

SAMPLE REPORT ON CARO 2020



CA Divesh Shah

Email : divesh@kkcllp.in

Annexure xx to the Independent Auditors' Report

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment and its intangible assets.
- (b) The Company has a programme of physical verification of its fixed assets under which all fixed assets are verified in a phased manner. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in such verification. **(OR)** *The material discrepancies noticed on physical verification has been properly adjusted in the books of accounts.*
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of following immovable properties (properties where company is the lessee, and the lease agreement are duly executed in favor of the lessee) are not held in the name of the Company.

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative	Period held	Reason for not being held in the name of company

- (d) The company has during the financial year, revalued its property, plant and equipment (including right of use asset) and intangible assets based on the valuation obtained by a Registered valuer. Based on the re-valuation carried out, there is a upward/ downward change of Rs xxx constituting xx% in aggregate of the net carrying value of (class of asset) outstanding as on March 31, 2022.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has appropriately disclosed in the financial statements, details of the proceedings initiated against the Company for holding Benami property *under the "Benami Transactions (Prohibition) Act, 1988 and Rules made there under.*

(OR)

- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated against the Company for holding Benami property *under the "Benami Transactions (Prohibition) Act, 1988 and Rules made there under.*
- (ii) (a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. As informed, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (b) During the year the company has been sanctioned working capital limit of Rs xxx, from (name of bank) on the basis of security of current assets. Based on our examination of the records of the company, the quarterly returns/ statements filed by the company with the bank are in agreement with the books of accounts of the company.
- (OR)**
- (b) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of this clause of the Order is not applicable to the Company.
- (iii) (a) During the year, the company has made the following investment in, provided guarantee/ security to companies, firms, limited liability partnerships:

(iv)

Name of the Party	Aggregate amount during the year	Balance outstanding as on

- (b) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions of the grant of all loans and advances are not prejudicial to the company's interest.
- (c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and repayments are regular.
- (OR)**
- (c) All the loans and advances in the nature of loans are repayable on demand and the repayments of such loans has been regular during the year.
- (d) In our opinion and according to the information and explanations given to us, there is no amount overdue for more than ninety days.
- (e) During the year, the following loan or advance has fallen due during the year, has been renewed, extended, fresh loan granted to settle the overdue of existing loans given to the same parties.

Name of the Party	Aggregate amount of due renewed, extended, fresh loan granted to settle the overdue	% Of the aggregate to the total loans or advances

- (f) During the year the company has granted following loans & advances in the nature of loans that are repayable on demand.

Name of the Party	Aggregate amount	% Of loan to the aggregate to the total loans	Amount of loan granted to Promoters, Related Parties

(OR)

- (f) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of this clause of the Order is not applicable to the company.
- (v) In our opinion and according to the information and explanations given to us, the Company has in respect of loans, investments, guarantees and security, complied with the provisions of section 185 and 186 of the Act.

(OR)

According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

- (vi) In our opinion and according to the information and explanations given to us, the Company has, in respect of deposits accepted by the Company, complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

(OR)

According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.

- (vii) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(OR)

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of this clause of the Order is not applicable.

- (viii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Goods and Service Tax, Cess and other material statutory dues generally have been regularly deposited during the year by the Company with the appropriate authorities. There are no undisputed statutory dues payable in respect to the above statues, outstanding as at March 31, 2022, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of dues which have not been deposited as on March 31, 2022, on account of disputes are as under:

Nature of Statue	Nature of Dues	Period to which the Amount Relates	Forum where Dispute is Pending	Amount (Rs. in Lakhs)

- (ix) In our opinion and according to the information and explanations given to us, no transactions not recorded in the books of account have been surrendered or disclosed by the company as income during the year in the tax assessments under the Income Tax Act, 1961.
- (x) (a) According to the information and explanations given to us, the company has defaulted in repayment of loans or other borrowings and in the payment of interest thereon to the following lenders:

Nature of borrowing (including debt securities)	Name of the Lender	Amount not paid on due date	Whether interest or principal	No. of days delay or unpaid

(OR)

- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or debenture holders.
- (b) The company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- (c) Following terms loans obtained by the company have been applied for purposes other than for which the said term loans were obtained.

Name of Lender	Amount borrowed	Purpose for which it is used	Amount of loan diverted

- (d) The funds raised by the company on short term basis have not been utilised for long term purpose.
- (e) The company has not borrowed funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures.
- (f) The company has raised loans from the following parties on the pledge of securities held by the company in its subsidiaries, associates, and joint ventures.

Name of Lender	Amount borrowed	Name of Subsidiary/ Associate/ Joint venture	Nature of security pledged	Default (if any) in repayment of loan

- (xi) (a) In our opinion and according to the information and explanations given to us, the amount raised by the company by way of initial public offer/ further public offer (including debt instruments) during the year were applied for the purposes for which those are raised.

(OR)

- (a) The funds raised during the year were partially utilised for the purpose for which they were so raised and the balance funds, pending utilisation, are temporarily invested in short term fixed deposits with bank.
- (b) The preferential allotment/ private placement of shares/ convertible debentures during the year are in accordance with the requirement of Section 42 and Section 62 of the Companies Act, 2013 and the funds raised have been used for the purposes for which the funds were raised.

(OR)

- (b) The Company has not made any preferential allotment of shares to parties or companies. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (xii) (a) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (b) No report under sub-section 12 of Section 143 of the Companies Act has been filed by us in Form ADT 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government.
- (c) We have considered the whistle blower complaints received during the year by the Company.

(OR)

- (c) We have been informed that the accountant of the Company had misappropriated funds amounting to Rupees ten lakhs during the preceding year and the year under audit. Investigations are in progress and the accountant has been dismissed and arrested. The Company has withheld his terminal benefits and it is estimated that the amount misappropriated may not exceed the terminal benefits due to the accountant. The Company is also adequately covered by fidelity insurance cover.
- (xiii) (a) In our opinion and according to the information and explanations given to us, the company, being a Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability.
- (b) The company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.
- (c) There has been no default in payment of interest on deposits or repayment thereof for any period.

(OR)

- (c) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required under applicable Indian Accounting Standard (Ind AS).
- (xv) (a) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit.

(OR)

(b) The provisions relating to internal audit are not applicable to the Company.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

(xvii) (a) In our opinion, the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, company has obtained valid registration under the said section.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act 1934.

(c) the Company is a Core Investment Company (CIC) as defined under the Regulations by the Reserve Bank of India and continues to fulfil the criteria of a CIC.

(d) The company being part of xxx Group, has xxx no. of CICs as part of its group.

(OR)

(d) According to the information and explanations given to us, the Company is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the company.

(xviii) In our opinion and according to the information and explanations given to us, the Company has incurred a cash loss of Rs xxx in the financial year and of Rs xxx in the immediately preceding financial year.

(OR)

The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

(xix) According to the information and explanations given to us and based on our examination of the records of the Company, there has not been any resignation of the statutory auditors of the company during the year.

(OR)

During the year, M/s XXX, the Statutory auditors have resigned w.e.f. from <date> and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

(xx) In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

- (xxi) (a) According to the information and explanations given to us and based on our examination of the records of the Company, the company has in respect of other than ongoing projects, transferred the unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub section 5 of section 135 of the said Act.

(OR)

According to the information and explanations given to us and based on our examination of the records of the Company, the company is not required to transfer any unspent amount to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act

- (b) An amount of Rs xx remaining unspent under sub section 5 of section 135 of the Companies Act pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub section 6 of section 135 of the said Act.

- (xxii) According to the information and explanations given to us and based on our examination of the records of the Company, there have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order reports of the companies included in the consolidated financial statements.

(OR)

The Auditor can give the details in the following table in the Consolidated Audit Report

Sr. No.	Name	CIN	Holding Company/subsidiary/ Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse

For ABC Firm

Chartered Accountants

FRN:

(Name of Engagement Partner)

Partner

ICAI Membership No:

UDIN:

Place:

Date:

