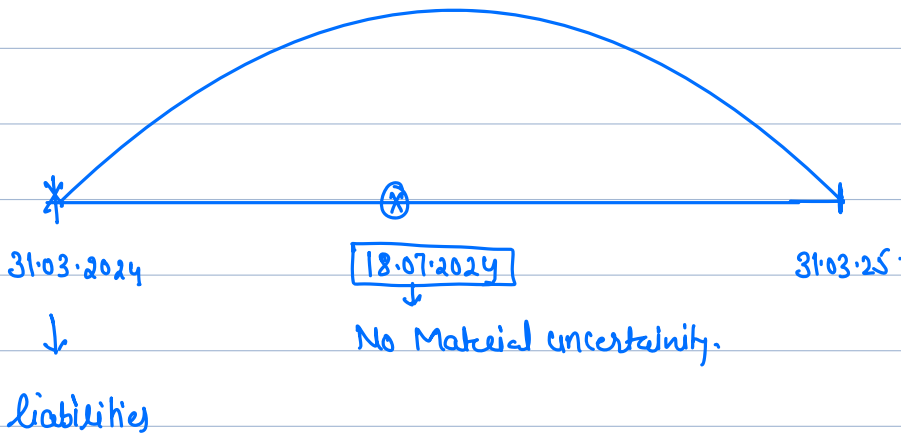
On basis of (a) financial ratios;

(b) Ageing and expected date of realisation of financial assets and payment of financial liabilities;

(c) Other information accompanying f.s.;

(d) Auditor's knowledge of BoD and Management Plans

Auditor is of the opinion that - No Material Uncertainty Exists as  
on date of audit report.



↓  
that Company is Capable of meeting  
its liabilities as on date of B/s  
as and when falls due (within  
One year from date of B/s).

Para 3 (xx): Transfer of unspent CSR Amount:

