

- (iv) *Indicate the cases of advances to non-corporate entities with limits beyond Rs.10 lakhs where the branch has not obtained the accounts of borrowers, duly audited under the RBI guidelines with regard to compulsory audit or under any other statute.*

1.50 The RBI has issued a circular ([dated December 22, 1997 as revised by circular](#) dated April 12, 1985) advising all scheduled banks to ensure that non-corporate borrowers enjoying aggregate working capital limits of Rs. 10 lakhs or more from the banking system get their accounts audited by chartered accountants in the prescribed manner and submit a report in the format mentioned in *Guidance Note on Audit of Accounts of Non-Corporate Entities (Bank Borrowers)*. It would, therefore, be necessary for the auditor to report the names of the borrowers who have been sanctioned such limits, or in whose cases such limits have been renewed, without obtaining report in prescribed format.

1.51 [However vide circular DBOD NO. BP.BC.33/ 21.04.018/ 2002-03 dated October 21, 2002 \(Circular attached\)](#) has further advised boards of the banks to suitably fix the cut off limit for such audited accounts [depending upon the individual bank's risk levels](#). The auditor should ascertain from the branch management, cases of advances where limits have been granted or renewed beyond the stipulated limit **of Rs. 10 lakhs** and list out the names of borrowers and the year-end outstanding balances where the borrowers have not furnished their audited accounts and auditors' reports prior to the sanction/ renewal of the limits. In some cases, a part of the limit sanctioned at a branch is transferred to other branches of the bank to enable the borrower to utilise it at such branches. In such a case, the auditor of the branch at which the limit has been sanctioned should, where such limit is in excess of the [stipulated limit Rs. 10 lakhs](#), insist on the production of audited accounts of the borrower even where the limit to be availed of at the branch is below the stipulated limit **of Rs. 10 lakhs**. It should be noted that tax audit report and the auditor's report as required under this clause are not the same.