

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 4033  
ANSWERED ON TUESDAY, THE 03<sup>RD</sup> APRIL, 2018**

**AUDIT WORK BY BANNED AUDIT COMPANIES**

**QUESTION**

4033. SHRI P. L. PUNIA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the numbers of audit companies in the country which are banned by various Government agencies, the details thereof;
- (b) whether these banned companies cannot audit any agency of Government; and
- (c) whether it is a fact that the banned audit companies are being assigned audit work by Government, if so, the details thereof?

**ANSWER**

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a), (b) & (c): There is no concept of 'Audit Companies' under the Companies Act, 2013. However, Institute of Chartered Accountants of India (ICAI) has not banned any firm of Chartered Accountants from carrying out audit work. It may be mentioned that Section 21 of the Chartered Accountants Act, 1949 provides for disciplinary action against a member of the Institute only. The ICAI can debar a member from carrying out audit and attest assignments by removing his name from the Register of members and cancelling his certificate of practice, if found guilty of professional and/or other misconduct. The ICAI has no power to take action against the firms of Chartered Accountants.

Further, Securities and Exchange Board of India (SEBI) passed an order on 10/01/2018 against 11(Eleven) entities namely, (1) M/s. Price Waterhouse, Bangalore (ICAI Registration No. 007568S), (2) M/s. Price Waterhouse & Co., Bangalore (ICAI Registration No. 007567S), (3) M/s. Price Waterhouse & Co. Kolkata (ICAI Registration No. 304026E), (4) M/s. Lovelock and Lewes, Hyderabad (ICAI Registration No. 301056E), (5) M/s. Lovelock and Lewes, Mumbai (ICAI Registration No. 116150W), (6) M/s. Price Waterhouse, Kolkata (ICAI Registration No. 301112E), (7) M/s. Price Waterhouse, New Delhi (ICAI Registration No. 12754N), (8) M/s. Price Waterhouse & Co., Chennai (ICAI Registration No. 50032S), (9)M/s. Price Waterhouse & Co., New Delhi (ICAI Registration No.16844N), (10) M/s. Dalal & Shah, Ahmedabad (ICAI Registration No. 102020W) and (11) M/s. Dalal & Shah, Mumbai (ICAI Registration No. 102021W) directing that with immediate effect the Chartered Accountants in India under the brand and banner of Price Waterhouse shall not directly or indirectly issue any certificate of audit in respect of listed companies, compliance of obligations of listed companies and intermediaries registered with SEBI and the requirements under the SEBI Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, those provisions of the Companies Act 2013 which are administered by SEBI under Section 24 thereof, the Rules, Regulations and Guidelines made under those Acts which are administered by SEBI for a period of two years. By keeping in mind the operational difficulties that might be faced by the existing customers of Price Waterhouse entities owing to the fact that the order is being passed towards the end of the financial year, the order clarified that the direction would not impact audit assignments relating to the financial year 2017-18. However, Hon'ble Securities Appellate Tribunal (SAT) vide interim order dated 15/02/2018 has allowed Price Waterhouse (PW) entities mentioned above to carry out the audit/certification work of their existing clients till 31/03/2019 or till the proceedings are completed before the Tribunal.

Also, SEBI vide its order dated 10/01/2018 directed listed companies and intermediaries registered with SEBI to not engage any audit firm forming part of the Price Waterhouse Network, for issuing any certificate with respect to compliance of statutory obligations which SEBI is competent to administer and enforce, under various laws for a period of two years.

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