

Audit firms of listed firms flout returns norms

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STATUTORY REPORTS OF LISTED FIRMS NOT FILED

785 auditors fail to comply in FY24

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AS MANY AS 785 audit firms of listed companies failed to file the statutory returns for the firms audited by them for FY24, according to official sources.

NFRA-2 is an annual return that statutory auditors of listed and specified classes of unlisted companies must file with the NFRA each year.

Failure to submit the return amounts to gross violation of Companies Act and National Financial Reporting Authority (NFRA) Rules, 2018.

The provisional list issued by NFRA revealed that these firms were required to file the return with the audit regulator before November 2023, but they had not submitted it even till March 2025.

The NFRA-2 is mandatory for the auditors of companies whose securities are listed on any stock exchange in India or abroad. It also covers auditors of unlisted firms with paid-up capital of over ₹500 crore or annual turnover of over ₹1,000 crore or loans, debentures and deposits of over ₹500 crore.

Additionally, auditors of all types of insurance companies, banking companies, companies engaged in the generation or supply of electricity, and companies/persons having public interest, as

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■ Under ambit is auditors of unlisted firms with loans, debentures and deposits of over **₹500 cr**

■ Non-submission of the form attracts a penalty on the audit firms

■ NFRA-2 includes the identity of the auditors, audit clients and audit reports and fees related information

outlined by the central government.

Even though there are over 96,000 CA firms in India, the Big 6 firms accounted for 34% of all the audit assignments of NSE main board companies in FY25. However, the list doesn't contain names of the Big 6 firms, and has just mentioned small and mid-sized firms.

As per the rules, the non-submission of the form attracts a penalty on the audit firms. The NFRA-2, which is governed by Section 132 of

the Companies Act, captures a large number of details on the audit firms. This includes the identity of the auditors, audit clients and audit reports and fees related information.

The firms are also required to share their audit-related affiliations, details on disciplinary actions, quality control policies and audit report withdrawals.

Through this form, NFRA also takes consent from the firms to co-operate with the regulator to provide any additional information.