

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2280
ANSWERED ON:03.12.2009
AUDITORS OF THE COMPANIES
Kashyap Shri Virender;Thakur Shri Anurag Singh

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether a person holding any Security of a company is qualified to become an auditor of that company;
- (b) if so, the details thereof;
- (c) whether the Government held any discussions with the Institute of Chartered Accountants regarding the norms and guidelines for the auditors to be appointed for the public limited companies; and
- (d) if so, the details and the outcome thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

- (a) & (b) The provisions of section 226(3)(e) of the Companies Act, 1956 provide that a person shall not be qualified as auditor of a company, if such person is holding any security of that company. For this purpose, security means an instrument which carries voting rights.
- (c) & (d) The Government, after having consultations with various stakeholders including the Institute of Chartered Accountants of India (ICAI), has introduced the Companies Bill, 2009 in the Lok Sabha on 3rd August, 2009. Clauses 123 to 125 of such Bill deal with matters relating to appointment of auditors.