Sec. 140 - Removal, Resignation of Auditor and giving of Special Notice

Sec. 140(1) - Removal before expiry

Application to CG

should be made within 30 days

of passing of Board Resolution

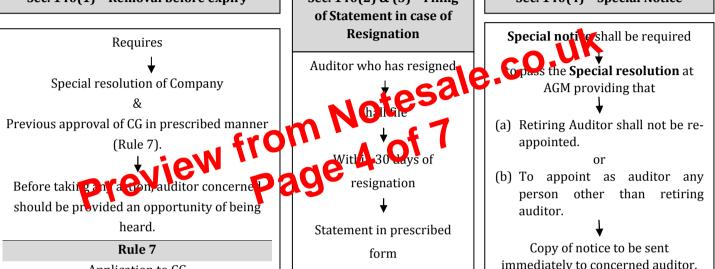
in Form ADT-2.

Within 60 days of approval by CG,

convene a general meeting

to Pass Special Resolution.

Opportunity_ **Board** Application General Resolution to CG Meeting Sec. 140(2) & (3) - Filing of Statement in case of



form

(Rule 8 : ADT-3)

To Company & ROC (Also to CAG - in case of Govt. Companies)

Indicating the reasons and other facts relating to

Sec. 140(3): Fine for noncompliance, Ranging from Rs. 50,000 - Rs. 5,00,000

Compiled by: CA. Pankaj Garg

Sec. 140(4) - Special Notice

immediately to concerned auditor.

Auditor has a right of representation (reasonable length)

Copy of notice and representation needs to be sent to every person to whom notice of AGM was given.

Auditor may demand for reading the representation in meeting.

Representation need not be sent or read out at meeting, if on application of company or other person, Tribunal pass such order.

Sec. 140(5) - Directions for change of Auditor

Tribunal may, by order, direct the company to change its auditors

either suo motu or on an application made to it by the C.G. or by any person concerned,

if it is satisfied that the auditor has acted in a fraudulent manner or abetted or colluded in any fraud.

If the application is made by the C.G. and Tribunal is satisfied that any change of the

Tribunal shall within 15 days of receipt of such application, make an order

auditor is required

that he shall not function as an auditor

C.G. may appoint another auditor in his place.

An auditor against whom final order has been passed by the Tribunal u/s 140(5)

shall not be eligible to be appointed as an auditor of any company for a period of 5 years from the date of passing of the order and

the auditor shall also be liable for action u/s 447.