

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
LOK SABHA  
STARRED QUESTION NO. 53  
ANSWERED ON FRIDAY, THE 20<sup>th</sup> JULY, 2018  
[ASHADHA 29, 1940 (SAKA)]**

**OPTING OUT OF ASSIGNMENTS BY AUDITORS**

**QUESTION**

**\*53. SHRI ASHOK SHANKARRAO CHAVAN:  
KUNWAR HARIBANSH SINGH:**

**Will the Minister of CORPORATE AFFAIRS** कारपोरेट कार्य मंत्री

**be pleased to state:**

**(a) whether since January, 2018, close to three dozen auditors have opted out of their assignments in listed companies and if so, the details thereof along with the names of the companies;**

**(b) whether the Government has asked the companies the reasons for their departure and if so, the details thereof and the response of the companies thereto;**

**(c) whether any lapse/fraud in these companies has come to the notice of the Government;**

**(d) if so, the details thereof and the steps taken/being taken by the Government in this regard; and**

**(e) the measures taken by the Government to strengthen the overall corporate governance standard in listed companies?**

**ANSWER**

**THE MINISTER OF CORPORATE AFFAIRS (SHRI PIYUSH GOYAL)**

**(a) to (e) A statement is laid on the Table of the House.**

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO.53 FOR ANSWER IN LOK SABHA ON 20.07.2018:**

**(a) & (b): Yes, Madam. Since 1.1.2018 to 17.7.2018, auditors have resigned in 204 listed companies as per filings on MCA-21. The details of the companies (region-wise) are annexed as Annexure-I. On resignation, the auditor has to file a return in e-form ADT-3 with the concerned Registrar of Companies (ROC) and the auditor is required to furnish the reasons for his resignation in the said e-form ADT-3. The said form is checked before taking on record. The matter is taken up with the company/auditor if the reasons mentioned therein require such further inquiry.**

**(c) & (d): No, Madam.**

**(e): The Government has taken following measures under the provisions of the Companies Act, 2013 to strengthen the overall Corporate Governance Standard:**

- (i) Requirements of compliance with accounting and auditing standards on companies/their auditors under Section 129(1)/143(10) of the Act;**
- (ii) Requirement of internal audit for bigger companies under Section 138 of the Act;**
- (iii) Stringent and more accountable role for auditors (including their rotation and restriction on maximum number of audit companies) under Section 139 and 141(3)(g) of the Act;**
- (iv) National Company Law Tribunal (the Tribunal) empowered to direct a company to change company's auditors in case the Tribunal is satisfied that the auditor acted in a fraudulent manner under Section 140(5) of the Act;**
- (v) More stringent provisions for independence and integrity of the auditor and for substantial penalty provided in case of defaults by auditor under Section 141/147 of the Act;**
- (vi) Auditor not to perform specified non audit services to the audited company under Section 144 of the Act;**
- (vii) Auditors (including cost auditor and secretarial auditor) to report fraud noticed by them to Central Government under Section 143(12) of the Act;**

- (viii) Further chapter V of the Chartered Accountants Act, 1949, and First & Second Schedules thereof provide for legal framework for the disciplinary action for misconduct on the part of Chartered Accountants.**
- (ix) National Financial Reporting Authority (NFRA) to oversee the quality of service of the professions and take action against misconduct in certain cases under Section 132 of the Act.**
- (x) The Board of Director of every listed company shall constitute an Audit Committee consisting of minimum of three Directors with independent Directors forming a majority. The Audit Committee has to perform various duties including recommendation for appointment of Auditors, reviewing Auditor independence and performance under Section 177 of the Act.**

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**ROC-WISE ADT-3 OF LISTED COMPANIES FILED W.E.F  
01.01.2018 TO 17.07.2018:**

<b>REGISTRAR OF COMPANIES (ROC)</b>	<b>NO. OF LISTED COMPANIES</b>
<b>Ahmedabad</b>	<b>30</b>
<b>Bangalore</b>	<b>2</b>
<b>Chandigarh</b>	<b>8</b>
<b>Chennai</b>	<b>6</b>
<b>Chhattisgarh</b>	<b>2</b>
<b>Coimbatore</b>	<b>4</b>
<b>Delhi</b>	<b>35</b>
<b>Goa</b>	<b>2</b>
<b>Gwalior</b>	<b>3</b>
<b>Hyderabad</b>	<b>9</b>
<b>Jaipur</b>	<b>10</b>
<b>Kolkata</b>	<b>35</b>
<b>Mumbai</b>	<b>53</b>
<b>Pune</b>	<b>3</b>
<b>Shillong</b>	<b>2</b>
<b>Grand Total</b>	<b>204</b>

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