

# Ban in the Air, Deloitte Tries to Douse Fire

Renjen apprises  
North Block officials  
about impact of ban  
on Indian market

Sachin Dave & Divya Rajagopal

**Mumbai:** Deloitte global CEO Punit Renjen met top Indian officials on Friday to persuade them against a possible ban over perceived omissions in the firm's role as auditor of Infrastructure Leasing & Financial Services (IL&FS), said people with knowledge of the matter. Renjen, who had come to India from the US for personal reasons, visited New Delhi to meet the officials, they said.

The government has asked the National Company Law Tribunal (NCLT) for a ban on Deloitte Haskins & Sells and BSR & Co, part of the KPMG network, for their alleged role in concealing bad loans at IL&FS, which unexpectedly defaulted on payments in September last year. That event triggered a liquidity crisis at nonbanking finance compa-



## AUDIT TROUBLE

Govt has proposed ban on auditors of IL&FS

Deloitte CEO Punit Renjen met finmin officials

Firm audits over 100 top-traded cos in India

Briefed officials about impact of ban on Indian financial market

Deloitte employs 55,000 in India

Illustration: ARINDAM

nies and threatened to undermine India's financial markets.

"Renjen visited officials in North Block and briefed them about the impact a probable ban on the audit practice can have on the India market," said one of the persons.

# Hiring Plans may be Hit

► From Page 1

Another person said Renjen also spoke to some senior partners of the firm about how they were dealing with the crisis.

ET reported on June 10 that the Indian audit industry faces an upheaval if the NCLT accedes to the government's demand for a ban. This would take out two of the so-called Big Four and affect as many as 342 listed companies, said experts and executives.

Renjen went to Singapore on Monday along with senior partners to attend Deloitte's annual global meeting, said two of the persons cited above. The India matter will likely come up for discussion at this meeting, they said.

The firm declined to comment. "Punit makes frequent personal trips to India; however, as a policy, we don't comment on the specific travel plans of our executive leadership," a Deloitte spokesperson said.

Deloitte currently has about

55,000 employees in India with about a fifth dedicated to its India business. That includes audit, tax and consulting. It posted \$45 billion in global revenue in the last financial year. While there are no official figures on India revenue, the Big Four — Deloitte, PwC, EY, KPMG — are estimated to make a total of about Rs 15,000 crore annually in India.

According to a person close to the development, Deloitte's plans to hire around 40,000 professionals across verticals in India will be impacted if a ban was to be imposed. While Deloitte's consulting back-end business, which houses most of its India employees, will not be directly impacted, the firm's ability to win contracts could be affected, said the people cited above.

Deloitte and KPMG have a substantial presence in the India auditing space. KPMG network firms audit 175 listed companies while the count is 167 for the Deloitte network. These companies account for about 40% of the market capita-

lisation of listed companies, according to Prime Database. It's still not clear whether a ban will affect their networks in total. Deloitte has seven network firms while KPMG has six in India. In PwC's case, the Securities and Exchange Board of India (Sebi) banned the entire network in the Satyam Computer Services fraud case. In India, the Big Four firms operate through separate local entities to abide by Institute of Chartered Accountants of India (ICAI) rules.

After the Companies Act mandated rotation of auditors every five years to improve scrutiny in 2017, top Indian companies switched among the Big Four and there was a marked shift away from Indian firms to multinationals. KPMG won the most accounts among listed companies. Deloitte lost marquee clients but managed to replace most accounts. EY, KPMG and Deloitte accounted for about two-thirds of NSE listed companies by market value in FY19. They audited about 300 companies in the BSE 500. Sebi had levied a two-year ban on PwC in 2018 that's being contested in the Securities Appellate Tribunal (SAT).