

19th September, 2016

PRESS RELEASE

AUDITOR ROTATION PICKS UP MOMENTUM; TOP 4 FIRMS ACCOUNT FOR 26 PER CENT OF AUDITS: PRIME DATABASE

Auditor rotation, as mandated by law (including addition/deletion of one or more auditors for companies with joint audits), has picked up momentum. Changes were made in as many as 178 NSE-listed companies from 2014-15 to 2015-16 and in 152 companies from 2015-16 to 2016-17, according to Pranav Haldea, Managing Director of PRIME Database.

Auditor changes in Nifty companies from 2015-16 to 2016-17 and from 2014-15 to 2015-16 are given in Annexure 1.

From 2013-14 to 2014-15, auditor changes were seen in 171 companies, from 2012-13 to 2013-14 in 141 companies, from 2011-12 to 2012-13 in 141 companies, from 2010-11 to 2011-12 in 142 companies and from 2009-10 to 2010-11 in 141 companies.

Forthcoming Expiry of Auditor Tenures: In line with the regulations around auditor rotation which kicks in from 1st April 2017, **tenures of 99 auditors in 94 companies shall expire in 2017-18, 172 auditors in 168 companies in 2018-19, 125 auditors in 117 companies in 2019-20 and 129 auditors in 127 companies in 2020-21.**

Big 4 increase dominance with 26 per cent share by volume and 30 per cent share by overall fee: The Big 4, between them, handled a high 401 assignments of the total 1,519 companies, or 26 per cent of the total. **Their dominance was even stronger in the Nifty-500 subset wherein they handled 234 of the 500 audits or 47 per cent of the total.**

The **top 10 audit firms accounted for audit of as many as 549 companies or 36 per cent of the total.** Leading the league table was the Deloitte group with 158 companies, followed by EY Group (114), KPMG Group (66) and Price Waterhouse Group (65).

On an overall basis, as many as **830 audit firms audited the 1,519 NSE-listed companies in 2015-16.** This implies that, on an average, **an audit firm audited 1.83 companies.**

Ranking by No. of Company Audits

Rank	Auditor Name or Group	No.of Companies Audited in 2015-16*	No.of Companies Audited in 2014-15*
1	DELOITTE GROUP (DELOITTE HASKINS & SELLS, DELOITTE HASKINS & SELLS LLP, A F FERGUSON & CO, C C CHOKSHI & CO, FRASER & ROSS, P C HANSOTIA & CO, S B BILLIMORIA & CO)	158	147
2	EY GROUP (S R B C & CO LLP, S R BATLIBOI & ASSOCIATES LLP, S R BATLIBOI & CO LLP, S V GHATALIA & ASSOCIATES LLP)	114	107
3	KPMG GROUP (B S R & ASSOCIATES LLP, B S R & CO LLP, B S R & COMPANY, B S R AND ASSOCIATES, B S R AND CO, B S R AND COMPANY)	66	58
4	PRICE WATERHOUSE GROUP (PRICE WATERHOUSE, PRICE WATERHOUSE & CO, PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP, PRICE WATERHOUSE & CO BANGALORE, PRICE WATERHOUSE, BANGALORE, DALAL & SHAH, LOVELOCK & LEWES)	65	65
5	WALKER CHANDIOK & CO LLP	39	38
6	HARIBHAKTI & CO	31	30
7	LODHA & CO	29	25
8	S S KOTHARI MEHTA & COMPANY	22	19

9	BRAHMAYYA & CO	20	19
10	CHATURVEDI & SHAH	16	16

* If a company has multiple auditors, credit has been provided to each auditor

Total Audit Fee

The **total audit fee paid out by companies was a significant Rs. 1,900 crore** (data based on 1,389 companies for which Audit Fee/Total Fee data is available**). This was an increase of 9 per cent from the Rs. 1,746 crore paid out in the previous financial year 2014-15. The **average Audit Fee was Rs. 1.37 crores.**

Ranking by Audit Fees

Deloitte Group continued to lead with a total audit fee of Rs. 245.65 crore. The top 10 auditors by fee along with the change from previous years is as follows:

Rank	Auditor Name or Group	Total Audit Fees (Rs.crore) 2015-16	Total Audit Fees (Rs.crore) 2014-15	Change per cent
1	DELOITTE GROUP (DELOITTE HASKINS & SELLS, DELOITTE HASKINS & SELLS LLP, A F FERGUSON & CO, C C CHOKSHI & CO, FRASER & ROSS, P C HANSOTIA & CO, S B BILLIMORIA & CO)	245.65	224.89	20.76
2	EY GROUP (S R B C & CO LLP, S R BATLIBOI & ASSOCIATES LLP, S R BATLIBOI & CO LLP, S V GHATALIA & ASSOCIATES LLP)	97.78	93.98	3.80
3	KPMG GROUP (B S R & ASSOCIATES LLP, B S R & CO LLP, B S R & COMPANY, B S R AND ASSOCIATES, B S R AND CO, B S R AND COMPANY)	86.44	83.93	2.51
4	SINGHI & CO	54.13	64.32	-10.19
5	PRICE WATERHOUSE GROUP (PRICE WATERHOUSE, PRICE WATERHOUSE & CO, PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP, PRICE WATERHOUSE & CO BANGALORE, PRICE WATERHOUSE, BANGALORE, DALAL & SHAH, LOVELOCK & LEWES)	49.26	43.72	5.55
6	CHATURVEDI & SHAH	36.11	30.38	5.73
7	WALKER CHANDIOK & CO LLP	28.60	25.95	2.64
8	V SANKAR AIYAR & CO	26.31	23.37	2.94
9	MANUBHAI & SHAH	22.49	1.72	20.76
10	VARMA & VARMA	22.28	1.11	21.17

Total Overall Fee

The **total overall fee paid out by companies was Rs. 2,211 crore** (data based on 1,389 companies for which Total Fee data is available). This was again an increase of 9 per cent from the Rs. 2,025 crore paid out in the previous financial year 2014-15. The **average total Fee was Rs. 1.59 crores.**

The Deloitte Group again led with Rs. 333.67 crore, followed by EY Group at Rs. 138.26 crore, KPMG Group at Rs. 118.16 crore and PWC at Rs. 71.39 crore.

Ranking by Overall Fees

Rank	Auditor Name or Group	Total Fees (Rs.crore) 2015-16	Total Fees (Rs.crore) 2014-15	Change per cent
------	-----------------------	-------------------------------	-------------------------------	-----------------

Rank	Auditor Name or Group	Total Fees (Rs.crore) 2015-16	Total Fees (Rs.crore) 2014-15	Change per cent
1	DELOITTE GROUP (DELOITTE HASKINS & SELLS, DELOITTE HASKINS & SELLS LLP, A F FERGUSON & CO, C C CHOKSHI & CO, FRASER & ROSS, P C HANSOTIA & CO, S B BILLIMORIA & CO)	333.67	302.03	31.64
2	EY GROUP (S R B C & CO LLP, S R BATLIBOI & ASSOCIATES LLP, S R BATLIBOI & CO LLP, S V GHATALIA & ASSOCIATES LLP)	138.26	126.14	12.11
3	KPMG GROUP (B S R & ASSOCIATES LLP, B S R & CO LLP, B S R & COMPANY, B S R AND ASSOCIATES, B S R AND CO, B S R AND COMPANY)	118.16	103.99	14.17
4	PRICE WATERHOUSE GROUP (PRICE WATERHOUSE, PRICE WATERHOUSE & CO, PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP, PRICE WATERHOUSE & CO BANGALORE, PRICE WATERHOUSE, BANGALORE, DALAL & SHAH, LOVELOCK & LEWES)	71.39	66.26	5.13
5	SINGHI & CO	56.08	65.43	-9.35
6	CHATURVEDI & SHAH	42.60	36.23	6.37
7	WALKER CHANDIOK & CO LLP	37.38	33.51	3.87
8	V SANKAR AIYAR & CO	27.80	24.97	2.83
9	HARIBHAKTI & CO	24.59	13.71	10.88
10	MANUBHAI & SHAH	23.92	3.05	20.86

Audit Fee as percentage of Total Income

Audit Fee as a percentage of total income earned by all listed companies was just 0.03 per cent amongst 1,368 companies for which the audit fee and total income data was available in comparison to 0.02 per cent last year.

The break-up by income of client company is as follows:

Income of the client Company (Rs. crore)	No. of Companies	No. of Auditors auditing such companies	Average Fees (Rs. lakhs)
LESS THAN 100	191	154	8
100-500	361	238	15
500-5000	608	264	52
>5000	208	142	724

According to Haldea, as can be seen the fee increases disproportionately in larger companies.

Ranking by Total Income of companies Audited

In terms of ranking of auditors on the basis of the total revenue of the client company, Deloitte Group again led having audited companies with revenues of Rs. 19.13 lakh crore.

Rank	Auditors Name or Group	2015-16 Revenue (Rs.crore)***
1	DELOITTE GROUP (DELOITTE HASKINS & SELLS, DELOITTE HASKINS & SELLS LLP, A F FERGUSON & CO, C C CHOKSHI & CO, FRASER & ROSS, P C HANSOTIA & CO, S B BILLIMORIA & CO)	19,13,276

2	V SANKAR AIYAR & CO	6,12,622
3	EY GROUP (S R B C & CO LLP, S R BATLIBOI & ASSOCIATES LLP, S R BATLIBOI & CO LLP, S V GHATALIA & ASSOCIATES LLP)	5,17,663
4	KPMG GROUP (B S R & ASSOCIATES LLP, B S R & CO LLP, B S R & COMPANY, B S R AND ASSOCIATES, B S R AND CO, B S R AND COMPANY)	4,28,492
5	J GUPTA & CO	3,88,243
6	C K PRUSTY & ASSOCIATES	3,72,171
7	CHATURVEDI & SHAH	3,63,720
8	P K K G BALASUBRAMANIAM & ASSOCIATES	3,55,927
8	S K MEHTA & CO	3,55,927
8	S MOHAN & CO	3,55,927
8	SHIROMANY TYAGI & CO	3,55,927
9	PRICE WATERHOUSE GROUP (PRICE WATERHOUSE, PRICE WATERHOUSE & CO, PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP, PRICE WATERHOUSE & CO BANGALORE, PRICE WATERHOUSE, BANGALORE, DALAL & SHAH, LOVELOCK & LEWES)	3,28,170
10	RAJENDRA & CO	2,78,333

*** If a company has multiple auditors, revenue of the company has been provided for each auditor

Companies paying maximum Audit Fee

Ranking by Total Fees

Rank	Company	Total Fees (Rs.lacs)
1	STATE BANK OF INDIA	28,540.68
2	PUNJAB NATIONAL BANK	7,138.02
3	BANK OF INDIA	6,826.98
4	BANK OF BARODA	6,070.04
5	CANARA BANK	5,940.06
6	HINDALCO INDUSTRIES LTD.	5,102.00
7	INDIAN OVERSEAS BANK	4,085.60
8	RELIANCE INDUSTRIES LTD.	3,800.01
9	UNION BANK OF INDIA	3,564.30
10	UCO BANK	3,493.55

According to Haldea, it is extremely interesting to note that the top payers of audit fee are all Public Sector Banks, except one PSU (Hindalco) and one private sector company (Reliance).

Ranking by Audit Fee as per cent of Total Income Audited

Rank	Company	Fees paid for Service as Auditor (Rs.lacs)	Total Income (Rs.lacs)	Audit Fee as per cent of Total Income
1	FIRST WINNER INDUSTRIES LTD.	0.82	0.39	210.26
2	GI ENGINEERING SOLUTIONS LTD.	0.35	0.99	35.35
3	STG LIFECARE LTD.	1.00	5.24	19.08
4	DISHMAN PHARMACEUTICALS & CHEMICALS LTD.	249.00	1,596.05	15.60
5	PUDUMJEE INDUSTRIES LTD.	3.01	23.00	13.09
6	ONELIFE CAPITAL ADVISORS LTD.	4.22	35.32	11.95
7	JINDAL POLY INVESTMENT & FINANCE CO.LTD.	0.82	8.22	9.98
8	NORBEN TEA & EXPORTS LTD.	40.00	422.91	9.46
9	BF INVESTMENT LTD.	27.06	286.31	9.45
10	TIMES GUARANTY LTD.	0.74	12.30	6.02

Ranking by Audit Fee as per cent of Net Profit

Rank	Company	Fees paid for Service as Auditor (Rs.lacs)	Net Profit (Rs.lacs)	Audit Fee as per cent of Net Profit
1	NORBEN TEA & EXPORTS LTD.	40.00	3.31	1,208.46
2	B.A.G.FILMS & MEDIA LTD.	5.50	2.54	216.54
3	MPS INFOTECNICS LTD.	5.33	2.50	213.20
4	DISHMAN PHARMACEUTICALS & CHEMICALS LTD.	249.00	171.01	145.60
5	SPECIALITY RESTAURANTS LTD.	35.50	26.00	136.54
6	BHARAT GEARS LTD.	22.75	24.00	94.79
7	ANSAL PROPERTIES & INFRASTRUCTURE LTD.	47.44	75.00	63.25
8	PRICOL LTD.	49.62	127.15	39.02
9	BF UTILITIES LTD.	60.82	164.70	36.93
10	MAWANA SUGARS LTD.	20.40	64.00	31.88

**Where fees paid for audit was not given separately (either in standalone or consolidated accounts), the total fees paid to Auditors has been considered.

Note: The analysis is based on Auditors in all 1,520 NSE listed companies for the financial year 2015-16.

Annexure 1

Auditor Changes in Nifty companies from 2015-16 to 2016-17

Company	Auditors 2015-16	Auditors 2016-17
ASIAN PAINTS LTD.	B S R & CO LLP	B S R & CO LLP,DELOITTE HASKINS & SELLS LLP
BHARAT HEAVY ELECTRICALS LTD.	ANJANEYULU & CO,D S P & ASSOCIATES,J V RAMANUJAM & CO,M B GABHAWALA & CO,RAO ASSOCIATES,S B A & COMPANY,V NARAYANAN & CO,WAHI & GUPTA	ANJANEYULU & CO,D S P & ASSOCIATES,GURUBAGH LUXA,M B GABHAWALA & CO,M SRINIVASAN & ASSOCIATES,RAO ASSOCIATES,S B A & COMPANY,V NARAYANAN & CO,WAHI & GUPTA
CIPLA LTD.	R G N PRICE & CO,V SANKAR AIYAR & CO	WALKER CHANDIOK & CO LLP
DR.REDDY'S LABORATORIES LTD.	B S R & CO LLP	S R BATLIBOI & ASSOCIATES LLP
GRASIM INDUSTRIES LTD.	DELOITTE HASKINS & SELLS LLP,G P KAPADIA & CO	B S R & CO LLP,G P KAPADIA & CO
LUPIN LTD.	DELOITTE HASKINS & SELLS LLP	B S R & CO LLP
MARUTI SUZUKI INDIA LTD.	PRICE WATERHOUSE	DELOITTE HASKINS & SELLS LLP
NTPC LTD.	B M CHATRATH & CO,KALANI & CO,P A & ASSOCIATES,P S D & ASSOCIATES,S K KAPOOR & CO,SAGAR & ASSOCIATES,T R CHADHA & CO	B M CHATRATH & CO,KALANI & CO,P A & ASSOCIATES,P S D & ASSOCIATES,S K KAPOOR & CO,SAGAR & ASSOCIATES,T R CHADHA & CO LLP
ULTRATECH CEMENT LTD.	B S R & CO LLP,G P KAPADIA & CO	B S R & CO LLP,KHIMJI KUNVERJI & CO
YES BANK LTD.	S R BATLIBOI & CO LLP	B S R & CO LLP

Auditor Changes in Nifty companies from 2014-15 to 2015-16

Company	Auditors 2014-15	Auditors 2015-16
ASIAN PAINTS LTD.	B S R & CO LLP,SHAH & CO	B S R & CO LLP
BANK OF BARODA	K A S G & CO,KHANDELWAL JAIN & CO,M B AGRAWAL & CO,RODI DABIR & CO,S R GOYAL & CO,WAHI & GUPTA	KHANDELWAL JAIN & CO,RODI DABIR & CO,S R GOYAL & CO,WAHI & GUPTA
GAIL (INDIA) LTD.	G S MATHUR & CO,S K MITTAL & CO	G S MATHUR & CO,O P BAGLA & CO

GRASIM INDUSTRIES LTD.	DELOITTE HASKINS & SELLS LLP,G P KAPADIA & CO,VIDYARTHI & SONS	DELOITTE HASKINS & SELLS LLP,G P KAPADIA & CO
INDUSIND BANK LTD.	B S R & CO LLP	PRICE WATERHOUSE
KOTAK MAHINDRA BANK LTD.	S B BILLIMORIA & CO	S R BATLIBOI & CO LLP
LARSEN & TOUBRO LTD.	SHARP & TANNAN	DELOITTE HASKINS & SELLS LLP,SHARP & TANNAN
NTPC LTD.	A R & CO,O P BAGLA & CO,P K F SRIDHAR & SANTHANAM,P S D & ASSOCIATES,RAMESH C AGRAWAL & CO,V SANKAR AIYAR & CO	B M CHATRATH & CO,KALANI & CO,P A & ASSOCIATES,P S D & ASSOCIATES,S K KAPOOR & CO,SAGAR & ASSOCIATES,T R CHADHA & CO
OIL & NATURAL GAS CORP.LTD.	G D APTE & CO,KHANDELWAL JAIN & CO,LODHA & CO,MEHRA GOEL & CO,VARMA & VARMA	DASS GUPTA & ASSOCIATES,G D APTE & CO,K C MEHTA & CO,KHANDELWAL JAIN & CO,LODHA & CO,P K F SRIDHAR & SANTHANAM
POWER GRID CORP.OF INDIA LTD.	CHATTERJEE & CO,S K MEHTA & CO,SAGAR & ASSOCIATES	KOTHARI & CO,PARAKH & CO,R G N PRICE & CO,S K MITTAL & CO
STATE BANK OF INDIA	B CHHAWCHHARIA & CO,DHAMIJA SUKHIJA & CO,K B SHARMA & CO,MEHRA GOEL & CO,PRAKASH & SANTOSH,S JAYKISHAN,S N MUKHERJI & CO,S N NANDA & CO,S R R K SHARMA ASSOCIATES,S VENKATRAM & CO,SRIRAMAMURTHY & CO,T R CHADHA & CO,V P ADITYA & CO,V SANKAR AIYAR & CO	AMIT RAY & CO,B CHHAWCHHARIA & CO,BANSAL & CO,CHATTERJEE & CO,G S A & ASSOCIATES,M BHASKARA RAO & CO,MANUBHAI & SHAH,MEHRA GOEL & CO,MITTAL GUPTA & CO,S L CHHAJED & CO,S N MUKHERJI & CO,S R R K SHARMA ASSOCIATES,V SANKAR AIYAR & CO,VARMA & VARMA
ULTRATECH CEMENT LTD.	DELOITTE HASKINS & SELLS LLP,G P KAPADIA & CO	B S R & CO LLP,G P KAPADIA & CO