



Inside this edition

- Secretarial Standards on Meetings of Board of Directors (SS-1)
- Secretarial Standards on General Meetings (SS-2)
- The Companies (Auditor's Report) Order, 2015

& more...

Secretarial Standards



In exercise of the powers conferred by sub-section (10) of section 118 and explanation under sub-section (1) of section 205 of the Companies Act, 2013 (18 of 2013), the Central Government has vide letter no. 1/3/2014/CL/I dated April 10, 2015 approved the following Secretarial Standards (SS), specified by The

Institute of Company Secretaries of India constituted under Section 3 of Companies Secretaries Act, 1980 namely,:-

- i) SS- 1: Meetings of the Board of Directors
- ii) SS- 2: General Meetings

These Secretarial Standards shall come into force on 1st day of July, 2015.

Secretarial Standard on Meetings of Board of Directors (SS-1)

- **Convene Board meetings**

- i) Any Director of a company may, at any time, summon a Meeting of the Board, and the Company Secretary or where there is no Company Secretary, any person authorized by the Board in this behalf, on the requisition of a Director, shall convene a Meeting of the Board, in consultation with the Chairman or in his absence, the Managing Director or in his absence, the Whole-time Director, where there is any, unless otherwise provided in the articles.
- ii) The Chairman may, unless dissented to or objected by the majority of Directors present at a meeting at which a quorum

is present, adjourn the Meeting for any reason, at any stage of the Meeting.

- **Notice**

- i) The Notice shall specify the serial number, day, date, time and full address of the venue of the Meeting.
- ii) A Meeting may be convened at any time and place, on any day, excluding a National Holiday.
- iii) Notice of the Meeting, wherein the facility of participation through electronic mode is provided, shall clearly mention a venue, whether registered office or otherwise, to be the venue of the meeting and it shall be the place where all the recordings of the proceedings at the meeting would be made. A meeting adjourned for want of quorum shall also not be held on a National Holiday.
- iv) The Notice shall be sent to the postal address or email address, registered by the Director with the company or in the absence of such details or any change thereto, any of such addresses appearing in the Director Identification Number (DIN) registration of the Director. Where a Director specifies a particular means of delivery of notice, the notice shall be given to him by such means. Proof of sending notice and its delivery shall be maintained by the company.
- v) Notice convening a meeting shall be given at least seven days before the date of the meeting, unless the articles prescribe a longer period.

vi) To transact urgent business, the Notice may be given at shorter period of time than stated above, if at least one Independent Director, if any, shall be present at such meeting.



vii) In case the company sends the notice by speed post or by registered post or by courier, an additional two days shall be added for the service of notice.

viii) Notice of an adjourned meeting shall be given to all Directors including those who did not attend the meeting on the originally convened date and unless the date of adjourned meeting is decided at the meeting, notice thereof shall also be given not less than seven days before the meeting.

- **Agenda**

- i) Agenda and Notes on Agenda shall be sent to all Directors .
- ii) To transact urgent business, the Notice, Agenda and Notes on Agenda may be given at shorter period of time than stated above, if at least one Independent Director, if any, shall be present at such Meeting. If no Independent Director is present, decisions taken at such a Meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director, if any. In case the company does not have an Independent Director, the decisions shall be final only on ratification thereof by a

majority of the Directors of the company, unless such decisions were approved at the Meeting itself by a majority of Directors of the company.

- **Types of Meetings**

- **Meetings of Board**

- i) The Board shall hold its first Meeting within thirty days of the date of incorporation of the Company.
- ii) The Board shall meet at least once in every calendar quarter, with a maximum interval of one hundred and twenty days between any two consecutive meetings of the Board, such that at least four meetings are held in each calendar year. Further, an adjourned meeting being a continuation of the original meeting, the interval period in such a case, shall be counted from the date of original meeting.
- iii) It shall be sufficient if a One Person Company, Small Company or Dormant Company holds one meeting of the Board in each half of a calendar year and the gap between the two Meetings of the Board is not less than ninety days.

- **Meetings of Committees**

Committees shall meet as often as necessary subject to the minimum number and frequency stipulated by the Board or as prescribed by any law or authority.

- **Meetings of Independent Directors**

Where a company is required to appoint Independent Directors under the Act, such Independent Directors shall meet at least once in a calendar year. The Company Secretary shall facilitate

convening and holding of such meeting, if so desired by the Independent Directors.

- **Quorum**

- i) A Director shall not be reckoned for Quorum in respect of an item in which he is interested and he shall not be present, whether physically or through Electronic Mode, during discussions and voting on such item.
- ii) Any Director participating through electronic mode in respect of restricted items with the express permission of Chairman shall however, neither be entitled to vote nor be counted for the purpose of quorum in respect of such restricted items. The restricted items of business include approval of the annual financial statement, Board's report, prospectus and matters relating to amalgamation, merger, demerger, acquisition and takeover and in meetings of Audit Committee for the consideration of annual financial statement including consolidated financial statement, if any, to be approved by the Board.
- iii) The Quorum for a meeting of the Board shall be one-third of the total strength of the Board, or two Directors, whichever is higher.
- iv) Where the number of Directors is reduced below the minimum number for quorum fixed by the Articles, no business shall be transacted unless the number is first made up by the remaining Director(s) or through a general meeting.

- v) The presence of all the members of any Committee constituted by the Board is necessary to form the quorum for meetings of such Committee unless otherwise stipulated in the Act or any other law or the articles or by the Board.

- **Attendance registers**

- i) Every company shall maintain separate attendance registers for the meetings of the Board and meetings of the Committee.
- ii) The attendance register shall contain the following particulars: serial number and date of the meeting; in case of a Committee meeting name of the Committee; place of the meeting; time of the meeting; names of the Directors and signature of each Director present; name and signature of the Company Secretary who is in attendance and also of persons attending the meeting by invitation.
- iii) Every Director, Company Secretary who is in attendance and every Invitee who attends a meeting of the Board or Committee thereof shall sign the attendance register at that meeting. In case of Directors participating through Electronic Mode, the Chairman shall confirm the attendance of such Directors. Entries in the attendance register shall be authenticated by the Company Secretary or where there is no Company Secretary, by the Chairman by appending his signature to each page.
- iv) The attendance register shall be preserved for a period of at least eight financial years and may be destroyed thereafter

with the approval of the Board and shall be kept in the custody of the Company Secretary.

- **Chairman**

- i) The Chairman of the company shall be the Chairman of the Board and such Chairman shall conduct the Meetings of the Board. If no Chairman is elected or if the Chairman is unable to attend the meeting, the Directors present at the meeting shall elect one of themselves to chair and conduct the meeting, unless otherwise provided in the articles.
- ii) A member of the Committee appointed by the Board or elected by the Committee as Chairman of the Committee, in accordance with the Act or any other law or the articles, shall conduct the meetings of the Committee. If no Chairman has been so elected or if the elected Chairman is unable to attend the meeting, the Committee shall elect one of its members present to chair and conduct the meeting of the Committee, unless otherwise provided in the articles.

- **Passing of Resolution by circulation**

- i) The Chairman of the Board or in his absence, the Managing Director or in his absence, the Whole-time Director and where there is none, any Director other than an Interested Director, shall decide, before the draft resolution is circulated to all the Directors, whether the approval of the Board for a particular business shall be obtained by means of a resolution by circulation.

- ii) A resolution proposed to be passed by circulation shall be sent in draft, together with the necessary papers, individually to all the Directors including interested Directors on the same day.
- iii) Resolutions passed by circulation shall be noted at the next meeting of the Board and the text thereof with dissent or abstention, if any, shall be recorded in the Minutes of such Meeting.

- **Minutes**

- i) Minutes shall be recorded in books maintained for that purpose. Minutes may be maintained in electronic form in such manner as prescribed under the Act and as may be decided by the Board. Minutes shall contain a fair and correct summary of the proceedings of the meeting. Minutes in electronic form shall be maintained with Timestamp.
- ii) Minutes of the Board Meeting shall be kept at the registered office of the company or at such other place as may be approved by the Board.
- iii) Apart from the resolution or the decision, Minutes shall mention the brief background of all proposals and summarize the deliberations thereof. In case of major decisions, the rationale thereof shall also be mentioned.
- iv) Within fifteen days from the date of the conclusion of the Meeting of the Board or the Committee, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other

recognized electronic means to all the members of the Board or the Committee for their comments.

- v) Minutes shall be entered in the Minutes Book within thirty days from the date of conclusion of the meeting.

- **Disclosures**

The Annual Report and Annual Return of a company shall disclose the number and dates of meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director.

Secretarial Standard on General Meetings (SS-2)

- **Notice**

- i) Notice in writing of every Meeting shall be given to every member of the company. Such Notice shall also be given to the Directors and Auditors of the company, to the Secretarial Auditor, to Debenture Trustees, if any, and, wherever applicable or so required, to other specified persons specifying the day, date, time and full address of the venue of the meeting.
- ii) Notice shall be sent by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means. 'Electronic means' means any communication sent by a company through its authorized and secured computer programme which capable of producing confirmation and keeping record of such

communication addressed to the person entitled to receive such communication at the last electronic mail address provided by the member.

- iii) In case of companies having a website, the notice shall be hosted on the website.
- iv) Meetings shall be called during business hours, i.e., between 9 a.m. and 6 p.m. on a day that is not a National Holiday.
- v) Annual General Meetings shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated, whereas other General Meetings may be held at any place within India. A Meeting called by the requisitionists shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated.
- vi) Notice and accompanying documents shall be given at least twenty-one clear days in advance of the meeting. For the purpose of twenty days clear notice, the day of sending the notice and the day of meeting shall not be counted.
- vii) Notice and accompanying documents may be given at a shorter period of time if consent in writing is given thereto, by physical or electronic means, by not less than ninety-five per cent of the Members entitled to vote at such Meeting.
- viii) Notice shall be accompanied, by an attendance slip and a Proxy form with clear instructions for filling, stamping, signing and/or depositing the Proxy form.

- **Frequency of Meetings**

- **Annual General Meetings**

- Every company shall hold its first Annual General Meeting within nine months from the date of closing of the first financial year of the company and thereafter in each calendar year within six months of the close of the financial year, with an interval of not more than fifteen months between two successive Annual General Meetings. The aforesaid period of six months or interval of fifteen months may be extended by a period not exceeding three months with the prior approval of the Registrar of Companies, in case of any Annual General Meeting other than the first Annual General Meeting. If a company holds its first Annual General Meeting, as aforesaid, it shall not be necessary for the company to hold any Annual General Meeting in the Calendar Year of its incorporation.

- **Extra- Ordinary General Meeting**

- Items of business other than Ordinary Business may be considered at an Extra-Ordinary General Meeting or by means of a postal ballot, if thought fit by the Board.

- **Quorum**

- Quorum shall be present not only at the time of commencement of the meeting but also while transacting business. Unless the Articles provide for a larger number, the Quorum for a General Meeting shall be:

- (a) in case of a public company,—

- (i) five members personally present if the number of members as on the date of meeting is not more than one thousand;

- (ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;

- (iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;

- (b) in the case of a private company, two members personally present. Members need to be personally present at a meeting to constitute the quorum. Proxies shall be excluded for determining the quorum. A duly authorized representative of a body corporate or the representative of the President of India or the Governor of a State is deemed to be a member personally present and enjoys all the rights of a member present in person.

- **Presence of Directors and Auditors**

- i) If any Director is unable to attend the meeting, the Chairman shall explain such absence at the meeting.

- ii) The Auditors, unless exempted by the company, shall, either by themselves or through their authorized representative, attend the General Meetings of the company and shall have the right to be heard at such meetings on that part of the business which concerns them as Auditors.

- iii) The Secretarial Auditor, unless exempted by the company shall, either by himself or through his authorized representative, attend the Annual General Meeting and

shall have the right to be heard at such meeting on that part of the business which concerns him as Secretarial Auditor.

- iv) The Chairman of the Board shall take the chair and conduct the meeting. If the Chairman is not present within fifteen minutes after the time appointed for holding the Meeting, or if he is unwilling to act as Chairman of the meeting, or if no Director has been so designated, the Directors present at the meeting shall elect one of themselves to be the Chairman of the Meeting. If no Director is present within fifteen minutes after the time appointed for holding the meeting, or if no Director is willing to take the chair, the members present shall elect, on a show of hands, one of themselves to be the Chairman of the meeting, unless otherwise provided in the Articles.
- v) In case of public companies, the Chairman shall not propose any resolution in which he is deemed to be concerned or interested nor shall he conduct the proceedings for that item of business.

- **Proxies**

- i) A Member entitled to attend and vote is entitled to appoint a Proxy, or where that is allowed, one or more proxies, to attend and vote instead of himself and a proxy need not be a member.
- ii) A Proxy shall be a member in case of companies with charitable objects etc. and not for profit registered under the specified provisions of the Act.

- iii) A Proxy can act on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.
- iv) An instrument appointing a Proxy shall be either in the form specified in the Articles or in the form set out in the Act. The instrument shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
- v) An instrument of proxy duly filled, stamped and signed, is valid only for the meeting to which it relates including any adjournment thereof.
- vi) Proxies shall be deposited with the company either in person or through post not later than forty-eight hours before the commencement of the meeting in relation to which they are deposited and a proxy shall be accepted even on a holiday if the last date by which it could be accepted is a holiday.
- vii) If a Proxy had been appointed for the original meeting and such meeting is adjourned, any Proxy given for the adjourned meeting revokes the proxy given for the original meeting.
- viii) When a member appoints a proxy and both the member and proxy attend the Meeting, the Proxy stands automatically revoked.
- ix) All Proxies received by the company shall be recorded chronologically in a register kept for that purpose.

- **Voting**

- i) Every company having its equity shares listed on a recognized stock exchange other than companies whose equity shares are listed on SME Exchange or on the Institutional Trading Platform and other companies as prescribed shall provide e-voting facility to their members to exercise their voting rights.
- ii) Every company shall, at the meeting, put every resolution, except a resolution which has been put to remote e-voting, to vote on a show of hands at the first instance, unless a poll is validly demanded. A proxy can not vote on show of hands.
- iii) The Chairman shall order a poll upon receipt of a valid demand for poll either before or on the declaration of the result of the voting on any resolution on show of hands. Poll in such cases shall be through a Ballot process. While a proxy cannot speak at the meeting, he has the right to demand or join in the demand for a poll.
- iv) Every company that is required or opts to provide e-voting facility to its members shall comply with the provisions in this regard. Every company providing e-voting facility shall offer such facility to all members, irrespective of whether they hold shares in physical form or in dematerialized form. The facility for remote e-voting shall remain open for not less than three days. The voting period shall close at 5 p.m. on the day preceding the date of the General Meeting.

- **Conduct of Poll**

- i) When a poll is demanded on any resolution, the Chairman shall get the validity of the demand verified and, if the demand is valid, shall order the poll forthwith if it is demanded on the question of appointment of the Chairman or adjournment of the meeting and, in any other case, within forty-eight hours of the demand for poll.
- ii) In the case of a poll, which is not taken forthwith, the Chairman shall announce the date, venue and time of taking the poll to enable members to have adequate and convenient opportunity to exercise their vote. The Chairman may permit any member who so desires to be present at the time of counting of votes.
- iii) Each resolution put to vote by poll shall be put to vote separately.
- iv) The Chairman shall appoint such number of scrutinizers, as he deems necessary, who may include a Company Secretary in Practice, a Chartered Accountant in Practice, a Cost Accountant in Practice, an Advocate or any other person of repute who is not in the employment of the company, to ensure that the scrutiny of the votes cast on a poll is done in a fair and transparent manner.
- v) Based on the scrutinizer's report, the Chairman shall declare the result of the poll within two days of the submission of report by the scrutinizer, with details of the number of votes cast for and against the resolution, invalid votes and whether the resolution has been carried or not.

vi) The result of the poll with details of the number of votes cast for and against the resolution, invalid votes and whether the resolution has been carried or not shall be displayed on the notice board of the company at its Registered Office and its Head Office as well as Corporate Office, if any, if such office is situated elsewhere, and in case of companies having a website, shall also be placed on the website.

- **Prohibition on Withdrawal of Resolutions**

Resolutions for items of business which are likely to affect the market price of the securities of the company shall not be withdrawn. However, any resolution proposed for consideration through e-voting shall not be withdrawn.

- **Rescinding of Resolutions**

A Resolution passed at a Meeting shall not be rescinded otherwise than by a resolution passed at a subsequent Meeting.

- **Distribution of Gifts**

No gifts, gift coupons, or cash in lieu of gifts shall be distributed to members at or in connection with the meeting.

- **Passing of Resolutions by postal ballot**

i) Every company, except a company having less than or equal to two hundred Members, shall transact items of business as prescribed, only by means of postal ballot instead of

transacting such business at a General Meeting. Ordinary Business shall not be transacted by means of postal ballot.

ii) Notice of the postal ballot shall be given in writing to every member of the company. Such notice shall be sent either by registered post or speed post, or by courier or by e-mail or by any other electronic means at the address registered with the company.

iii) In case of companies having a website, Notice of the postal ballot shall also be placed on the website. Such notice shall remain on the website till the last date for receipt of the postal ballot forms from the members.

iv) The postal ballot form shall be accompanied by a postage prepaid reply envelope addressed to the scrutinizer. A single postal ballot Form may provide for multiple items of business to be transacted.

v) The postal ballot forms, other related papers, register and scrutinizer's report received from the scrutinizer shall be kept in the custody of the Company Secretary or any other person authorized by the Board for this purpose.

- **Minutes**

i) Minutes shall be recorded in books maintained for that purpose. A distinct Minutes Book shall be maintained for meetings of the members of the company, creditors and others as may be required under the Act.

ii) Minutes may be maintained in electronic form in such manner as prescribed under the Act and as may be decided by

the Board. Minutes in electronic form shall be maintained with Timestamp.

- iii) Minutes Books shall be kept at the Registered Office of the company or at such other place, as may be approved by the Board.
- vi) In case a Meeting is adjourned, the minutes shall be entered in respect of the original meeting as well as the adjourned meeting. In respect of a meeting convened but adjourned for want of quorum a statement to that effect shall be recorded by the Chairman or any Director present at the meeting in the minutes.
- vii) The names of the Directors shall be listed in alphabetical order or in any other logical manner, but in either case starting with the name of the person in the Chair.
- viii) Minutes shall be written in third person and past tense. Resolutions shall however be written in present tense. minutes need not be an exact transcript of the proceedings at the meeting.
- ix) Minutes shall be written in third person and past tense. resolutions shall however be written in present tense. Minutes need not be an exact transcript of the proceedings at the meeting.
- x) Minutes of a General Meeting shall be signed and dated by the Chairman of the meeting or in the event of death or inability of that Chairman, by any Director who was present in the meeting and duly authorized by the Board for the purpose, within thirty days of the General Meeting.

- **Report on Annual General Meeting**

Every listed company shall prepare a report on Annual General Meeting in the prescribed form, including a confirmation that the Meeting was convened, held and conducted as per the provisions of the Act.

- **Disclosure**

The Annual Return of a company shall disclose the date of Annual General Meeting held during the financial year.

The Companies (Auditor's Report) Order, 2015

In exercise of the powers conferred by sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Auditor's Report) Order, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 480 (E), dated the 12th June, 2003, except as respects things done or omitted to be done before such supersession, the Central Government, after consultation with the Institute of Chartered Accountants of India, constituted under the Chartered Accountants Act, 1949 (38 of 1949), hereby makes the following Order, namely:-

- This order may be called The Companies (Auditor's Report) Order, 2015.
- It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 (18 of 2013) [hereinafter referred to as the Companies Act, except –

- i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- ii) an insurance company as defined under the Insurance Act, 1938 (4 of 1938),
- iii) a company licensed to operate under section 8 of the Companies Act;
- iv) a One Person Company as defined under clause (62) of section 2 of the Companies Act and a small company as defined under clause (85) of section 2 of the Companies Act; and
- v) a private limited company with a paid up capital and reserves not more than rupees fifty lakh and which does not have loan outstanding exceeding rupees twenty five lakh from any bank or financial institution and does not have a turnover exceeding rupees five crore at any point of time during the financial year.

- **Auditor's report to contain matters specified below**

Every report made by the auditor under section 143 of the Companies Act, on the accounts of every company examined by him to which this Order applies for the financial year commencing on or after 1st April, 2014, shall contain the matters specified below.

- **Matters to be included in the auditor's report**

The auditor's report on the account of a company to which this Order applies shall include a statement on the following matters, namely:-

- i) (a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
- ii) (a) whether physical verification of inventory has been conducted at reasonable intervals by the management;
 - (b) are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. If not, the inadequacies in such procedures should be reported;
 - (c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;
- iii) whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,
 - (a) whether receipt of the principal amount and interest are also regular; and

- (b) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;
- iv) is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Whether there is a continuing failure to correct major weaknesses in internal control system.
- v) in case the company has accepted deposits, whether 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 and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?
- vi) where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained;
- vii) (a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year

concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.

(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).

(c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

- viii) whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;
- ix) whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? if yes, the period and amount of default to be reported;
- x) whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;
- xi) whether term loans were applied for the purpose for which the loans were obtained;

xii) whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.

- **Reasons to be stated for unfavorable or qualified answers**

i) Where, in the auditor's report, the answer to any of the questions referred to in above point is unfavorable or qualified, the auditor's report shall also state the reasons for such unfavorable or qualified answer, as the case may be.

ii) Where the auditor is unable to express any opinion in answer to a particular question, his report shall indicate such fact together with the reasons why it is not possible for him to give an answer to such question.

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