

Guidance Note on Section 293A of the Companies Act and the Auditor

The Guidance Note was first issued by the Institute in 1976 when, under Section 293A of the Companies Act, 1956, companies were prohibited from making contributions to a political party or for any political purpose. Since elaborate amendments were incorporated in Section 293A by the Companies (Amendment) Act, 1985, which came into force from May 24, 1985, the Institute revised the existing Guidance Note in consonance with the amended provisions in 1986

The Guidance Note, among other things, also elaborates on the terms, political party, political purpose, directly or indirectly, person, average net profits, as used in the said section of the Companies Act, 1956. The Guidance Note also outlines the duties of the auditor in respect of section, besides trying to explain the intent and import of the said section.

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