

NATIONAL FINANCIAL REPORTING AUTHORITY (NFRA)

What Is It?

National Financial Reporting Authority (NFRA) has been constituted on 1st October 2018 under Section 132 of the Companies Act, 2013 vide MCA Gazette Notification No. 5099(E) dated 1st October, 2018. Thereafter, MCA has notified National Financial Reporting Authority Rules, 2018, vide Gazette Notification No. G.S.R. 1111(E). dated 13.11.18.

The Union Cabinet on March 1 approved the creation of a National Financial Reporting Authority (NFRA), a big step forward in regulating the financial audit of large companies.

The NFRA is to be an independent regulator overseeing the auditing profession, and its creation was first recommended by the Standing Committee on Finance in its 21st report.

The Cabinet also approved the creation of the posts within the regulator — that of a chairman, three full-time members, and one secretary — though no decision has yet been taken on who will fill these posts.



How did it come about?

Historically, the role of an auditor has been that of a financial ‘gatekeeper’, which makes it imperative for the auditor to be independent and free from any conflict of interest, both in fact and in appearance. This becomes even more important with regard to public companies with hundreds of thousands of investors, who suffer from severe information asymmetry.

While the Enron episode led to the enactment of Sarbanes Oxley Act, 2002, and the establishment of the Public Company Accounting Oversight Board

(PCAOB) in the US, the Satyam episode brought about a shift from a self-regulatory framework to an independent regulatory framework with the constitution of the National Financial Reporting Authority (NFRA) under the Companies Act, 2013, in India.

While many provisions of the Companies Act, 2013 came into force on April 1, 2014, the setting up of the NFRA, a key recommendation, was delayed. The decision appears to have been prompted by the bank scam to have hit the headlines — the ₹12,636 crore Punjab National Bank fraud that went undetected by auditors. The primary objective of NFRA is to have an independent oversight body to oversee the quality of accounting and auditing services with respect to listed companies as well as unlisted public companies above a prescribed threshold. Of course, the Centre is empowered to refer any other class or classes of companies to NFRA in public interest.

The Institute of Chartered Accountants of India (ICAI) was against the constitution of NFRA initially, contending that it would affect their disciplinary power vis-à-vis their members and create a regulatory overlap. However, the contention of ICAI ran contrary to international best practices, which show a distinct shift from self-regulation to an independent oversight of auditors, accounting for about 80% of global stock market capitalisation. The Financial Reporting Council (FRC) of the United Kingdom regulates auditors of public companies and delegates certain tasks related to auditors of private companies to five recognised self-regulatory organisations (SROs), which it can revoke anytime. The FRC can also impose penalties on the SROs if they fail to perform their duties properly. In the United States, the PCAOB regulates auditors of public companies whereas professional bodies continue to regulate auditors of private entities.



However, unlike India, where the disciplinary body consists of elected, practicing chartered accountants (CAs), the professional bodies in the United States consist of appointed members, who are independent of practicing CAs to prevent conflict of interest. In China, there are three regulators of the audit profession, namely, the ministry of finance, the Chinese Institute of Certified Public Accountants and the [Chinese Securities Regulatory Commission](#).

The inherent conflict of interest in an SRO that is supposed to discipline the members of the same profession who constitute it, has made it untenable as an independent regulator. The entire debate on the need of NFRA, particularly the objections raised by ICAI, was considered by the Companies Law Committee (CLC), constituted in 2016, to suggest amendments to the Companies Act, 2013, and it was concluded that an independent body to oversee the audit profession in India was essential in the light of the inherent conflict of interest in the SRO model and to align India with international best practices. While announcing the decision to create the body, Finance Minister Arun Jaitley said the NFRA would cover all listed companies and large unlisted companies, the benchmark size for which would be set down in the rules. Smaller unlisted companies would continue to be audited by the ICAI, he said, adding that the Centre could also refer other entities for investigation “where public interest would be involved.”

The government also said the Quality Review Board (QRB) would continue quality audits for private limited companies, and public unlisted companies below the prescribed threshold. The NFRA would also have the power to refer cases to the QRB as and when it decided to do so. The government said the ICAI would continue to play its advisory role with respect to accounting and auditing standards and policies by making its recommendations to the NFRA.

With the constitution of NFRA, India is now eligible to become a member of the International Forum of Independent Audit Regulators (IFIAR), which was denied until now for want of an independent audit oversight body in the country. Under section 132 of the Companies Act, 2013, NFRA is responsible for recommending accounting and auditing policies and standards in the country, undertaking investigations, and imposing sanctions against defaulting auditors and audit firms in the form of monetary penalties and debarment from practice for up to 10 years. The ICAI will continue with its core business of conducting CA exams, registering qualified CAs, issuing certificates of practice (including withdrawing and suspending them), specifying codes of conduct for members, entering into memorandums of understanding and mutual recognition agreements with its counterpart bodies in other countries, and regulating auditors of private companies (which form 95% of the 1.2 million companies in the country). Further, given that public companies would normally engage relatively bigger firms, not more than 500 audit firms (out of around 43,000 audit firms in the country) are likely to be regulated by NFRA. There is no contradiction or overlap between NFRA and ICAI, as each of them have their exclusive jurisdiction. Hence, both will meaningfully co-exist and harness mutual synergies and complementarities.



Composition of the NFRA

The Companies Act requires the NFRA to have a **chairperson** who will be appointed by the Central Government and a maximum of 15 members. The appointment of such chairperson and members are subject to the following qualifications:

- Should be having an expertise in accountancy, auditing, finance or law.
- They are required to make a declaration to the Central Government that there is no conflict of interest or lack of independence in their appointment.
- All the members including the chairperson who are in full-time employment should not be associated with any audit firm (including related consultancy firms) during their term of office and 2 years after their term.

The terms and conditions relating to the appointment of the chairperson and members have not yet been prescribed. However, the draft NFRA rules outline the following composition of the authority:

1. Chairperson is a Chartered Accountant and a person of eminence having expertise in accountancy, auditing, finance or law;
2. Member – Accounting;
3. Member – Auditing;
4. Member – Enforcement;
5. One representative of the MCA not below the rank of Joint Secretary or equivalent (ex-officio)
6. One representative of RBI, being a member of the RBI Board is to be nominated by the RBI;
7. One representative of SEBI, being the Chairman of SEBI or whole-time member of SEBI is to be nominated by SEBI;
8. A retired chief justice of high court or a person who has been the judge of a high court for more than 5 years is to be nominated by the Central Government,
9. President of the Institute of Chartered Accountants of India (ex-officio)

The Chairman may also invite any other person to the meeting to give their expert opinion.

Classes of Companies & Body Corporate Governed

(1) The Authority shall have power to monitor and enforce compliance with accounting standards and auditing standards, oversee the quality of service under sub-section (2) of section 132 or undertake investigation under sub-section (4) of such section of the auditors of the following class of companies and bodies corporate, namely:-

(a) companies whose securities are listed on any stock exchange in India or outside India;

(b) unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of immediately preceding financial year;

(c) insurance companies, banking companies, companies engaged in the generation or supply of electricity, companies governed by any special Act for the time being in force or bodies corporate incorporated by an Act in accordance with clauses (b), (c), (d), (e) and (f) of sub-section (4) of section 1 of the Act;

(d) any Body Corporate or company or person, or any class of bodies corporate or companies or persons, on a reference made to the Authority by the Central Government in public interest; and (e) a body corporate incorporated or registered outside India, which is a subsidiary or associate company of any company or body corporate incorporated or registered in India as referred to in clauses (a) to (d), if the income or net worth of such subsidiary or associate company exceeds twenty per cent. of the consolidated income or consolidated net worth of such company or the body corporate, as the case may be, referred to in clauses (a) to (d).

(2) Every existing body corporate other than a company governed by these rules, shall inform the Authority within thirty days of the commencement of these rules, in Form NFRA-1, the particulars of the auditor as on the date of commencement of these rules.

(3) Every Body Corporate, other than a company as defined in clause (20) of section 2, formed in India and governed under this rule shall, within fifteen days of appointment of an auditor under sub-section (1) of section 139, inform the Authority in Form NFRA-1, the particulars of the auditor appointed by such body corporate: Provided that a body corporate governed under clause (e) of sub-rule (1) shall provide details of appointment of its auditor in Form NFRA-1.

(4) A company or a body corporate other than a company governed under this rule shall continue to be governed by the Authority for a period of three years after it ceases to be listed or its paid-up capital or turnover or aggregate of loans, debentures and deposits falls below the limit stated therein.



Functions, Powers and Duties of the Authority

As per the rules notified under [Notification No. G.S.R. 1111\(E\)](#) and In exercise of the powers conferred under sub-sections (2) and (4) of section 132, sub-section (1) of section 139 and sub-section (1) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government made the following rules, namely:

Functions of the Authority

- (1) The Authority shall protect the public interest and the interests of investors, creditors and others associated with the companies or bodies corporate governed under rule 3 by establishing high quality standards of accounting and auditing and exercising effective oversight of accounting functions performed by the companies and bodies corporate and auditing functions performed by auditors.
- (2) In particular, and without prejudice to the generality of the foregoing, the Authority shall:
 - (a) maintain details of particulars of auditors appointed in the companies & bodies corporate in rule 3;
 - (b) recommend accounting standards and auditing standards for approval by the Central Government;
 - (c) monitor and enforce compliance with accounting standards and auditing standards;
 - (d) oversee the quality of service of the professions associated with ensuring compliance with such standards and suggest measures for improvement in the quality of service;
 - (e) promote awareness in relation to the compliance of accounting standards and auditing standards;
 - (f) co-operate with national and international organisations of independent audit regulators in establishing and overseeing adherence to accounting standards and auditing standards; and

(g) perform such other functions and duties as may be necessary or incidental to the aforesaid functions and duties.



(3) The Central Government may, by notification, and subject to such conditions, limitations and restrictions as may be specified therein delegate any of its powers or functions under the Act, other than the power to make rules, to the Authority.

Annual Return

Every auditor referred to in rule 3 shall file a return with the Authority on or before 30th April every year in such form as may be specified by the Central Government.

Recommending Accounting Standards and Auditing Standards

(1) For the purpose of recommending accounting standards or auditing standards for approval by the Central Government, the Authority—

(a) shall receive recommendations from the Institute of Chartered Accountants of India on proposals for new accounting standards or auditing standards or for amendments to existing accounting standards or auditing standards;

(b) may seek additional information from the Institute of Chartered Accountants of India on the recommendations received under clause (a), if required.

(2) The Authority shall consider the recommendations and additional information in such manner as it deems fit before making recommendations to the Central Government.

Monitoring and Enforcing Compliance with Accounting Standards

(1) For the purpose of monitoring and enforcing compliance with accounting standards under the Act by a company or a body corporate governed under rule 3, the Authority may review the financial statements of such company or body corporate, as the case may be, and if so required, direct

such company or body corporate or its auditor by a written notice, to provide further information or explanation or any relevant documents relating to such company or body corporate, within such reasonable time as may be specified in the notice.

- (2) The Authority may require the personal presence of the officers of the company or body corporate and its auditor for seeking additional information or explanation in connection with the review of the financial statements of such company or body corporate.
- (3) The Authority shall publish its findings relating to non-compliances on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.
- (4) Where the Authority finds or has reason to believe that any accounting standard has or may have been violated, it may decide on the further course of investigation or enforcement action through its concerned Division.

Monitoring and Enforcing Compliance with Auditing Standards

- (1) For the purpose of monitoring and enforcing compliance with auditing standards under the Act by a company or a body corporate governed under rule 3, the Authority may: –
 - (a) review working papers (including audit plan and other audit documents) and communications related to the audit;
 - (b) evaluate the sufficiency of the quality control system of the auditor and the manner of documentation of the system by the auditor; and
 - (c) perform such other testing of the audit, supervisory, and quality control procedures of the auditor as may be considered necessary or appropriate.
- (2) The Authority may require an auditor to report on its governance practices and internal processes designed to promote audit quality, protect its reputation and reduce risks including risk of failure of the auditor and may take such action on the report as may be necessary.

- (3) The Authority may seek additional information or may require the personal presence of the auditor for seeking additional information or explanation in connection with the conduct of an audit.
- (4) The Authority shall perform its monitoring and enforcement activities through its officers or experts with sufficient experience in audit of the relevant industry.
- (5) The Authority shall publish its findings relating to non-compliances on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.
- (6) The Authority shall not publish proprietary or confidential information, unless it has reasons to do so in the public interest and it records the reasons in writing.
- (7) The Authority may send a separate report containing proprietary or confidential information to the Central Government for its information.
- (8) Where the Authority finds or has reason to believe that any law or professional or other standard has or may have been violated by an auditor, it may decide on the further course of investigation or enforcement action through its concerned Division.

Overseeing the Quality of Service and Suggesting Measures

- (1) On the basis of its review, the Authority may direct an auditor to take measures for **improvement of audit quality** including changes in their audit processes, quality control, and audit reports and specify a detailed plan with time-limits.
- (2) It shall be the duty of the auditor to make the required improvements and send a report to the Authority explaining how it has complied with the directions made by the Authority.
- (3) The Authority shall monitor the improvements made by the auditor and take such action as it deems fit depending on the progress made by the auditor.

- (4) The Authority may refer cases with regard to overseeing the quality of service of auditors of companies or bodies corporate referred to in rule 3 to the Quality Review Board constituted under the Chartered Accountants Act, 1949 (38 of 1949) or call for any report or information in respect of such auditors or companies or bodies corporate from such Board as it may deem appropriate.
- (5) The Authority may take the assistance of experts for its oversight and monitoring activities.

Power to Investigate

- (1) Where the Authority has-
- (a) received any reference from the Central Government for investigation into any matter of professional or other misconduct under sub-section (4) of section 132 of the Act;
 - (b) decided to undertake investigation into any matter on the basis of its compliance or oversight activities; or
 - (c) decided to undertake Suo motu investigation into any matter of professional or other misconduct, after recording reasons in writing for this purpose, it shall forward the matter to its Division dealing with enforcement for carrying out investigation and other action.
- (2) If, during the investigation, the Authority has evidence to believe that any company or body corporate has not complied with the requirements under the Act or rules which involves or may involve fraud amounting to rupees one crore or more, it shall report its findings to the Central Government.
- (3) On the commencement of these rules-
- (a) the action in respect of cases of professional or other misconduct against auditors of companies referred to in rule 3 shall be initiated by Authority and no other institute or body shall initiate any such proceedings against such auditors: Provided that no other institute or body shall initiate or continue any proceedings in such matters of

misconduct where the Authority has initiated an investigation under this rule;

(b) the action in respect of cases of professional or other misconduct against auditors of companies or bodies corporate other than those referred to in rule 3 shall continue to be proceeded with by the Institute of Chartered Accountants of India as per provisions of the Chartered Accountants Act, 1949 and the regulations made thereunder.

Disciplinary Proceedings

- (1) Based on the reference received from the Central Government or findings of its monitoring or enforcement or oversight activities, or on the basis of material otherwise available on record, if the Authority believes that sufficient cause exists to take actions permissible under sub-section (4) of section 132, it shall refer the matter to the concerned division, which shall cause a show-cause notice to be issued to the auditor.
- (2) The show-cause notice shall be in writing, and shall, inter alia, state-
 - (a) the provisions of the Act or rules under which it has been issued;
 - (b) the details of the alleged facts;
 - (c) the details of the evidence in support of the alleged facts;
 - (d) the provisions of the Act, rules or the accounting standards or auditing standards thereunder allegedly violated, or the manner in which the public interest is allegedly affected;
 - (e) the actions that the Authority proposes to take or the directions it proposes to issue if the allegations are established;
 - (f) the time limit and the manner in which the auditor is required to respond to the show-cause notice;
 - (g) the consequences of failure to respond to the show-cause notice; and
 - (h) the procedure to be followed for disposal of the show-cause notice.

- (3) The show cause notice shall enclose copies of documents relied upon and extracts of relevant portions from the report of investigation or other records.
- (4) The show cause notice shall be served on the auditor in the following manner, namely -
- (a) by sending it to the auditor at the address provided by him or provided by the Institute of Chartered Accountants of India (if required by the Authority) by registered post with acknowledgement due; or
 - (b) by an appropriate electronic means to the email address of the auditor provided by him or it or provided by the Institute of Chartered Accountants of India (if required by the Authority):

Provided that where the auditor is a firm -

- (a) a notice to a firm shall be deemed to be a notice to all the partners or employees of that firm as on the date of service of notice;
 - (b) the notice shall call upon the firm to disclose the name or names of the partner or partners concerned who shall be responsible for answering the allegations;
 - (c) the partner whose name is disclosed by the firm shall be responsible for answering the notice against the firm, and if no partner, whether erstwhile or present, of the firm owns responsibility for the allegations made against the firm, then the firm as a whole shall be responsible for answering the allegations, and all the partners and employees of that firm as on the date of occurrence of alleged misconduct, shall be responsible for answering the allegations.
- (5) The Division shall dispose of the show-cause notice within a period of ninety days of the assignment through a summary procedure as may be specified by the Authority, by a reasoned order in adherence to the principles of natural justice including where necessary or appropriate an opportunity of being heard in person, and after considering the

submissions, if any, made by the auditor, the relevant facts and circumstances, and the material on record.

- (6) The order disposing of a show-cause notice may provide for-
- (a) no action;
 - (b) caution;
 - (c) action for imposing penalty against auditor under sub-clause (A) of clause (c) of sub-section (4) of section 132 or for debarring the auditor from engaging as such under sub-clause (B) of clause (c) of sub-section (4) of section 132 or both.
- (7) The order passed under sub-rule (6) shall not become effective until thirty days have elapsed from the date of issue of the order unless the Division states otherwise in the order along with the reason for the same.
- (8) The order passed under sub-rule (6) shall be served on the auditor in the manner specified in sub-rule (3) and a copy of the same shall be sent
- (i) in all cases to –
 - (a) the Central Government; and
 - (b) the Institute of Chartered Accountants of India;
 - (ii) in the case of a company referred to in sub-section (5) of section 139 to the Comptroller and Auditor General of India;
 - (iii) in the case of a listed company to the Securities and Exchange Board of India; (iv) in the case of a bank or a non-banking finance company to the Reserve Bank of India;
 - (iv) in the case of a bank or a non-banking finance company to the Reserve Bank of India;
 - (v) in the case of an insurance company to the Insurance Regulatory and Development Authority of India;

(vi) in case the auditor is resident outside India to concerned regulator of such country; and the same shall be published on the website of the Authority.

Manner of Enforcement of Orders Passed in Disciplinary Proceedings

- (1) Where the order passed under rule 11 relates to imposition of a monetary penalty on any auditor, the auditor shall deposit the amount of penalty with the Authority within thirty days of the order:
Provided that where the auditor prefers an appeal against the order of the Authority, it shall deposit ten per cent. of the amount of the monetary penalty with the Appellate Tribunal.
- (2) If, within thirty days of the order passed under rule 11, the auditor neither pays the penalty nor appeals against the order, the Authority shall, without prejudice to any other action, inform about such non-compliance to every company or body corporate (including those not covered by rule 3) in which the auditor is functioning as auditor and every such company or body corporate shall appoint a new auditor in accordance with the provisions of the Act.
- (3) Where the order passed under rule 11 imposes a penalty on the auditor or debars the auditor from practice, the order shall be sent to every company or body corporate in which the auditor is functioning as auditor.
- (4) Where the order passed under rule 11 debars the auditor from practice or the order under sub-rule (2) is passed, the order shall be sent to every company or body corporate (including those not covered by rule 3) in which the auditor is functioning as auditor and every such company or body corporate shall appoint a new auditor in accordance with the provisions of the Act.



Punishment in Case of Non-Compliance

If a company or any officer of a company or an auditor or any other person contravenes any of the provisions of these rules, the company and every officer of the company who is in default or the auditor or such other person shall be punishable as per the provisions of section 450 of the Act.

Role of Chairperson and Full-Time Members

All matters related to, investigation, monitoring, enforcement and disciplinary proceedings shall be examined and decided by the chairperson or any one or more of the full-time members, acting through one of the Divisions.

Advisory Committees, Study Groups and Task Forces

For the effective performance of its functions under the Act, the Authority may constitute advisory committees, study groups and task forces.

Financial Reporting Advocacy and Education

The Authority shall take suitable measures for the promotion of awareness and significance of accounting standards, auditing standards, auditors' responsibilities, audit quality and such other matters through education, training, seminars, workshops, conferences and publicity.

Confidentiality and Security of Information

- (1) The Authority and all persons and organisations associated with it shall maintain complete confidentiality and security of the information provided to them for the purpose of the work of the Authority.
- (2) The Authority may enter into such contractual arrangements as may be necessary in order to maintain complete confidentiality and security of the information.

Avoidance of Conflict of Interest

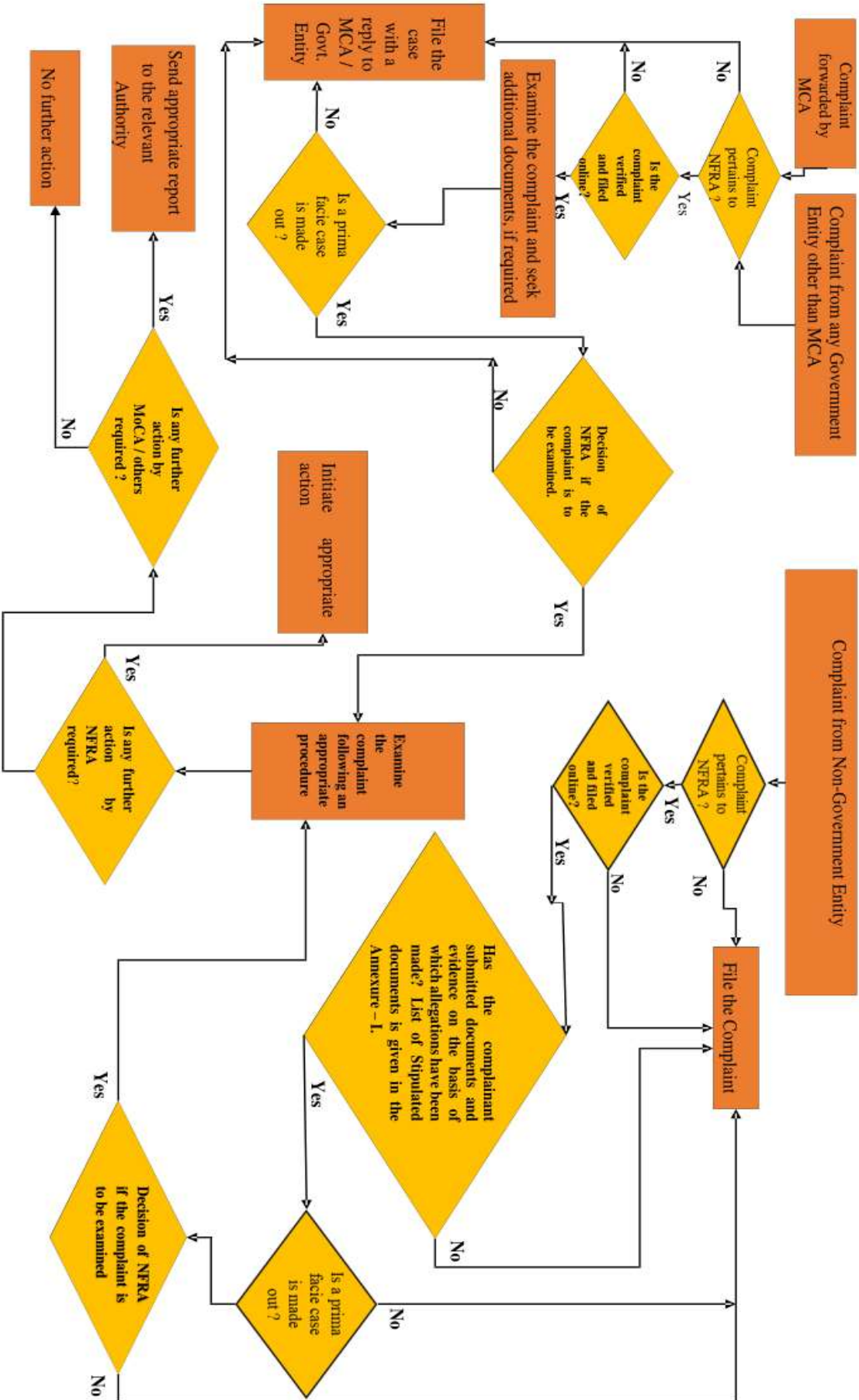
- (1) The Authority shall not enter into any contract, arrangement or relationship or participate in any event that may, or is likely to be perceived to, interfere with its ability to perform its functions and duties in an effective, fair and reasonable manner.
- (2) In particular the Authority or any person associated with it shall not receive any funds, assets, donations, favours, gifts or sponsorships from any source other than the Central Government and shall not enter into any liabilities, obligations or commitments except as permitted by the Central Government.

International Associations and International Assistance

- (1) The Authority may become a member of regional or international associations of independent audit regulators and standard-setters on such terms as it deems fit.
- (2) The Authority may provide assistance to, or receive assistance from, foreign independent audit regulators in investigation of an auditor in accordance with Indian laws on such terms as it deems fit.



Procedure for Handling Complaints by NFRA



Pre-Requisites for submission of NFRA-1 Form

<https://eformnfra.nic.in/>

During the process of submitting form, user needs to have following details/documents before proceeding with form filling.

In case of Indian Body Corporate:

1. PAN of Indian authorized individual
2. PAN of body corporate
3. DIN of Director/Membership No. of CS/PAN of Manager or CEO or CFO
4. Income tax PAN of auditor/audit firm
5. Membership number of auditor/auditor firm registration number
6. In case the auditor is appointed due to casual vacancy, then membership no. of auditor or registration no. of audit firm who/which vacated the office needs to be provided in the form.
7. Copy of written consent given by auditor & Copy of resolution passed by the body corporate
8. Digital Signature (DSC) of User
(Director/Manager/CEO/CFO/Company Secretary)

In case of Foreign Body Corporate

1. Passport Number of foreign authorized individual
2. Registration number of foreign body corporate and name of provider of registration number

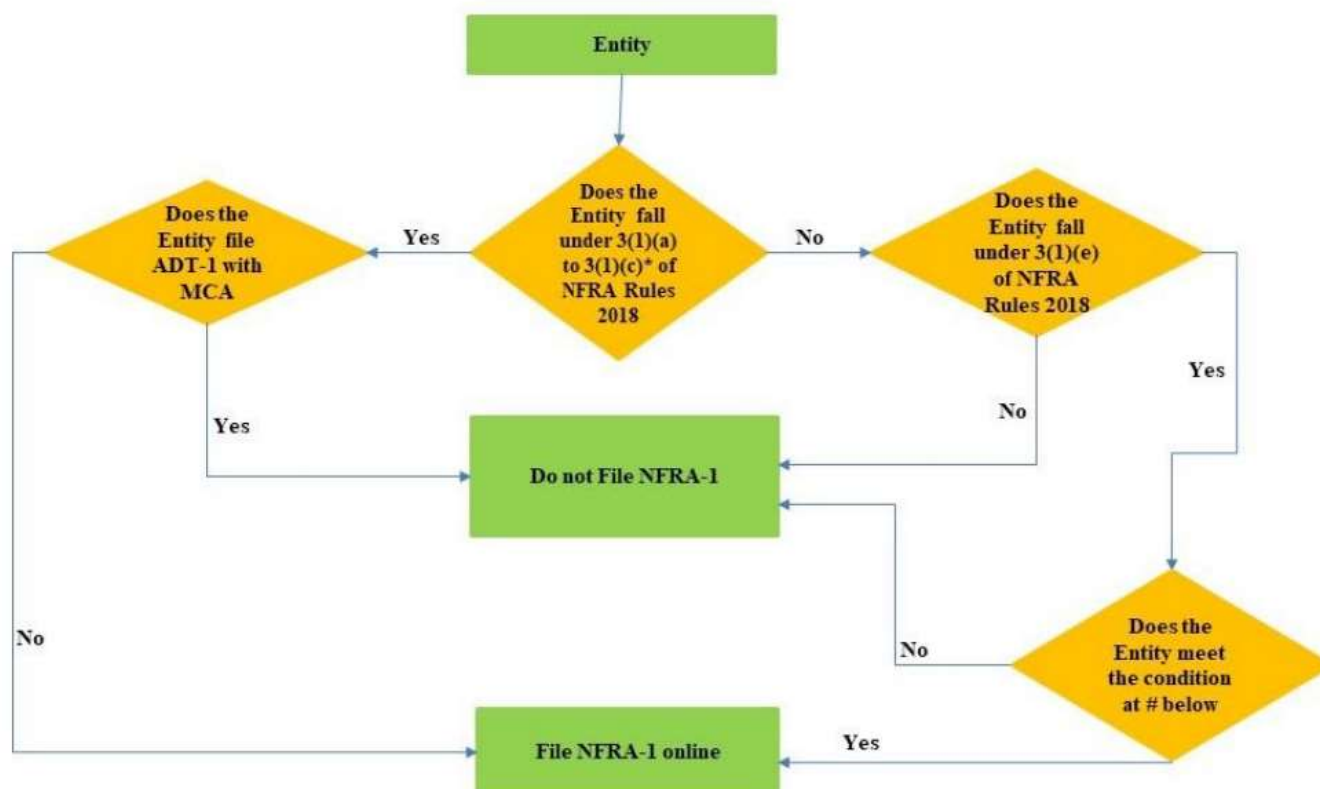
List of DSC providers

1. e-Mudhra
2. SafeScript
3. (n)Code Solution
4. TCS-CA
5. Capricorn

FAQ regarding filing of NFRA-1 Form

Q1. Who needs to file NFRA-1 Form?

Ans. Kindly refer to the chart below:



* As on date, no Body Corporate has been notified under Section 1 (4) (f) of the Companies Act, 2013.

A foreign company which meets the condition stated in para 3(1)(e) and has business in India, needs to file NFRA-1 form w.r.t its operations in India.

S No.	Query	Response
2	My Company is not covered within the Rule 3(1)(C), Rule 3(1)(d) or Rule 3(1)(e), but NFRA-1 registration page is giving only these three options. What shall I do?	Kindly refer to the Chart above. In case, NFRA-1 needs to be filed as per the chart above, kindly register for the same and file NFRA-1 on line.
3	Do small private and public companies also have to file the form?	Kindly refer to the chart above.
4	Where to find NFRA-1 form?	Please visit https://eformnfra.nic.in/ and proceed with Sign Up to begin the procedure.
5	How to download NFRA-1 form?	NFRA-1 form needs to be filed online. NFRA 1 form has been notified by Ministry of Corporate Affairs. The notification can be downloaded from the following URL: https://nfra.gov.in/sites/default/files/NFRARules2018_13112018_0.pdf

S No.	Query	Response
6	Do private ltd. company also need to file NFRA form 1 despite auditor appointment as per Companies Act.	Kindly refer to the Chart above. In case, NFRA-1 needs to be filed as per the chart above, kindly register for the same and file NFRA-1.
7	Do listed Companies need to file Form NFRA- 1 or not?	Listed Companies would be Filing ADT-1 form with MCA & as such need not file NFRA – 1
8	<p>While filling the details for registration as required for filing the Form NFRA-1, A letter of authorization mandatorily required to be attached/uploaded.</p> <p>(i) What if there are only two directors in the company, then who will authorize the first one (Director) and to whom he has to authorize to file this form.</p> <p>(ii) In this scenario it seems that any one of the directors is required to be authorised by the board and the said authorised director has further mandatorily required to authorize any other official other than director.</p> <p>(iii) Can one director duly authorised by the BOD file this form under his DSC without any further authorisation to any other official?</p> <p>(iv) Can a certified copy of the resolution authorising the director be attached or uploaded as an authorization letter?</p>	<p>In case the Entity is required to File NFRA-1 form then, the Governing Board of the Entity needs to authorise an official of the entity to file NFRA-1 Form on behalf of the Entity. Such official needs to have an Identification Number like DIN / ICSI membership number, etc. to file NFRA – 1 form. The Sample Authority Letter is displayed on step 17 of the following URL on NFRA website:</p> <p>https://eformnfra.nic.in/readwrite/NFRA%20User%20Registration%20Instructions.pdf</p> <p>Certified copy of the Board resolution can be uploaded as Authority letter however the same should bear all the details as stated in the said sample letter.</p>
9	Does a company which has applied for strike- off is required to file this form or not?	Such entity need not file NFRA-1 subject to the condition that the strike off is likely to occur with 3 months.
10	Can a Practicing Company Secretary register on behalf of his/her Clients?	Kindly refer to the clarification in S.N. 8 above.
11	Do I need to create login id for every company or a single login id can be used for all companies?	Login ID is required Entity wise as the Authority letter would be Entity wise.
12	Who'll file the one time return and annual return under NFRA? Will these forms be filed by Auditors or Company?	Kindly refer to the clarifications at S.N. 1, 8 and Clause 3(2) and 3(3) of NFRA Rule 2018. NFRA – 1 form need to be filed by the Entity accordingly. 1st time by 31.7.19 or as when the entity is created and then within fifteen days of appointment / change of Auditor So far as annual return is concerned, Auditors would need to file the same as and when prescribed under Rule 5 of NFRA Rules 2018.

S No.	Query	Response
13	My DSC provider is not listed in NFRA 1 guidelines. What should I do?	Send email to helpdesk@nfra.gov.in with details of DSC provider
14	We are unable to receive OTP on Mobile for NFRA-1 Registration	SMS Service depends on Mobile operators
15	We would like to add our name in the list of DSC Service provider. How shall we proceed?	Kindly refer to the clarification in S. No 13
16	While submitting the registration Form, getting "Some mandatory fields are not filled. Please check red boxes: --> Membership Number Length exceeds the Maximum character entry limit" error. Please guide.	Membership Number should be prefixed with pre membership number (A or F) followed by Membership number without spaces.
17	We are Mentioning Membership Number of Company Secretary as A40347 but error pop- up is displaying that "Membership no should start with A or F"?	It is an advisory message for entering the Membership Number
18	Password and confirm password show error in spite of putting same password. What to do?	Use Latest Browser with JavaScript on (enabled)

Pre-Requisites for submission of NFRA 2 Form

<https://eformnfra2.nic.in/>

During the process of submitting form, user needs to have following details/documents before proceeding with form filling.

1. Limited Liability Partnership Identification Number (LLPIN) or any other registration Number of the firm
2. Income Tax PAN of Auditor (for Indian firm)
3. Registration number of Auditor with the regulator/agency
4. The following details of the companies that need to be filled in:
 - I. Name of Company/Body Corporate
 - II. CIN / PAN of Company /Body Corporate or FCRN of the company or Identity number of body corporate
 - III. Global Location Number of Company/Body Corporate (if applicable)
 - IV. Details of the Fees received by the Auditor from Company/Body Corporate
 - V. Currency Conversion rate (if fees received in Foreign Currency)
5. Network Registration Number of the auditor with ICAI
6. Details of the Partners of the auditor
7. Number of employees employed by the auditor
8. Digital Signature Certificate (DSC) of User

List of DSC providers

1. e-Mudhra
2. SafeScript
3. (n)Code Solution
4. TCS-CA
5. Capricorn
6. Verasys

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