

Brief Notes on Removal of Statutory Auditors

Applicability : Listed Entities

**Compliances Covered : Companies Act, 2013 and
SEBI LODR, 2015 read with
circulars of SEBI & Stock
Exchanges**

Financial Year : 2023-24

Prepared by Yogesh Sharma

Company Secretary

Mob: 99927-37013

Email id: yogeshsharma37013@gmail.com

“What is done somewhere, is definitely found somewhere”

“कही का किया हुआ, कही तो जरूर मिलता है”

➤ **Brief Introduction:**

Section 139 of the Companies Act, 2013 deals with the appointment of auditors. Its sub-section (1) provides that every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the company at such meeting shall be such as may be prescribed:

There are appointed for a fixed term and for maximum five (5) years in a company for one term. However, sometimes due to any reason management of the Board can decide to remove the auditor before the end of his terms.

➤ **Removal of Auditor under Section 140(1) of the Companies Act, 2013:**

Section 140 of the Act permits removal of auditor before completion of his term and contains procedure for the same. As per sub-section (1) of section 140, the auditor appointed under section 139 may be removed from his office before the expiry of his term only by a special resolution of the company, after obtaining the previous approval of the Central Government in that behalf.

➤ **Applicable provisions for Listed Entities:**

- ❖ Companies Act, 2013
- ❖ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015
- ❖ Circulars of SEBI & Stock Exchanges

Procedure to be followed by a Company

Step-1: Issue 07 days' notice (shorter notice, if any) for convening meeting of Audit Committee for deliberations and recommendation for removal of Statutory Auditors



Step-2: Hold Audit Committee meeting and provide recommendations to Board of Directors for removal of Statutory Auditors [Opportunities of being heard is available at the meeting to Statutory Auditors]



Step-3: Issue 07 days' notice (shorter notice, if any) for convening Board Meeting for obtaining Board of Directors' approval regarding removal of Statutory Auditors



Step-4: Hold Board Meeting and approve decision regarding for removal of Statutory Auditors [Opportunities of being heard is available at the meeting to Statutory Auditors]



Step-5: Submission of Outcome of Board Meeting to Stock Exchange(s)

SI. No.	Particulars	Due Date	Applicable Provision
1.	Submission of Outcome of board Meeting to Stock Exchange(s)	Within 30 minutes from the closure of such meeting	Reg. 30 (6) read with sub-para 7 of para A of Schedule III & SEBI Master Circular dated 11.07.2023 read with SEBI Circular (clarification) [Annexure-II] dated 13.07.2023

Step-6: Submit form ADT-2 to Central Government for Removal of Statutory Auditors (Power delegated to Regional Directors vide MCA notification dated 21.05.2014)

SI. No.	Particulars	Due Date	Applicable Provision
1.	Submit application for Removal of Statutory Auditors in form ADT-2 to Central Government (RD) by the Company	Within 30 days of the resolution passed by BoD	Sec. 140 read with rule 7(2) of Companies (Audit and Auditors) Rules, 2014

Step-7: Submission of approval /order of Central Government (RD) to Stock Exchange(s)

SI. No.	Particulars	Due Date	Applicable Provision
1.	Submission of approval / order of Central Government to Stock Exchange(s)	Within 24 hours of receipt of approval from the Central Government (RD)	Reg. 30 (6) read with Schedule III

Step-8: Issue notice of General Meeting for obtaining shareholders' approval

[Opportunities of being heard is available at the General Meeting to Statutory Auditors]

SI. No.	Particulars	Due Date	Applicable Provision
2.	A General Meeting shall be held for obtaining shareholders' approval for passing Special Resolution	Within 60 days of receipt of approval from the Central Government (RD)	Sec. 140 read with rule 7(3) of Companies (Audit and Auditors) Rules, 2014

Step-9: Submission of notice of General Meeting to Stock Exchange(s)

SI. No.	Particulars	Due Date	Applicable Provision
1.	The Company shall submit notice of General Meeting to Stock Exchange(s)	Within 12 hours of issuance of notice to shareholders	Reg. 30 (6) read with sub-para 12 of para A of Schedule III & SEBI Master Circular dated 11.07.2023 read with SEBI Circular (clarification) [Annexure-II] dated 13.07.2023

Step-10: Newspaper Advertisement for convening General Meeting

SI. No.	Particulars	Due Date	Applicable Provision
1.	The Company shall issue an advertisement in newspapers.	Immediately on completion of dispatch of notices, but at least twenty-one days before the date of general meeting	Reg. 47 & Sec. 108 of Companies Act, 2013 read with Rule 20 of Cos. (Management and Administration) Rules, 2014

Step-11: Intimation of newspaper publication/advertisement to Stock Exchange(s)

Sl. No.	Particulars	Due Date	Applicable Provision
1.	Intimation of newspaper publication/advertisement in respect of confirmation of dispatch of notice to Stock Exchange(s)	Within 12 hours of issuance of notice to shareholders	Reg. 30 (6) read with sub-para 12 of para A of Schedule III & SEBI Master Circular dated 11.07.2023 read with SEBI Circular (clarification) [Annexure-II] dated 13.07.2023

Step-12: Intimation of e-voting facilities provided by the Company through Depository (Designated Depository) [In case of AGM]

Sl. No.	Particulars	Due Date	Applicable Provision
1.	The Company shall authorize at least one depository as an Designated Depository (DP) to send SMS/email alerts to all the demat account holders regarding details of e-voting and confirmation of the same through SMS that vote has been casted	Atleast 02 days prior to the date of the commencement of e-voting	SEBI Master Circular dated 11.07.2023 [Chapter-VI, Section-VI-C] (Page no. 36-37)

Step-13: Submission of proceedings of General Meeting to Stock Exchange(s)

Sl. No.	Particulars	Due Date	Applicable Provision
2.	The Company shall submit proceedings of General Meeting to Stock Exchange(s)	Within 12 hours of conclusion of General Meeting	Reg. 30 (6) read with sub-para 13 of para A of Schedule III & SEBI Master Circular dated 11.07.2023 read with SEBI Circular (clarification) [Annexure-II] dated 13.07.2023

Step-14: Submission of Voting Result along with the report of the scrutinizer of General Meeting to Stock Exchange(s)

Sl. No.	Particulars	Due Date	Applicable Provision
1.	The Company shall submit voting result along with the report of the scrutinizer to Stock Exchange(s)	Within 02 working days of conclusion of its General Meeting,	Reg. 44 (3)

Step-15: Submit form MGT-14 to Registrar of Companies (RoC) for passing Special Resolution

Sl. No.	Particulars	Due Date	Applicable Provision
1.	The Company shall submit form MGT-14 to Registrar of Companies (RoC) for passing special resolution	Within 30 days of the resolution passed by shareholders	Sec. 117(3) read with rule 24 of Companies (Management and Administration) Rules, 2014

SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120

[Chapter-V, Section V-A]

Date: July 11, 2023

Applicability : All Listed Entities

Sub: Continuous Disclosure Requirements for Listed Entities - Regulation 30 of LODR, 2015

In order to enable investors to make well-informed investment decisions, timely, adequate and accurate disclosure of information on an ongoing basis is essential. Also, there is a need of uniformity in disclosures made by listed entities to ensure compliance in letter and spirit.

Compliances: Change in Auditor(s)

The Listed Entity shall provide the following details while disclosing events to Stock Exchanges under Reg. 30 read with Schedule III

1. Reason for Change i.e. resignation, removal, death or otherwise
2. Date of Cessation

Available on: https://www.sebi.gov.in/legal/master-circulars/jul-2023/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_73795.html

Date: July 11, 2023

Chapter VI-C [e-voting facility provided by listed entities] [Page No. 36-37]

Applicability : All Listed Entities

Subject: Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities

Compliances:

Under Regulation 44(1) of LODR Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

The aforementioned facilities shall be available to all individual shareholders holding the securities in demat mode. ESPs may continue to provide the facility of e-voting as per the existing process to all physical shareholders and shareholders other than individuals' viz. institutions/ corporate shareholders.

All listed companies are advised to notify the above process available to demat account holders for e-voting in the notice sent to the shareholders.

The aforesaid provisions shall be in addition to the requirements of the Companies Act, 2013 and the rules made thereunder.

Depository shall send a confirmatory SMS to the shareholders that the vote has been cast based on the confirmation received from the ESP.

The listed entity shall provide the details of the upcoming AGMs requiring voting to the Depository. The depository shall send SMS/email alerts in this regard, to the demat account holders, at least 2 days prior to the date of the commencement of e-voting.

Depository may advise the demat account holders to update their mobile number and email ID in order to access the e-voting facility.

Available on: https://www.sebi.gov.in/legal/master-circulars/jul-2023/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_73795.html

Date: June 30, 2023

Applicability : All Listed Entities

Subject: Filing of announcements in XBRL format on BSE listing Centre

Compliances:

- **Disclosure under Regulation 29 of SEBI LODR:**

- Prior Intimation of the Board Meeting.

- **Disclosure under Regulation 30 of SEBI LODR:**

- Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor, Compliance Officer and Share transfer agent;
- Outcome of Board Meeting for Dividend, Buyback, Bonus Issue and decision on voluntary delisting by the listed entity;
- Acquisition(s) (including agreement to acquire), Scheme of Arrangement (Amalgamation/Merger/Demerger/Restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Currently, as a part of compliance all listed entities are required to submit the disclosures in PDF mode as per the provisions of Regulation 30 of the SEBI (LODR) Regulations. Further, all listed entities would be required to submit the filings in XBRL mode within 24 hours of submission of the said PDF filing.

At a later stage (date to be informed separately) Exchange will shift to only XBRL submission.

It may be noted that, XBRL utility for the above-mentioned subjects is available in XBRL section of the Listing Centre.

Available on:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

NSE Circular No: NSE/CML/2023/11

Date: January 27, 2023

Applicability : All Listed Entities

Subject: Filing of announcements in XBRL format on NSE Electronic Application Processing System (NEAPS) platform

Compliances:

- **Disclosure under Regulation 29 of SEBI LODR:**
 - Prior Intimation of the Board Meeting.

- **Disclosure under Regulation 30 of SEBI LODR:**
 - Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor, Compliance Officer and Share transfer agent;
 - Outcome of Board Meeting for Dividend, Buyback, Bonus Issue and decision on voluntary delisting by the listed entity;
 - Acquisition(s) (including agreement to acquire), Scheme of Arrangement (Amalgamation/ Merger/ Demerger/Restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Currently, as a part of compliance all listed entities are required to submit the disclosures in PDF mode as per the provisions of Regulation 30 of the SEBI (LODR) Regulations. Further, all listed entities would be required to submit the filings in XBRL mode within 24 hours of submission of the said PDF filing.

At a later stage (date to be informed separately) Exchange will shift to only XBRL submission.

It may be noted that, XBRL utility for the above-mentioned subjects is available in XBRL section of the Listing Centre.

Available on:

<https://static.nseindia.com/s3fs-public/inline-files/Circular%20Filing%20of%20announcements%20in%20XBRL%20format%20on%20NSE%20Electronic%20Application%20Processing%20System%20%28NEAPS%29%20platform.0.pdf>

Date: June 30, 2023

Applicability : All Listed Entities

Subject: Filing of announcements in XBRL format on BSE listing Centre

Further to Exchange notice dated January 27, 2023, bearing no: 20230127-37 on the captioned subject for submitting corporate announcements under certain subjects, please note that the following announcements subjects filed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) will be available in XBRL format with effect from April 01, 2023 ('effective date'):

Compliances:

• **Disclosure under Regulation 30 of SEBI LODR:**

- Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.;
- Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty (ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
- Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
- One time settlement with a bank
- Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions (Inter-Creditors Agreement).
- Corporate Debt Restructuring.
- Notices of Shareholders Meeting

Currently, as a part of compliance all listed entities are required to submit the disclosures in PDF mode as per the provisions of Regulation 30 of the SEBI (LODR) Regulations. Further, all listed entities would be required to submit the filings in XBRL mode within 24 hours of submission of the said PDF filing.

At a later stage (date to be informed separately) Exchange will shift to only XBRL submission.

- It may be noted that, XBRL utility for the above-mentioned subjects is available in XBRL section of the Listing Centre.

This is issued in furtherance of BSE notice dated January 27, 2023, ref no: 20230127-37.

Available on:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

NSE Circular No: NSE/CML/2023/28

Date: March 31, 2023

Applicability : All Listed Entities

Subject: Filing of announcements in XBRL format on NSE Electronic Application Processing System (NEAPS) platform

Further to our circular dated January 27, 2023, bearing ref no: NSE/CML/2023/11 on the captioned subject for submitting corporate announcements under certain subjects, please note that the following announcements subjects filed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) will be available in XBRL format with effect from April 01, 2023: ('effective date'):

Compliances:

• **Disclosure under Regulation 30 of SEBI LODR:**

- Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.;
- Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty (ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
- Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
- One time settlement with a bank
- Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions (Inter-Creditors Agreement).
- Corporate Debt Restructuring.
- Notices of Shareholders Meeting

Currently, as a part of compliance all listed entities are required to submit the disclosures in PDF mode as per the provisions of Regulation 30 of the SEBI (LODR) Regulations. Further, all listed entities would be required to submit the filings in XBRL mode within 24 hours of submission of the said PDF filing.

At a later stage (date to be informed separately) Exchange will shift to only XBRL submission.

- It may be noted that, XBRL utility for the above-mentioned subjects is available in XBRL section of the Listing Centre.

This is issued in furtherance of NSE circular dated January 27, 2023, ref no: NSE/CML/2023/11.

Available on:

https://static.nseindia.com/s3fs-public/inline-files/NSE_Circular_31012023_0_1.zip

By Yogesh Sharma

Mob: 9992737013

Email id: yogeshsharma37013@gmail.com

Date: June 30, 2023

Applicability : All Listed Entities

Subject: Circular on use of Digital Signature Certificate (DSC) for announcements submitted by listed companies

In accordance with Regulation 10 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (LODR), all listed companies are required to file the reports, statements, documents, filings and any other information with the recognized Stock Exchange(s) on the electronic platform as specified by the Board or the recognized Stock Exchange(s). Accordingly, Bombay Stock Exchange has provided for its electronic platform viz. BSE listing Centre for listed companies to file the above documents.

BSE, have decided to make it mandatory to file announcements under various SEBI Regulations using **digital signature certification (DSC)** to the Stock Exchange **except** for following disclosures/events:

- Outcome of Board meeting which includes only financial result.
- Any disclosure in which document(s) issued by entity/ies other than listed company is/are included.
(For e.g., Auditors certificate, NCLT / other court's order, Credit Rating, etc.);
- Newspaper advertisement.
- Any other disclosure(s) as specified by Stock Exchanges from time to time.

Available on:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

Applicability : All Listed Entities

Sub: Circular on use of Digital Signature Certificate (DSC) for announcements submitted by listed companies

In accordance with Regulation 10 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (LODR), all listed companies are required to file the reports, statements, documents, filings and any other information with the recognized Stock Exchange(s) on the electronic platform as specified by the Board or the recognized Stock Exchange(s). Accordingly, National Stock Exchange has provided electronic platform viz. National Stock Exchange Electronic Application Processing System (NEAPS) and the Digital Portal for listed companies to file the above documents.

NSE, have decided to make it mandatory to file announcements under various SEBI Regulations using digital signature certification (DSC) to the Stock Exchange **except** for following disclosures/events:

- Outcome of Board meeting which includes only financial result.
- Any disclosure in which document(s) issued by entity/ies other than listed company is/are included.
(For e.g., Auditors certificate, NCLT / other court's order, Credit Rating, etc.);
- Newspaper advertisement.
- Any other disclosure(s) as specified by Stock Exchanges from time to time.

Available on:

https://static.nseindia.com/s3fs-public/inline-files/NSE_CIRCULAR_05072023_EQUITY.zip

Practical Case: Removal of Statutory Auditors of M/s **EKI Energy Services Ltd** on 14th July, 2023 for more clarification & understanding purpose.

[Source: Filing available on BSE website]

Thank you so much & best wishes for future

Sharing is caring...

Shree Radhe Krishna...