

## IFIAR 2026 Member Profile – NFRA

<p><b>1. Jurisdiction</b></p>	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>INDIA</p>
<p><b>2. Member<sup>1</sup></b></p>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण National Financial Reporting Authority</p> <hr/> <p><b>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</b></p> <p>7<sup>th</sup> Floor, Hindustan Times House, Kasturba Gandhi Marg, New Delhi-110003, India</p> <p>Email: secretary@nfra.gov.in    Tel: +91 (0)11-233550513</p> <p>Website: <a href="https://nfra.gov.in/">https://nfra.gov.in/</a></p> <hr/> <p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p>Section 132(1) of the Companies Act, 2013 provides for the basis for establishment of NFRA by the Government of India.</p> <p>NFRA has the power to monitor and enforce compliance with accounting standards and auditing standards, to oversee the quality of service under subsection (2) of Section 132, and to undertake investigation under subsection (4) of Section 132 of the Companies Act, 2013, in respect of the auditors of Public Interest Entities.</p> <p>Section 132 (2) (and corresponding NFRA Rules 2018 as indicated in the brackets) provides for standard setting, monitoring, review and oversight functions.</p> <p>The section states that ‘Notwithstanding anything contained in any law for the time being in force the National Financial reporting Authority shall</p>

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

- a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be; (Rule 6)
- b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed; (Rule 7 and 8)
- c) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed; and (Rule 9)
- d) perform such other functions relating to clauses (a), (b) and (c) as may be prescribed.'

(The brackets refer to the specific rule which is made under these provisions in NFRA Rules 2018)

Section 132 (4) provides for the powers of investigation.

It states that 'Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—

(a) have the power to investigate, either suo motu or on a reference made to it by the Central Government, for such class of bodies corporate, in such manner as may be prescribed into the matters of professional or other misconduct committed by any member or firm of chartered accountant , registered under the Chartered Accountants Act, 1949: Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the National Financial Reporting Authority has initiated an investigation under this section;

(b) have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely: —

(i) discovery and production of books of account and other documents , at such place and at such time as may be specified by the National Financial Reporting Authority;

(ii) summoning and enforcing the attendance of persons and examining them on oath;

(iii) inspection of any books, registers and other documents of any person referred to in clause (b) at any place;

(iv) issuing commissions for examination of witnesses or documents;

(c) where professional or other misconduct is proved, have the power to make order for—

(A) imposing penalty of— (I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and (II) not

	<p>less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms;</p> <p>(B) debaring the member or the firm from— I. being appointed as an auditor or internal auditor or undertaking any audit in respect of financial statements or internal audit of the functions and activities of any company or body corporate; II. performing any valuation as provided under section 247, for a minimum period of six months or such higher period not exceeding ten years as may be determined by the National Financial Reporting Authority</p> <p><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></p> <p><input type="checkbox"/> Licensing  <input type="checkbox"/> Registration*  <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting  <input type="checkbox"/> Permanent Education / Continuous Training of Auditors  <input checked="" type="checkbox"/> Inspection  <input checked="" type="checkbox"/> Enforcement  <input type="checkbox"/> Other:</p> <p>*Primary registration continues with the Institute of Chartered Accountants of India (ICAI). NFRA Rules mandate submission of NFRA form 2 by all auditors/audit firms that are under NFRA jurisdiction. The NFRA 2 form mandates certain information (entities audited during the year, audit fees earned, declaration in case auditors resigned, affiliations etc) to be provided to NFRA on an annual basis.</p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</b></p> <p>The Governing Body of NFRA is its Executive Body as given in section 132 (3B) of the Companies Act 2013. The Chairperson and Full-time Members constitute the ‘Executive Body’ of NFRA which is exclusively entrusted as per law to carry out all the monitoring, oversight, enforcement and investigation functions of NFRA, except the Standard Setting function which is provided for under section 132 (2) (a).</p> <p>At present, Executive Body comprises Chairperson, NFRA and three Full Time Members, as below –</p> <p>(i) Shri Nitin Gupta, Chairperson  (ii) Ms. Smita Jhingran, Full Time Member  (iii) Shri P Daniel, Full Time Member</p>

	<p>(iv) Shri Sushil Kumar Jaiswal, Full Time Member</p> <p>Profile of Chairperson, NFRA may be seen at the below link on NFRA website - <a href="https://nfra.gov.in/chairperson-nfra/">https://nfra.gov.in/chairperson-nfra/</a> and profile of Full Time Members may be seen at the below link on NFRA website <a href="https://nfra.gov.in/nfra-member-former/">https://nfra.gov.in/nfra-member-former/</a></p> <hr/> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</b></p> <p>Section 132 (3) and Rule 3 of the National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018 provide for the qualification and criteria to be fulfilled by the Chairperson and Full Time Members.</p> <p>(i) Section 132 (3) states ‘The National Financial Reporting Authority shall consist of a chairperson, who shall be a person of eminence and having expertise in accountancy, auditing, finance or law to be appointed by the Central Government and such other member not exceeding fifteen consisting of part-time and full-time members as may be prescribed:  <b>Provided</b> that the terms and conditions and the manner of appointment of the chairperson and members shall be such as may be prescribed:  <b>Provided further</b> that the chairperson and members shall make a declaration to the Central Government in the prescribed form regarding no conflict of interest or lack of independence in respect of his or their appointment:  <b>Provided also</b> that the chairperson and members, who are in full-time employment with National Financial Reporting Authority shall not be associated with any audit firm (including related consultancy firms) during the course of their appointment and two years after ceasing to hold such appointment.</p> <p>(ii) Rule 3 of the ‘National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018’ provides that</p> <p>a) The chairperson shall be a person of eminence, ability, integrity and standing and having expertise and experience of not less than twenty-five years in the field of accountancy, auditing, finance or law.</p> <p>b) A full-time member shall be a person of ability, integrity and standing and having expertise and experience of not less than twenty years in the field of accountancy, auditing, finance or law.</p>
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	<p>c) The chairperson and all members, before being appointed, shall submit a declaration to the Central Government confirming that they have no conflict of interest or lack of independence in respect of such appointment as chairperson or members in Form I annexed to these rules, failing which their appointment shall not be considered.</p> <p>d) The chairperson and full-time members, shall not be associated with any audit firm including related consultancy firms during the course of their appointment and two years after ceasing to hold such appointment.</p> <p><b>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>The chairperson and all members, before being appointed, need to submit a declaration to the Central Government confirming that they have no conflict of interest or lack of independence in respect of such appointment as chairperson or members.</p>
<p><b>4. Independence safeguards</b></p>	<p><b>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</b></p> <p><b>Rule 3(4) of ‘National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018’ provides that –</b></p> <p><i>‘The chairperson and all members, before being appointed, shall submit a declaration to the Central Government confirming that they have no conflict of interest or lack of independence in respect of such appointment as chairperson or members in Form I annexed to these rules, failing which their appointment shall not be considered.’</i></p> <p>Further Rule 3(5) of ‘National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018’ safeguards the independence of Governing Body during the course of their appointment–</p>

	<p><i>'The chairperson and full-time members, shall not be associated with any audit firm including related consultancy firms during the course of their appointment and two years after ceasing to hold such appointment.'</i></p> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input type="checkbox"/> Same set of requirements    <input checked="" type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <p>Chartered Accountants (CAs) are hired by NFRA but they are not practicing members of the profession. Their certificate of practice is suspended/has to be surrendered. In other prescribed qualifications, CA is also included. Such officials are on NFRA regular strength. Once in NFRA employment, they cannot be in another employment. They may continue to remain members of ICAI by paying the annual membership fee. Any consultants, other than those hired on regular strength, are also on full-time employment.</p> <p><b>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe:</b></p> <p>There are enough safeguards which sets out the independence of NFRA from the profession such as - appointments in the Governing Body of NFRA are made by the Government of India and there is no interference/influence of audit profession in the appointments in the Governing Body. Further, the budget of NFRA is also completely independent of the Audit Profession and funded by the Government of India. As mentioned earlier, all monitoring, review, oversight and enforcement functions are carried out by the Executive Body which is independent of the profession.</p>
<p><b>5. Funding Arrangements</b></p>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</b></p> <p>In India, as per Parliamentary system of Government, budget is voted upon and passed in Parliament. The usual system by spending agencies of sending budget requirement to Government of India is prevalent. Accordingly, NFRA sends its budgetary requirements to Ministry of Corporate Affairs, Government of India, which in turn presents the requirement to Parliament. Parliament authorises grants to NFRA.</p>

	<p><b>5.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>NFRA’s budget is fully independent of the profession.</p>
<p><b>6. Audit Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</b></p> <p>All audit firms in NFRA jurisdiction audit PIEs. Overall, there are approximately 3300 audit firms of varied sizes which audit around 6500 PIEs. Of these 40 firms audit more than 10 PIEs each and are planned for periodic inspections.</p> <hr/> <p><b>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</b></p> <p>With reference to the market cap of listed companies, approximately 54 percent is audited by the Big 6 audit firms (individual share varies between 3 percent to 20 percent).</p>
<p><b>7. Inspection System</b></p>	<p><b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 12 Enforcement, please reference that section for details on such measures).</b></p> <p>The mandate for inspections is derived under section 132 (2) of the Companies Act 2013 and relevant provisions in NFRA Rules 2018. Relevant Rules are Rule 8 and 9. Under these NFRA can review working papers (including audit plan and other audit documents) and communications related to the audit, evaluate the sufficiency of the quality control system of the auditor and the manner of documentation of the system by the</p>

auditor and perform such other testing of the audit, supervisory, and quality control procedures of the auditor as may be considered necessary or appropriate. The Authority may require an auditor to report on its governance practices and internal processes designed to promote audit quality, protect its reputation and reduce risks including risk of failure of the auditor and may take such action on the report as may be necessary. The Authority may seek additional information or may require the personal presence of the auditor for seeking additional information or explanation in connection with the conduct of an audit.

The Authority is required to publish its findings relating to non-compliance on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.

Under Rule 9 of NFRA Rules 2018, as part of its oversight functions over the quality of service of the profession, NFRA can issue directions to an auditor to take measures for improvement in audit quality. Where the Authority finds or has reason to believe that any law or professional or other standard has or may have been violated by an auditor, Rules provide for it to decide on the further course of investigation or enforcement action.

**If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:**

**7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:**

NFRA initiated inspections for the first time in 2022 (FY 2020-21) where the biggest (in terms of number of audits conducted of PIEs) five audit firms (Indian affiliates of KPMG, DHS, E&Y, GT, PwC) were inspected. The inspection covered both firm wide and individual audit engagements. The inspection reports have been published on NFRA website.

In the second inspection cycle covering FYs 2022 and 2023, NFRA inspected 7 audit firms including the five large firms, covering 25 individual audit engagement inspections

All the inspection reports of the second inspection cycle have been published on the NFRA website.

The third inspection cycle for the 2024 financial year is underway, covering 10 audit firms (including the Indian affiliates of KPMG, Deloitte, E&Y, GT, PwC, and BDO) and 42 audit engagements.

	<p>Inspection frequency is annual for larger (tier 1) firms, and once every two years or once every three or five years, depending on the audit firm's risk profile. For now, an incremental approach has been adopted.</p> <p><b>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</b></p> <p><input checked="" type="checkbox"/> <b>Employees of the Member</b>                      <input type="checkbox"/> <b>Professional body</b></p> <p><input type="checkbox"/> <b>Third Parties</b>    <input type="checkbox"/> <b>Other</b></p> <p><b>Please explain below:</b></p> <p>NFRA staff carries out investigation and inspection functions. All staff members have to declare any conflict of interest as may arise. Failure to do so invites action under Conduct Rules and Disciplinary rules applicable to NFRA staff.</p>
<p><b>8. Licensing</b></p>	<p><b>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</b></p> <p><input type="checkbox"/> <b>Directly</b>    <input type="checkbox"/> <b>Through Oversight</b></p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>Primary registration continues with the Institute of Chartered Accountants of India (ICAI). NFRA Rules mandate submission of NFRA form 2 by all auditors/audit firms that are under NFRA jurisdiction. The NFRA 2 form mandates certain information (entities audited during the year, audit fees earned, declaration in case auditors resigned, affiliations etc) to be provided to NFRA on an annual basis.</p>
<p><b>9. Registration</b></p>	<p><b>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</b></p> <p><input type="checkbox"/> <b>Directly</b>    <input type="checkbox"/> <b>Through Oversight</b></p>

	<p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>Primary registration continues with the Institute of Chartered Accountants of India (ICAI). NFRA Rules mandate submission of NFRA form 2 by all auditors/audit firms that are under NFRA jurisdiction. The NFRA 2 form mandates certain information (entities audited during the year, audit fees earned, declaration in case auditors resigned, affiliations etc) to be provided to NFRA on an annual basis.</p>
<b>10. Audits and/or Ethics Standard Setting</b>	<p><b>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p>Section 132 (2) (and corresponding NFRA Rules 2018 as indicated in the brackets) provides for standard setting, monitoring, review and oversight functions. The section states that ‘Notwithstanding anything contained in any law for the time being in force the National Financial reporting Authority shall</p> <p>a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be.</p> <p><b>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p>
<b>11. Permanent Education / Continuous Training of Auditors</b>	<p><b>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p>

	<p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>As per Law, Chartered Accountants are eligible for statutory audit. The Continuous Permanent Education (CPE) requirement of CAs is met through the Professional Accounting Body i.e. ICAI as per their statute. NFRA is separately tasked with education and training of stakeholder as per Rule 16 of NFRA Rules 2018 which states “The Authority shall take suitable measures for the promotion of awareness and significance of accounting standards, auditing standards, auditors’ responsibilities, audit quality and such other matters through education, training, seminars, workshops, conferences and publicity.” Action in this regard are taken-up from time to time.</p>
<b>12. Enforcement</b>	<p><b>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> <b>Directly</b>                      <input type="checkbox"/> <b>Through Referral</b></p> <p><b>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</b></p> <p>Section 132 (4) provides for the powers of investigation. It states that ‘Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—</p> <p>(a) have the power to investigate, either suo motu or on a reference made to it by the Central Government, for such class of bodies corporate or persons, in such manner as may be prescribed into the matters of professional or other misconduct committed by any member or firm of chartered accountant, registered under the Chartered Accountants Act, 1949: Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the National Financial Reporting Authority has initiated an investigation under this section;</p> <p>(b) have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely: —</p> <p>(i) discovery and production of books of account and other documents , at such place and at such time as may be specified by the National Financial Reporting Authority;</p>

	<p>(ii) summoning and enforcing the attendance of persons and examining them on oath;</p> <p>(iii) inspection of any books, registers and other documents of any person referred to in clause (b) at any place;</p> <p>(iv) issuing commissions for examination of witnesses or documents;</p> <p>(c) where professional or other misconduct is proved, have the power to make order for—</p> <p style="padding-left: 40px;">(A) imposing penalty of—</p> <p style="padding-left: 80px;">(I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and</p> <p style="padding-left: 80px;">(II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms;</p> <p style="padding-left: 40px;">(B) debarring the member or the firm from—</p> <p style="padding-left: 80px;">(I) being appointed as an auditor or internal auditor or undertaking any audit in respect of financial statements or internal audit of the functions and activities of any company or body corporate;</p> <p style="padding-left: 80px;">(II) performing any valuation as provided under section 247, for a minimum period of six months or such higher period not exceeding ten years as may be determined by the National Financial Reporting Authority.</p> <p>It is also requested to refer to Rule 9 of NFRA Rules 2018. As part of its oversight functions over the quality of service of the profession, NFRA can issue directions to an auditor to take measures for improvement in audit quality.</p> <p>Further as mentioned above in section 132 (4) clause b, NFRA has powers of a civil court in India in respect of all its monitoring, oversight, enforcement and investigation functions. Section 132 (4) (c) read with Rule 11 of NFRA Rules provides that at the conclusion of disciplinary proceedings, NFRA can caution the auditor, or impose penalty, debarment or both.</p> <p>Rule 12 of NFRA Rules 2018 may also be relevant for understanding the manner of enforcement of disciplinary orders passed by NFRA in disciplinary proceedings. Rules 8 and 9 of NFRA Rules may be referred to appreciate that NFRA can issue direction to the auditor as part of its review process. The auditor has to comply to the direction so issued under these Rules.</p>
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	<p>Rule 13 of NFRA (Amendment Rules) 2022 provides that non-compliance of NFRA Rules will be punishable as follows: “13. Punishment in case of non-compliance: -Whoever contravenes any of the provisions of these rules, shall be punishable with fine not exceeding five thousand rupees, and where the contravention is a continuing one, with a further fine not exceeding five hundred rupees for every day after the first during which the contravention continues.”.</p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p>
<b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b>	<p><b>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</b></p> <p style="text-align: center;">None</p>
<b>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</b>	<p><b>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</b></p> <p>NFRA has the powers for monitoring and enforcing compliance with accounting standards as per Rule -7 of NFRA Rules 2018 which is reproduced below –</p> <p>“7. Monitoring and enforcing compliance with accounting standards.–</p> <p>(1) For the purpose of monitoring and enforcing compliance with accounting standards under the Act by a company or a body corporate governed under rule 3, the Authority may review the financial statements of such company or body corporate, as the case may be, and if so required, direct such company or body corporate or its auditor by a written notice, to provide further information or explanation or any relevant documents relating to such company or body corporate, within such reasonable time as may be specified in the notice.</p> <p>(2) The Authority may require the personal presence of the officers of the company or body corporate and its auditor to seek additional information or explanation in connection with the review of the financial statements of such company or body corporate.</p> <p>(3) The Authority shall publish its findings relating to non-compliances on its website and in such other manner as it considers fit, unless it has reasons not to do so in the public interest and it records the reasons in writing.</p>

	<p>(4) Where the Authority finds or has reason to believe that any accounting standard has or may have been violated, it may decide on the further course of investigation or enforcement action through its concerned Division.”</p>
<p><b>15. Member Update for public information (if any)</b></p>	<p><b>15.1 Are there any major news, activities, events or updates (on audit matters, the Member’s organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year’s Member Profile?</b></p> <p><input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> <b>No</b></p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p> <p><b>Initiatives taken towards supporting small and medium audit firms and awareness and education of auditors and other stakeholders:</b></p> <ul style="list-style-type: none"> <li>i. As part of this initiative, NFRA launched outreach programmes across the country and held two such regional outreach programmes in 2025 covering technical sessions on audit practices and conversations around improvements in audit quality. These outreach programmes were held jointly with the regional/local groups of professionals and elicited a lot of participation and engagement.</li> <li>ii. In 2025, NFRA initiated its webinar series in November (for the year 2025-26) for benefit of the profession. The first webinar of the series was on "Impairment of Assets – Ind AS 36" was conducted on 26 November 2025 which generated significant interest and participation.</li> <li>iii. In continuation of NFRA’s initiatives to conduct outreach programmes for audit firms and audit practitioners, especially SMPs, NFRA commenced issuing ‘<i>Audit Practice Toolkits</i>’. The first such toolkit was issued on 04 November 2025. This initiative is part of NFRA’s systemic drive to continue to support the overall quality of auditing practices in India. NFRA has issued this audit practice toolkit with regards to fundamental and critical aspect of the audit i.e., development and document of audit strategy commensurate with the risk profile of the auditee entity. This toolkit is intended to be a sample document which is scalable and adaptable to different sizes and industry category of the auditee companies.</li> <li>iv. <b>NFRA Circulars:</b> During the course of performance of its monitoring, enforcement and oversight activities, NFRA has observed certain deficiencies in audit firms’ submission of audit files to NFRA and their compliance with the requirement of maintenance and archival of audit files as per Standards on Auditing (SAs) and</li> </ul>

Standard on Quality Control (SQC 1). In this regard, NFRA issued circular dated 16.12.2025 of clarificatory nature in respect of “Maintenance, archival and submission of Audit file to National Financial Reporting Authority (NFRA)” for the attention of all the stakeholder audit firms.

v. In accordance with NFRA’s obligations to suggest measures for improvement in overall audit quality and to promote awareness and significance of accounting and auditing standards, auditor’s responsibilities, audit quality, and keeping in view NFRA’s objectives of protecting public interest and investor protection, in December 2024, NFRA had commenced with a staff series which can help and guide the Auditors and Audit Committee towards enhancing the effectiveness of their communication and interaction, to implement high-quality financial framework in India.

So far, NFRA has issued following documents in this staff series covering various stages of audit planning and audit execution:

**Audit Planning**

- (i) Audit Strategy and Audit Plan – SA 300 etc.

**Audit Execution**

- (i) Accounting Estimates - Ind AS 109
- (ii) Income Taxes - Ind AS 12
  - v. Related Parties – Ind AS 24, AS 18 & SA 550.
  - vi. Accounting Estimates and Judgements Impairment of Non-financial Assets- Ind AS 36, SA 540
- vii. **International Participation:** NFRA participated in the 2025 IFIAR Inspection workshop, 2025 IFIAR Enforcement Workshop, IAASB Technology Quality Management Roundtable at Malaysia, AFRC’s Regional Regulatory Forum 2025 at Hongkong, PCAOB Institute in Washington DC, and AARG workshop at Kuala Lumpur in 2025. NFRA also organised a (virtual) knowledge sharing session on Inspecting Revenue from Operations with IRBA, South Africa, in August 2025
- viii. The National Financial Reporting Authority (NFRA), along with The Indian Institute of Corporate Affairs (IICA), inaugurated the first 4 - Months Online Directors Training Programs for Audit Committee on 02 January, 2025. The course received an encouraging response, with 79 board / Audit committee Chairman / members participating, representing over 50 listed and unlisted companies across the country. Two such courses were held in 2025.