

CA. K. Raghu
President



**THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)

ICAI Bhawan', Indraprastha Marg,
New Delhi - 110 002. INDIA

No.President's-Scdt/Companies Act, 2013/CLCGC/13N/April 2013

April 15, 2014

Shri Sachin Pilot

Hon'ble Minister of State (I/C) for Corporate Affairs
Government of India
Sashtri Bhavan,
New Delhi 110001

14/4
4/15

Hon'ble Sir,

Sub: Limit on number of Audits as per Section 141(3)(g) of the Companies Act, 2013

We wish to draw your kind attention to the genuine difficulties arising out of the restriction on number of audit, which can be conducted by an auditor under section 141(3)(g) of the Companies Act, 2013. As per the said section, the following persons shall not be eligible for appointment as an auditor of company, namely –

"(a)

(g).....or a person or a partner of a firm holding appointment as its auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty companies".

Hence an auditor cannot accept audit of more than 20 companies. The aforesaid restriction also covers one person companies, small companies and private companies.

It may be pointed out that Companies Act, 1956 earlier (prior to 2000) contained similar provisions relating to cap of number of companies including audit of private companies. However, as per Companies (Amendment) Act, 2000 the restriction relating to cap on number audit of private limited companies was specifically deleted.

The new provisions in the Companies Act, 2013 extending the ceiling on number of audits to private limited companies is, therefore, contrary to the current provision of the Companies Act, 1956. Considering the increase in the number of private limited companies, we sincerely believe that the provision contained in the Companies Act,

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2013 as enumerated above relating to cap of number of audits of 20 will create genuine difficulties to the corporates and the auditors. This may also lead to increase in the cost of audit for the corporates as an auditor will only be able to audit 20 companies.

The rationale for inclusion of the restriction in number of audit to private limited companies also is not well justified and was not discussed with the profession or exposed to the public.

We believe that the above restrictions are unintended, causing enormous difficulties and undue hardship to corporates and auditors.

We therefore, request the Government to invoke the powers conferred by Section 470 of the Companies Act, 2013 to remove difficulties by issuing an order to make the provision of Section 143 (3)(g) not to apply to private limited companies, small companies and one person companies.

With warm regards,

Yours sincerely

K. Raghu

**CA. K. Raghu,
President, ICAI**

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Copy to:

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Secretary,
Ministry of Corporate Affairs,
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Shastri Bhawan,
New Delhi 110 001

Approved
16/04/14