

# NFRA's First Annual Report on Key Audit Cos Likely by mid-Nov

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**New Delhi:** The National Financial Reporting Authority (NFRA) will likely release reports on its first annual inspection of select audit firms, including the Big Five, by mid-November, people aware of the regulator's plans said.

During the latest inspections, the regulator has found the audit firms have improved their processes since its last scrutiny in 2023 but they still have a lot of ground to cover, one of them said.

The inspections, which have been made an annual affair from this year, are focused on the processes and standards adopted by the audit firms.

The findings could pave the way for more regulatory steps to bolster the audit and accounting ecosystem and prevent corporate frauds, the people said.

The inspection reports will also reveal the Big Five's compliance with suggestions made in the regulator's December 2023 reports that had flagged certain deficiencies in their work processes.

NFRA had expressed its displeasure over non-audit services provided by some of these big auditors to the same companies for whom they were also

the statutory auditors, among other things. Following the regulatory glare, almost all of them have now stopped offering non-audit services to the same clients, one of the people said.

Top five firms—EY, Deloitte, KPMG, PwC and Walker Chandio & Co—and MSKA dominate the Indian audit ecosystem. They handled assignments of two out of three Nifty-500 companies last fiscal, according to a primeinfobase.com report. Mo-



reover, these six audit firms also oversaw assignments of almost a third of the

1,961 NSE-listed companies for which details were available for 2023-24, the report said.

Given that each of these firms handles the audits of dozens of large companies, fixing any deficiency in their processes or encouraging them to follow global best practices would have a salutary effect on the Indian audit ecosystem, a regulatory source said.

Any efforts toward early detection of stress in listed companies or curbing corporate frauds—which can be done through accurate and transparent auditing of the company's financials—will serve the interest of both retail and other investors, experts have said.