

CARO 2020.

* Applicable to all companies including foreign company.

Exemptions:

- Banking Co
 - Insurance Co
 - Sec 8 Co
 - OPC, Small Co
 - not a public Co
 - Paid up share cap ≤ 4 Cr
 - Turnover ≤ 40 Cr
 - Private Co
 - not subsidiary/holding of a public Co
 - Paid up cap + R&S (all) ≤ 1 Cr [on B/s date]
 - all borrowings (from bank & FI) ≤ 1 Cr [at any time]
 - Total revenue ≤ 10 Cr [during FY as per FS]
- * CARO 2020 not applicable to auditor's report on CF S.
consolidated

① P.P.E.

- (a) whether proper records maintained $\rightarrow 3$ years.
- (b) whether physically verified @ reasonable intervals by management
- (c) whether title deeds of immovable properties in name of Co.
- (d) whether valued - by reg values - if change $\pm 10\%$ from carrying amt.
- (e) whether initiated proceedings under Benami prohibition act
- if so whether disclosed.

- ## ② Inventory
- $\rightarrow 1$ year.
- (a) whether physical verification done at reasonable intervals by management & if discrepancies of $\pm 10\%$ is properly dealt.
- (b) whether sanctioned - WC in excess of 5 Cr - whether monthly/quarterly statements filed with banks & FI are in agreement with books.

③ Loans & Advances [Related party]

- (a) whether made ^{loan, advance, security} L A G S - aggregate amt & bal o/s to sub, Ass, JV. to others
- (b) whether ^{advances} L A G S - not prejudicial to Co's interest.
- (c) whether repayments are proper.
- (d) state amt if overdue > 90 days, whether proper steps taken
- (e) whether loans & advances fallen due has been → extended, renewed, fresh loan given

④ Loans & Investments [Related party]

- whether complied with sec 185 & 186
 loan to directors by Co

⑤ Public deposits [only for public Co]

- whether complied with 73 to 76 and directions, if not report contraventions.

⑥ Cost records

- whether proper records are maintained

⑦ Statutory dues

- (a) undisputed dues - report if o/s ≥ 6 months
- (b) Disputed dues - report amt & forum.

⑧ Unrecorded Income

- whether unrecorded income in PY is not recorded in CY but treated as income in

⑨ Repayment of loans [Co taken]

- (a) whether defaulted in repayment of loans/borrowings.
- (b) whether declared as willful defaulter by banks & FI.
- (c) " used for the purpose.
- (d) " fund raised on short term basis applied for long term
- (e) " Co taken loans to meet obligation of sub, Ass, JV.
- (f) " Co raised loans on pledge of securities of "

(10) Application of money raised.

- (a) whether money raised through IPO & FPO - properly applied for purpose.
- (b) whether Pvt placement / pref allotment complies with sec 42 & 62.

(11) Fraud

- (a) whether reported frauds on/by Co - nature & amt involved.
- (b) " any report u/s 143(12) filed - ADT 4 - to Cr.
- (c) " considered whistle blower complaints received.

(12) Nidhi Co

- (a) whether complied with net owned fund to deposits in 1:20 ratio.
- (b) whether 10% unencumbered ~~term~~ deposits maintained.
- (c) whether any default in interest / repayment dues.

(13) Related party transactions

- whether complied with sec 177 & 188.

(14) Internal audit

- (a) if Co have internal audit system, communicate with nature & size.
- (b) whether report of internal auditor considered.

(15) Non cash transactions

- with directors or persons connected to him complied with sec 192.

(16) NBFC

- (a) whether req, to obtain certificate of reg u/s 45IA of RBI act.
- (b) whether Co conducted Lending / finance activities without valid certificate.
- (c) whether CIC ^{→ 90% investment} _{→ 60% group in 90%} & met criteria.
- (d) whether group has more than 1 CIC.

(17) Cash loss

- state amt of cash loss if in current FY and immediately preceding FY.

⑮ Resignation of auditor.

- whether any resignation of stat. auditor during year and considered

⑯ Material uncertainty

- on basis of Financial ratios, ageing, asset realisation, payment of financial liabilities
- no material uncertainty exist on date of audit report.

⑰ Unspent CSR

- ongoing project - transfer to special account.
- other than ongoing project - within 6 months of expiry of FY - to fund specified in Sch VII

⑱ Consolidated FS.

- whether adverse/negative/qualified included in CFS.