**🔍 Auditor Appointment & Resignation**

**Ensure Transparent Financial Governance with Expert Compliance Support**

In today’s highly regulated corporate environment, appointing a qualified auditor and managing their resignation are not just compliance necessities but essential steps toward building investor confidence, maintaining financial transparency, and avoiding regulatory penalties.

As your trusted Company Secretary (CS) service provider, we simplify the complexities of auditor appointment and resignation procedures—ensuring your company complies with the Companies Act, 2013 and all relevant statutory provisions.

**✅ Auditor Appointment – Key Essentials**

**📌 When is an Auditor Appointment Required?**

* **First Auditor**: Within 30 days of incorporation by the Board; else, by members within 90 days.
* **Subsequent Auditors**: Appointed in the AGM to hold office for 5 years (subject to ratification if applicable).
* **Casual Vacancy**: To be filled within 30 days (by Board or shareholders depending on cause).

**📑 Types of Auditor Appointments**

1. **First Auditor** – Appointed by the Board of Directors after incorporation.
2. **Statutory Auditor** – Appointed annually (or for a term of 5 years).
3. **Internal Auditor** – Required for certain class of companies under Section 138.
4. **Cost Auditor** – For companies engaged in specified industries (regulated under Section 148).

**📘 Required Documents & Compliance**

* Board and shareholder resolutions
* Consent and eligibility certificate from auditor (Form ADT-1)
* Filing with ROC within prescribed time

**💼 Who Needs This Service?**

* All **Private Limited**, **Public Limited**, **Section 8 Companies**
* Companies reaching a turnover or capital threshold triggering internal or cost audit
* Businesses undergoing **mergers, restructuring, or change in auditors**

**🔄 Auditor Resignation – What You Need to Know**

**📌 Why Do Auditors Resign?**

* Professional conflicts
* Ethical concerns
* Non-cooperation from the client
* Change in audit strategy or firm restructuring

**📑 Process of Auditor Resignation**

* Submission of resignation letter with reasons
* Filing of **Form ADT-3** by the auditor with ROC within 30 days
* Company’s duty to appoint new auditor in case of vacancy

**Legal Framework**

Auditor appointment and resignation are governed primarily by the **Companies Act, 2013** and the relevant **Rules under the Companies (Audit and Auditors) Rules, 2014**.

**Key Sections:**

* **Section 139** – Appointment of Auditors
* **Section 140** – Removal, Resignation of Auditor and Giving of Special Notice
* **Section 141** – Eligibility, Qualifications and Disqualifications of Auditors
* **Section 142** – Remuneration of Auditors
* **Section 144** – Auditor’s Prohibited Services

**⏰ Important Timelines**

|  |  |  |
| --- | --- | --- |
| Event | Timeline | Form |
| First Auditor Appointment by Board | Within 30 days of incorporation | No ROC form |
| Appointment by Members (if Board fails) | Within 90 days at EGM | ADT-1 |
| Subsequent Auditor Appointment | At AGM | ADT-1 |
| Resignation by Auditor | Within 30 days of resignation | ADT-3 |
| Appointment in Casual Vacancy | Within 30 days | ADT-1 |

**📋 Required Documents for Appointment**

1. Auditor’s Consent Letter
2. Certificate under Section 139(1) and 141
3. Board Resolution / Shareholder Resolution
4. Filed Form ADT-1 with attachments

**📤 Required Documents for Resignation**

1. Auditor's Resignation Letter
2. Board Meeting Documents accepting resignation
3. Filed Form ADT-3 by the Auditor
4. ROC intimation of new auditor appointment (if applicable)

**⚖️ Penalties for Non-Compliance**

* **Failure to appoint auditor**: The company may be **liable to pay a fine** ranging from ₹25,000 to ₹5 lakh.
* **Failure to file Form ADT-1 / ADT-3**: Additional ROC fees and penalties.
* **Auditor’s failure to resign properly**: May lead to professional misconduct proceedings under ICAI regulations.

**🔄 Casual Vacancy - Special Notes**

* If the **casual vacancy** is due to resignation, appointment must be made by the **members in a general meeting** within 3 months.
* If it arises due to **other reasons**, the Board of Directors may fill it within 30 days.

**🧠 Common Client Queries**

**Q1. Is ADT-1 required for the first auditor?**

➡️ No, filing ADT-1 is not mandatory for the first auditor appointed by the Board.

**Q2. Can a company re-appoint the same auditor for more than 5 years?**

➡️ Yes, but only after completion of the cooling-off period for companies under rotation requirements.

**Q3. Can an auditor resign during an ongoing audit?**

➡️ Yes, but a valid reason must be provided and ROC form ADT-3 must be filed.

**🧾 Our CS Services Include:**

* Drafting resolutions and consent letters
* Filing forms like **ADT-1** (appointment) and **ADT-3** (resignation)
* Advising on eligibility, disqualifications, and tenure
* Assistance in appointment in case of **casual vacancy**
* Guidance for audit committee reporting (if applicable)
* Compliance checklists and due date reminders

**📌 Director Appointment & Resignation**

**🚀 Introduction: Empower Your Company with the Right Leadership**

In every successful company, **directors are the strategic pillars** who ensure smooth governance and long-term growth. Whether you're looking to **add a visionary leader to your board** or **resign a director smoothly and compliantly**, every step must be legally sound, properly documented, and timely filed with the Registrar of Companies (ROC).

As a trusted **Company Secretary (CS) service provider**, we offer **end-to-end compliance solutions** for **appointing or resigning directors**—ensuring your company stays fully compliant with the Companies Act, 2013 while making transitions seamless and risk-free.

**🧾 Director Appointment – When You Need New Leadership**

**✅ Who Needs It?**

* Startups expanding their board
* Companies bringing in investors or experts as directors
* Businesses needing an additional director for compliance
* Firms restructuring board members

**🛠️ Types of Director Appointments:**

|  |  |
| --- | --- |
| **Type of Director** | **Description** |
| **Executive Director** | Actively involved in company operations |
| **Non-Executive Director** | Provides strategic inputs but not involved in daily affairs |
| **Independent Director** | Mandatory for listed/public companies; ensures transparency & governance |
| **Additional Director** | Appointed by Board till next AGM |
| **Alternate Director** | Acts in absence of the main director (typically for overseas directors) |
| **Nominee Director** | Nominated by stakeholders like banks or investors |
| **Women Director** | Mandatory for certain classes of companies |

**📋 Process of Appointment:**

* Obtain Director Identification Number (DIN)
* Digital Signature Certificate (DSC) of the new director
* Board/Shareholder approval (depending on type)
* Filing of DIR-12 with MCA within 30 days
* Updating statutory registers and records

**🔁 Director Resignation – Exit with Compliance**

**✅ When It’s Needed:**

* Voluntary resignation by a director
* Disqualification due to legal reasons
* Change in company structure
* Non-performance or internal restructuring

**📋 Process of Resignation:**

* Director submits a **written resignation** to the company
* Board takes note and passes resolution
* Company files **Form DIR-12** within 30 days
* Director may also file **DIR-11** (optional for voluntary safety)
* Update statutory registers and records

**📚 Additional Information on Director Appointment & Resignation**

**⚖️ Legal Framework**

Both appointment and resignation of directors are governed under:

* **Companies Act, 2013**
* **Companies (Appointment and Qualification of Directors) Rules, 2014**
* **SEBI (LODR) Regulations**, for listed companies

**📌 Eligibility Criteria for Appointment as a Director**

* Must be an **individual** (not a company or firm)
* Should have a valid **DIN (Director Identification Number)**
* Not disqualified under **Section 164 of Companies Act**
* For **Independent Directors**, certain experience and background criteria apply
* Women Directors are mandatory in certain prescribed companies (as per Rule 3 of Companies Rules)

**📁 Key Documents Required for Appointment**

* DIN & DSC of the director
* Consent in **Form DIR-2**
* Declaration of non-disqualification (Form DIR-8)
* Board Resolution / Shareholders Resolution (if applicable)
* Identity & Address Proof (PAN, Aadhar, etc.)
* Updated register of directors (MBP-1 and other registers)

**📁 Key Documents for Resignation**

* Resignation letter from director
* Board Resolution for noting resignation
* Filing of **Form DIR-12** by company
* Optional filing of **Form DIR-11** by the resigning director
* Updating statutory registers

**🕒 Time Limits & Deadlines**

| **Action** | **Time Limit** |
| --- | --- |
| Filing DIR-12 for appointment/resignation | Within 30 days of the event |
| Filing DIR-11 by director (optional) | Within 30 days from resignation date |

**❗ Consequences of Non-Compliance**

* **Late filing penalties** under Companies Act
* Director’s appointment considered **invalid**
* Disqualification under **Section 164** for non-compliant companies
* Legal action or ROC notice in case of faulty or delayed filings

**📊 Director's Role After Appointment**

* Attend Board meetings and AGM
* Ensure corporate governance and compliance
* Contribute to decision-making
* Maintain disclosure of interest in Form MBP-1 annually
* Avoid conflict of interest under Section 166

**🛡️ Our Service Assurance**

We provide:

* **Director Search & Eligibility Check**
* DIN & DSC facilitation
* Resolution drafting (Board & Shareholder)
* ROC form preparation & filing (DIR-2, DIR-8, DIR-11, DIR-12)
* Maintenance of registers (Register of Directors, MBP-1, etc.)
* Legal advice on **resignation disputes, disqualification, and reappointment**

**📌 Why Choose Us?**

✅ End-to-end compliance – From board resolution to MCA filings

✅ Expert guidance on choosing the **right type of director**

✅ Timely document preparation & ROC updates

✅ Advisory on legal responsibilities and liabilities

✅ Personalized support for private, public, and listed companies

**💼 Common Challenges We Handle for You:**

* Wrong filing or delayed filings leading to penalties
* Confusion in director classification (executive vs non-executive)
* Errors in resignation procedure or board meeting minutes
* Lack of clarity on director eligibility or disqualification clauses