

Big 4 Affiliate Firms Continue to Lead Audit Business in India

EY group affiliates top list with 153 clients, KPMG & Deloitte aren't far behind: Analysis

Vinod.Mahanta@timesgroup.com

Mumbai: Three of the Big Four firms in India, EY, KPMG and Deloitte group of affiliate firms, are within range of each other on the audit leader board at the end of the September quarter, according to an ET analysis of all listed companies.

In India, the Big Four firms conduct their audit business through affiliate firms. The EY group has emerged as the market leader with 153 mandates and KPMG group will audit 147 enterprises.

Meanwhile, Deloitte affiliates are at number 3 with 141 clients and Grant Thornton Bharat LLP associates have taken the fourth spot with 87 audits, as per the study of auditors of all listed companies.

The PwC affiliates have been very careful in adding audit clients — 70 listed companies — and have chosen to focus on the quality MNC clients which have high profitability and low-risk profile.

Most of the top-listed companies — 90% amongst top 500 listed companies — that were at the first five-year decision point following the 2017 audit rotation stayed on with their current auditor to avoid



transition challenges and the additional costs associated with it.

As per Indian regulations, the shareholder meetings which approve appointment of auditors for the year ended March 2023 and onwards must be completed by September 30. The larger firms have concentrated on improving and sustaining audit quality due to the high level of scrutiny following the IL&FS and other corporate scandals.

“Audit quality ought to be a much bigger objective for the leading firms than size alone, and I’m very proud of where our affiliate—Wal-

ker Chandiook & Co — are on that metric in addition to scale,” said Vishesh Chandiook, CEO, Grant Thornton Bharat LLP.

The bigger auditors have been very careful about adding clients and even in this cycle firms have dropped clients they weren’t very comfortable working with, especially in real estate and infrastructure sectors. Sudhir Soni, head of Audit, BSR & Co LLP said that audit firms evaluate client acceptance carefully and consider various factors such as governance, risks and sector knowledge. EY group, which

has been the market leader, has been aggressively adding big audits to its bag in the last two years.

A veteran in the auditing industry said that SR Batliboi’s — an EY affiliate — incorporation of technology and data-powered audits and track record of seamless audit transitions with minimal disruptions provided comfort to clients. “They have audited companies with operations across geographies and require a complex set of competencies,” he said.

If one restricts listed companies’ universe to BSE-500 companies, EY affiliates audit 100 companies, Deloitte (76), KPMG (76), PwC (40), GT (37) and BDO (37).

And if one splices FY22 data based on market capitalisation of companies, as per primeinfodata.com, KPMG affiliates have 18.35% share, EY affiliates (17.99%), Deloitte affiliates (17.33%) and PwC group (5.20%).

In the recent cycle, some of the notable wins for the firms were: Deloitte got Reliance, L&T Infotech, Hero Moto, Aurobindo and Blue Dart; EY gained Sun TV, Granules, Apollo Tyres and PVR; KPMG added Pfizer, Mahindra CIE and Novartis; and PwC was selected by Bata and Linde.