

NFRA Reports on 10 Audit Cos to Come by Mar



The National Financial Reporting

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NFRA Inspection Reports of 10 Audit Firms by March-end

Our Bureau

New Delhi: The National Financial Reporting Authority (NFRA) has undertaken inspections of 10 audit firms, including EY, KPMG, Deloitte, PwC, Grant Thornton and BDO, and will release its findings by the end of March, people aware of the regulator's plans said.

These annual regulatory inspections are focused on the processes and standards adopted by audit firms, including on their governance framework, effectiveness of internal control over audit quality and the system of assessment and identification of audit risks.

Any deficiency detected in the processes is flagged to the firms for remedial steps. The regulator also encourages them to follow global best practices.

Since the firms covered in the latest round together audit about

Why the Inspection

NFRA's annual inspections are focused on processes adopted by audit firms

Any deficiency detected is flagged to audit firms for corrective steps



Firms covered, including Big Six, audit about 2/3rd of top 500 listed companies

Inspections not a regulatory crackdown but a way to encourage best audit practices

two-thirds of India's top 500 listed companies, any positive course correction by them would have a salutary impact on the country's audit ecosystem, potentially minimising chances of large corporate frauds.

The regulator has found that some of the firms have improved their audit processes since the 2024-25 inspection, including on non-audit services and record keeping, but they still have some ground to

cover on certain other aspects of audit independence, the people said.

Following its inspections in recent years, the 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 servi-

ces to the same clients, one of the people said.

The regulator had also flagged audits undertaken on certain related-party transactions.

Affiliates of the top six firms—EY, KPMG, Deloitte, PwC, Grant Thornton and BDO—handled 326 assignments of the 483 Nifty-500 companies as of March 2025, retaining their grip over the audits of large listed companies, according to a Primeinfobase.com report.

These firms also oversaw the audit assignments of 694 of the 2,069 NSE-listed companies for which details were available for 2024-25, the report 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 said.