

F. No. 17/112/2016-CL-V  
**Government of India**  
**Ministry of Corporate Affairs**

Dr. Rajendra Prasad Road, New Delhi - 110001  
Dated 30<sup>th</sup> September, 2016

**ORDER**

**Sub: Constitution of Expert Group to look into issues related to Audit firms**

Several audit firms have represented about adverse impacts on Indian audit firms due to the structuring of certain audit firms leading to circumvention of various regulations, manner in which auditor rotation requirements is being implemented by companies, and imposition of restrictive conditions by foreign investors with regard to auditor appointment by companies. In order to examine the above and related issues and make suitable recommendations to the Government, an Expert Group consisting of the following members is hereby constituted:-

1. Shri Ashok Chawla, Chairman TERI,  
former Finance Secretary and CCI, Chairman. Chairperson
  2. Shri Hari S Bhartia, Co-Chairman & Managing Director,  
Jubilant Life Sciences Limited and past President CII Member
  3. Shri N. S. Vishwanathan, Deputy Governor,  
Reserve Bank of India Member
2. The Expert Group may invite or co-opt subject matter experts relating to audit of books of accounts and financial statements, as needed. The Expert Group may give an opportunity of being heard to key stakeholders.
3. The Expert Group would examine and give its recommendations, inter alia, on:
- (i) Whether there is an adverse impact on Indian audit firms from restrictive shareholder covenants?
  - (ii) Whether there is an adverse impact on Indian audit firms through the manner in which audit rotation is being implemented by companies?
  - (iii) Whether joint audit could be introduced in cases where there are restrictive covenants and/or in other specified cases where there is a multi-national audit firm as the auditor?
  - (iv) If joint audit is to be implemented, then the legal and regulatory steps towards the same.

- (v) Practices in other large emerging market economies in relation to domestic audit firms/joint audit.
- (vi) India, as a global power in services, should aspire to have its own audit firms at international level. What measures can be taken to promote creation of international-level Indian audit firms which provide services outside India, particularly in developing countries, in competition with multi-national accounting firms?
4. Chairperson/Members of the Expert Group will be eligible for travelling, conveyance and other allowances as per extant Government instructions. Secretarial support to the Expert Group will be given by the National Foundation for Corporate Governance (NFCG).
5. The Expert Group shall complete its work and submit its report within two months of this Order.
6. This issues with the approval of the competent authority.

  
**(M R Bhat)**  
Joint Director

**To**

The Chairperson and Members of the Expert Group

**Copy also to:-**

- i. PS to CAM
- ii. PS to MOS
- iii. PPS to AS
- iv. PSs to JS(B), JS(K) and JS(G)
- v. Executive Director, National Foundation for Corporate Governance.
- vi. Guard File
- vii. Website of the Ministry