COMPANY STATUTORY AUDIT LIMITS- OVERVIEW

CA NANDAKUMAR KONKAR

22-Jul-20

LIMIT MANDATED BY	COMPANY PARAMETERS	LIMIT	REFERENCES
Companies Act, 2013	**[A] Categories to whom applicable by default:**		
	(a) Public companies &	20	Section 141(3) read with Rule 10 and exemptions provided by Ministry of Corporate Affairs (MCA) Notification dated 5 June 2015. Original limit of 20 auditorships applied to all types of companies.
	(b) Private Companies having paid up capital of Rs. 100 crore or more		
	Combined limit for above categories (a) + (b)	**20**	
	[B] Specified exempted categories vide MCA Notification dated 5 June, 2015:		
	(a) One person company (OPC)	No limit	Section 2(62): a sub-type of private company for incorporation of single person entity as company with minimal compliances for operational ease.
	(b) Dormant company		Section 455: Certificate to obtain status of dormant company from ROC for operational ease.
	(c) Small company		Section 2(85): Sub-type of private company with paid up capital less than or equal to Rs. 50 Lakhs and last reported turnover less than or equal to Rs. 2 Crore. But does not apply to: (a) holding & subsidiaries (b) charitable company u/s 8 & (c) company governed by any special Act.
	(d) Private Companies having paid up capital of less than Rs. 100 crore		
	Comment: Limit of 20 auditorships shall not apply to dormant private companies even if paid up capital is Rs. 100 Crore or more.		

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Institute of Chartered Accountants of India (ICAI)	Public Companies having paid up capital of Rs. 25 Lakhs or more	10	ICAI Council Guidelines No. 1-CA(7)/02/2008, dated 8th August, 2008
	Private companies & public companies having paid up capital of less than Rs. 25 Lakhs	30	
	Combined limit for both categories of companies above	**30**	Limit of 10 public companies is a sub-limit within Combined limit of 30.
Combined reading of Companies Act, 2013 & ICAI limits, which is applicable.	**(a) OPC:** being (a) with or without share capital and (b) with limited or unlimited liability and (c) whether or not limited by guarantee. **(b) Dormant companies:** with share capital being (a) private or public companies having paid up capital of less than Rs. 25 Lakhs with (b) limited or unlimited liability and (c) whether or not limited by guarantee. **(c) Dormant companies:** without share capital being (a) private or public, (b) with limited or unlimited liability and (c) whether or not limited by guarantee. **(d) Small companies:** with limited or unlimited liability, whether or not limited by guarantee. **(e) Private companies:** having paid up capital of less than Rs. 100 crore	30	ICAI limits apply to exempted categories specified in Companies Act Notification dated 5 June 2015 removing limits on auditorships, making them practically limitless.
	[A] Combined limit for above categories (a) + (b) + (c) +(d) + (e)	**30**	

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LIMIT MANDATED BY	COMPANY PARAMETERS	LIMIT	REFERENCES
	(a) **Private companies:** having paid up capital of Rs. 100 crore or more, unless it is either an OPC or dormant company, where limit is 30 auditorships by virtue of specific removal by MCA Notification dated 5 June, 2015. **(b) Public companies:** having paid up capital of less than Rs. 25 Lakhs	20	Companies Act limits apply, since it is lower than ICAI limit of 30 auditorships.
	[B] Combined limit for above categories (a) + (b)	**20**	
	Public companies: having paid up capital of Rs. 25 Lakhs or more	10	ICAI limits apply, since it is lower than Companies Act limit of 20 auditorships.
	[C] Llimit for above category	**10**	
	COMBINED LIMIT	**30**	**ICAI limit of 30 auditorships acts as an combined ceiling on total auditorships and sub-limits of 20 and 10 auditorships under categories of (B) & (C) respectively have to be fitted into combined ceiling of 30 auditorships.**

Notes:

(1) Chartered accountants are bound both by Companies Act, 2013 provisions & ICAI regulations. Both MCA & ICAI have different limits for number of auditorships, hence CA's have to ensure that limits mandated by both MCA & ICAI are followed.
(2) For partnership firms & LLP, limits on auditorship are per partner/designated parther of firm/LLP.