National Financial Reporting Authority

NFRA : An overview of its Evolution, Activities and Findings

3rd February 2026, Savera Hotel, Chennai

By Shri Daniel Paul, Full-time Member, NFRA

DISCLAIMER: VIEWS EXPRESSED HEREIN ARE THOSE OF THE PRESENTER AND NOT NECESSARILY THOSE OF NFRA OR EXECUTIVE BODY

Some High Profile Global Corporate Scandals



1985 - 1995

- ZZZ Best (1986)
- Barlow Clowes
- (1988)
- Polly Peck (1990)
- BCCI (1990)
- Phar Mor (1992)



1995 - 2005

- Sybase (1997)
- Cendant (1998)
- Computer Associates (2000)
- Xerox (2000)
- One Tel (2001)
- Enron (2001)
- Adelphia (2002)
- AOL (2002)
- Freddie Mac (2002)
- Global Crossing (2002)
- Qwest Communications (2002)
- Tyco International (2002)
- Worldcom (2002)
- Royal Ahlod (2003)
- Parmalat (2003)
- Nortel Networks (2003)
- AIG (2004)

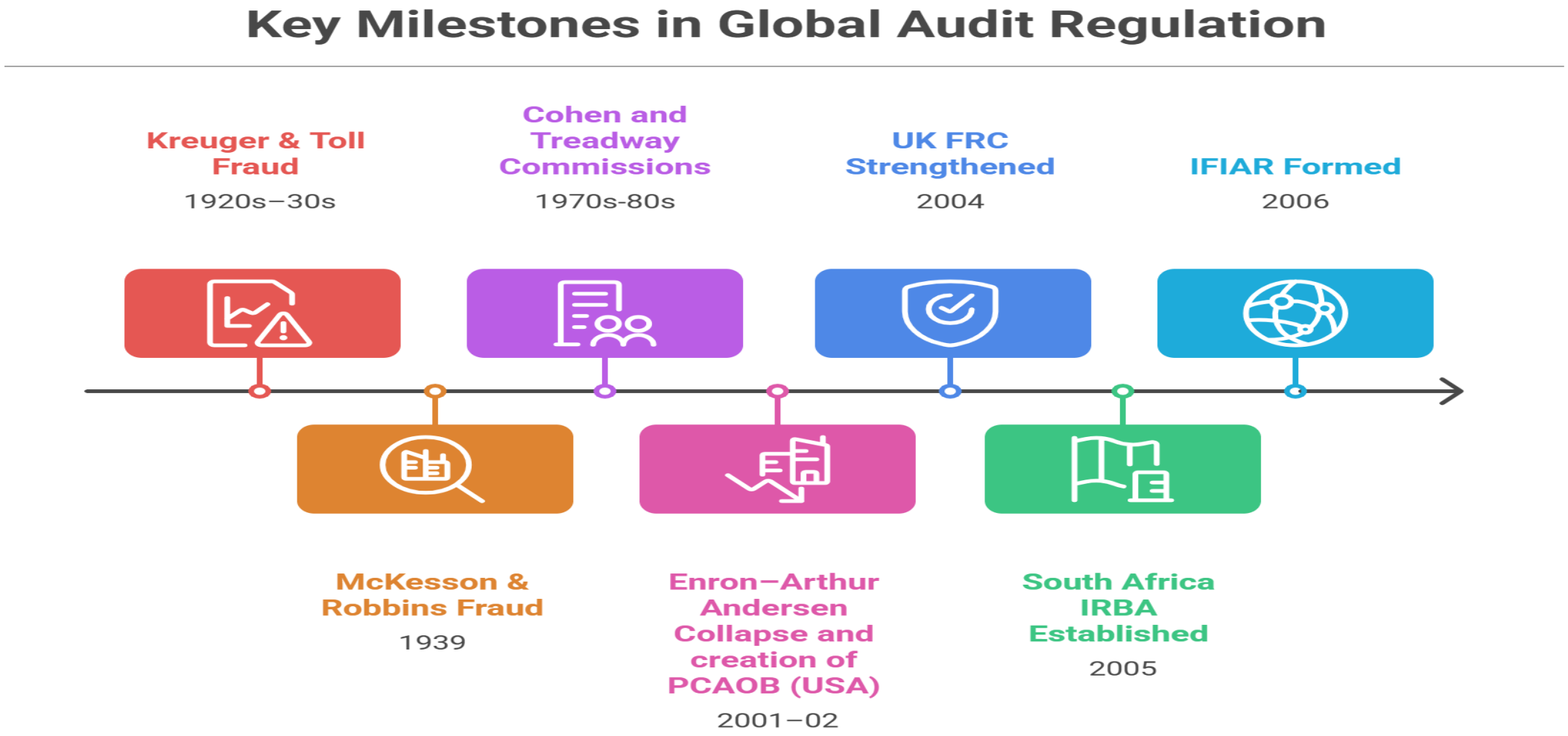


2005 – till date

- Netbank (2007)
- Bernard Madoff (2008)
- Lehman Bros (2010)
- Sino Forest Corp (2011)
- Olympus Corp (2011)
- BHS (2016)
- Wells Fargo (2016)
- Carillion (2018)
- Patisserie Holdings (2018)
- Gupta Brothers (2018)
- Steinhoff (2019)
- Luckin Coffee (2020)
- Wirecard AG (2020)
- Autonomy Corporation
- Babcock International

OF COURSE, NOT ALL FAILURES ARE AUDIT FAILURES

Dawn of 21st Century: Need for Independent Regulators and Key Milestones



Dawn of 21st Century: U.S. Capital Market Crash
Enron – Bankruptcy 2nd Dec 2001

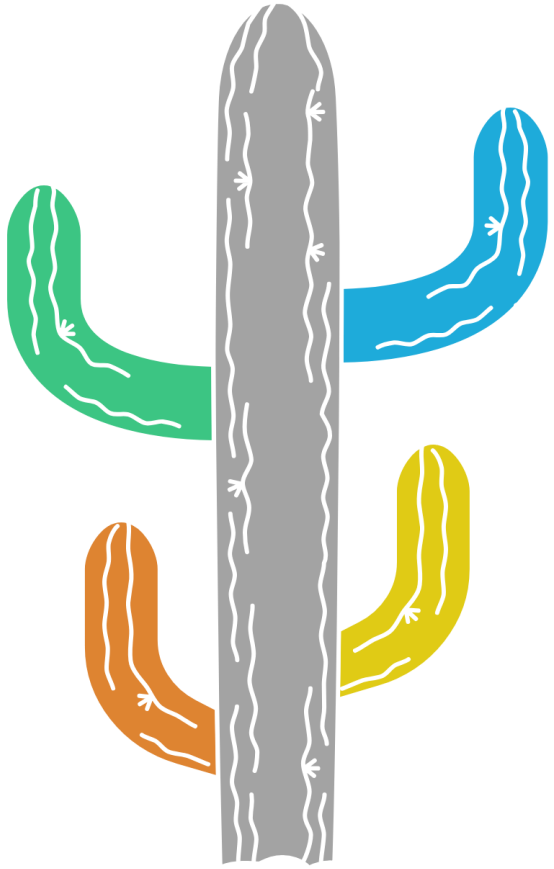
Enron's Collapse: A Cascade of Fraud

Special Purpose Entities

Hides massive debt and assets

Fraudulent Accounting

Hides billions in debts

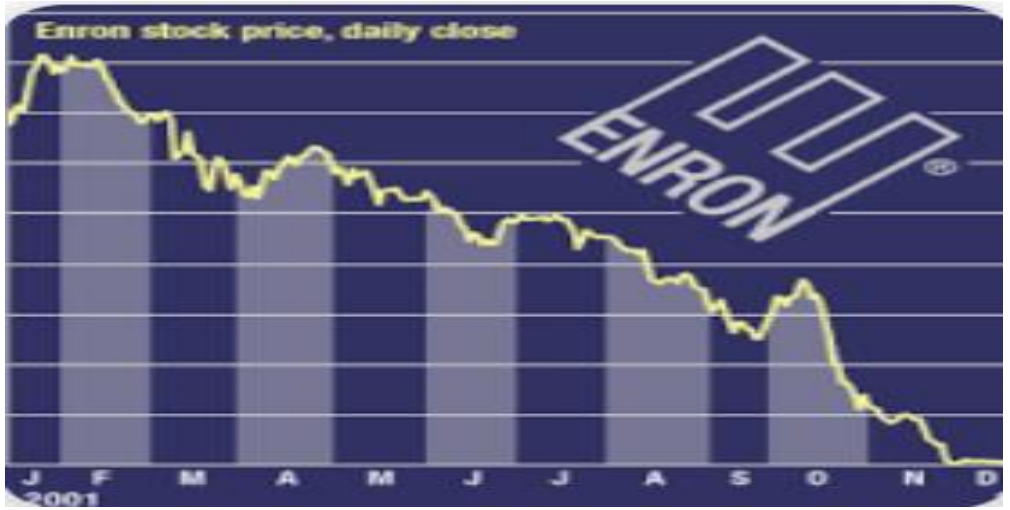


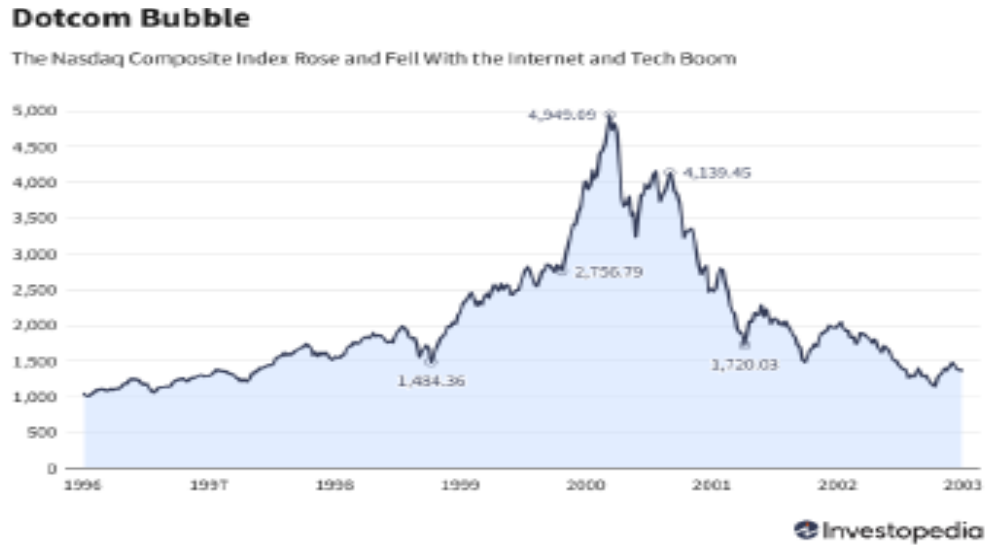
Manipulating Revenue

Artificially inflates company revenues

Mark to Market

Inflates long-term contract earnings





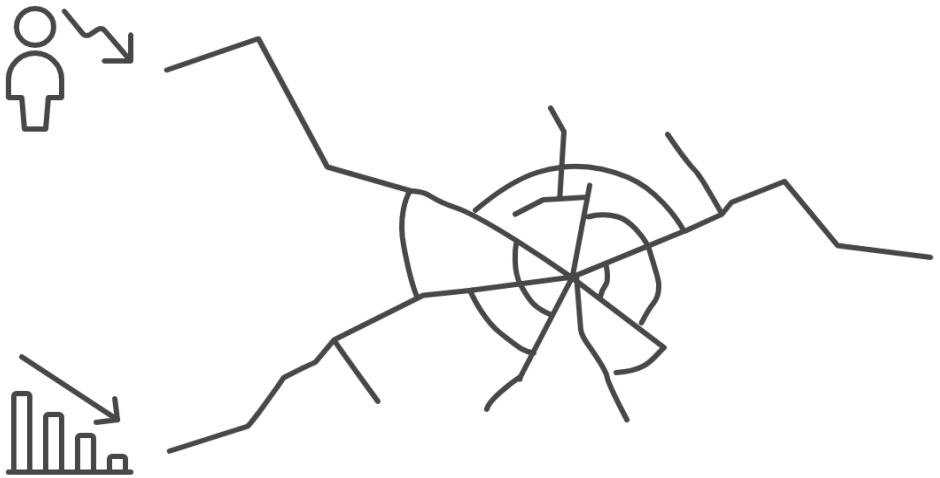
Dawn of 21st Century: U.S. Capital Market Crash
Worldcom – Bankruptcy 2nd Dec 2001

Job Losses

30,000 employees lost jobs

Investor Losses

$180 billion in losses



Market Cap Loss

$8 trillion in market cap

Fraudulent Capitalization of Operating Expenses

Inflated assets by over $11 bn and booked fake revenue entries to bridge the gap

India Story: 'Not free' from Corporate Scams & Audit Failures

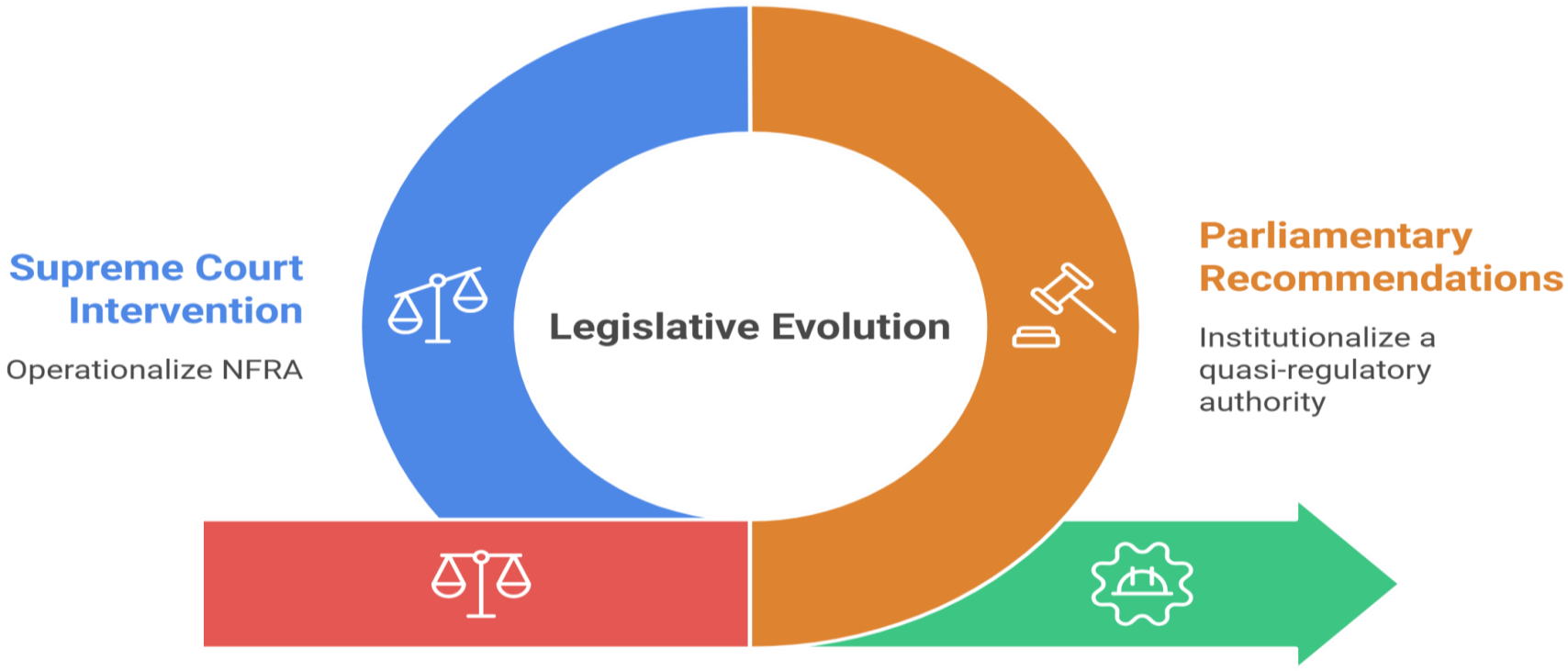
20th Century	21st Century Beginning	Recent Ones
Haridas Mundhra, Tri-sure India Ltd, Securities Scam – Harshad Mehta (₹ 5,000 Crores), PACL (₹ 60,000 Crores)	Ketan Parekh & Global Trust Bank (₹ 1,200 Crores), Satyam Computers (₹ 6,000 Crores), NSEL (₹ 5,500 Crores), Sahara Group (₹ 50,000 Crores), ABG Shipyard (₹ 23,000 Crores), Amtek Group (₹ 27,000 Crores), Bhushan Steel (₹ 45,000 Crores), Jaypee Group, etc.	PNB- Nirav Modi (₹ 13,000 Crores), IL&FS (₹ 90,000 Crores), DHFL (₹ 30,000 Crores), Yes Bank, Reliance Capital Group (₹ 30,000 Crores)

India Story of Corporate Scams/Failures
DHFL – Ghost Branch, Fictitious Loans & Web of Entities

Table 5: BBEs controlled by Promoter group of DHFL

Sr. No.	Name of BBE	Control- Appointment of employees	Control – Appointment of auditor
1.	Lookout Realty Pvt. Ltd.	☐	
2.	Darshan Developers Pvt. Ltd.	☐	☐
3.	Faith Realtors Pvt. Ltd.	☐	
4.	Marvel Township Pvt. Ltd.	☐	
5.	Dallas Traders & Developers Pvt. Ltd.	☐	
6.	Stronghold Realty Pvt. Ltd.	☐	
7.	Glowster Properties Pvt. Ltd	☐	
8.	Random Realtors Pvt. Ltd.	☐	
9.	Scarlet Realtors Pvt. Ltd	☐	
10.	Solitaire Realtech Pvt. Ltd	☐	
11.	Rooftop Infraprojects Pvt. Ltd.	☐	
12.	Poseidon Realty Pvt. Ltd.	☐	
13.	Aqua Realty Pvt. Ltd.	☐	
14.	Entity Realtors Pvt. Ltd.	☐	
15.	Proficient Real Estate Developers Pvt Ltd.	☐	
16.	Earnet Homes Pvt Ltd	☐	
17.	Grand Realty India Pvt. Ltd	☐	
18.	Revolution Realty Pvt Ltd	☐	
19.	Uniworth Real Estate Dev. Pvt. Ltd	☐	
20.	Outlook Landmark Pvt Ltd.	☐	
21.	Shreesay Realtors Pvt. Ltd.	☐	
22.	Vaastu Puja Realty Pvt Ltd.	☐	
23.	Starlight Hospitality Pvt Ltd	☐	
24.	Bodhisatva Realtors Pvt Ltd	☐	
25.	Able Realty Pvt. Ltd.	☐	
26.	Mercury Realty Pvt Ltd	☐	
27.	Daffodils Realtors Pvt. Ltd.	☐	
28.	Maxima Agrotrade Pvt Ltd	☐	
29.	Agrani Education Consultants Pvt. Ltd	☐	
30.	Duke Realtors Pvt. Ltd.	☐	
31.	Panorama Landmark Pvt. Ltd.	☐	
32.	Guardex Realtors Pvt. Ltd.	☐	
33.	Victor Infratech Pvt. Ltd	☐	
34.	Skill Realtors Pvt. Ltd.	☐	
35.	Vista Landmark Pvt Ltd	☐	
36.	Aahna Infracon Pvt. Ltd.(Aahna Mercantile Pvt. Ltd.)	☐	
37.	Emblem Realtors Pvt. Ltd.	☐	
38.	Hireward Finco Pvt. Ltd.	☐	
39.	Knack Realtors Pvt Ltd.	☐	
40.	Master Realtors Pvt Ltd	☐	
41.	Emergence Realtors Pvt Ltd.	☐	
42.	Varah Realty Pvt Ltd	☐	
43.	Coral INN Pvt Ltd	☐	
44.	Elated Developers Pvt. Ltd.	☐	
45.	Escalate Realtors Pvt. Ltd.	☐	
46.	Stunner Merchandising Pvt. Ltd.	☐	
47.	Rendition Realtors Pvt. Ltd.	☐	
48.	Spectacular Buildcon Pvt. Ltd.	☐	
49.	White Lion Multitrade Pvt. Ltd	☐	
50.	Euphoria Realty Pvt Ltd	☐	
51.	Marker Infracon Pvt. Ltd	☐	
52.	Luxuria Realtors Pvt. Ltd.	☐	
53.	Mindshare Promotions & Events Pvt Ltd.	☐	
54.	Frontline Landmark Pvt Ltd	☐	
55.	Flyhigh Realtors Pvt. Ltd	☐	
56.	Matrix Realtors Pvt Ltd	☐	
57.	Goal Realtors Pvt Ltd	☐	
58.	Marari Hospitality Pvt Ltd	☐	
59.	Nurture Realtors Pvt Ltd	☐	
60.	Makshi Real Est. Dev. Pvt. Ltd (Makshi Trad. P. Ltd)	☐	
61.	Ragini Real Estate Developers Pvt. Ltd.	☐	
62.	Silver Birch Hospitality Pvt. Ltd.	☐	
63.	Ultratech Project Management Service Pvt. Ltd	☐	
64.	Sunblink Real Estate Pvt. Ltd.	☐	☐
65.	Westwing Developers Pvt. Ltd.	☐	
66.	Queentown Projects Pvt. Ltd.	☐	
67.	Creatoz Builders Pvt. Ltd	☐	
68.	Canary Hospitality Pvt Ltd	☐	
69.	Growmore Events & Promotions Pvt. Ltd.	☐	
70.	Ultra Space Dev. Pvt. Ltd	☐	☐
71.	Valencia Developers Pvt. Ltd.	☐	
72.	Wadhawan Retail Venture Pvt. Ltd (Now known as Infill Retail Ventures Pvt. Ltd)	☐	
73.	Proper Buildcon Pvt. Ltd (Proper Consultancy Pvt. Ltd)	☐	
74.	Teknopoint Trading Company Pvt. Ltd	☐	
75.	Microgate Trading Co Pvt Ltd	☐	
76.	Obedience Infracon Pvt. Ltd.	☐	
77.	Virtuous Buildcon Pvt. Ltd.	☐	
78.	Silicon First Realtor Pvt. Ltd.	☐	
79.	Valencia Builders Pvt. Ltd.	☐	
80.	Greentown Realtors Pvt. Ltd.	☐	
81.	Scarlet Trading & Services Pvt. Ltd	☐	
82.	Quality Realty Pvt Ltd	☐	
83.	Sigtia Constructions Private Limited		☐

India's Journey – From Self-Regulation to NFRA



The Fourfold Role of NFRA

Safeguarding Trust





Setting Standards

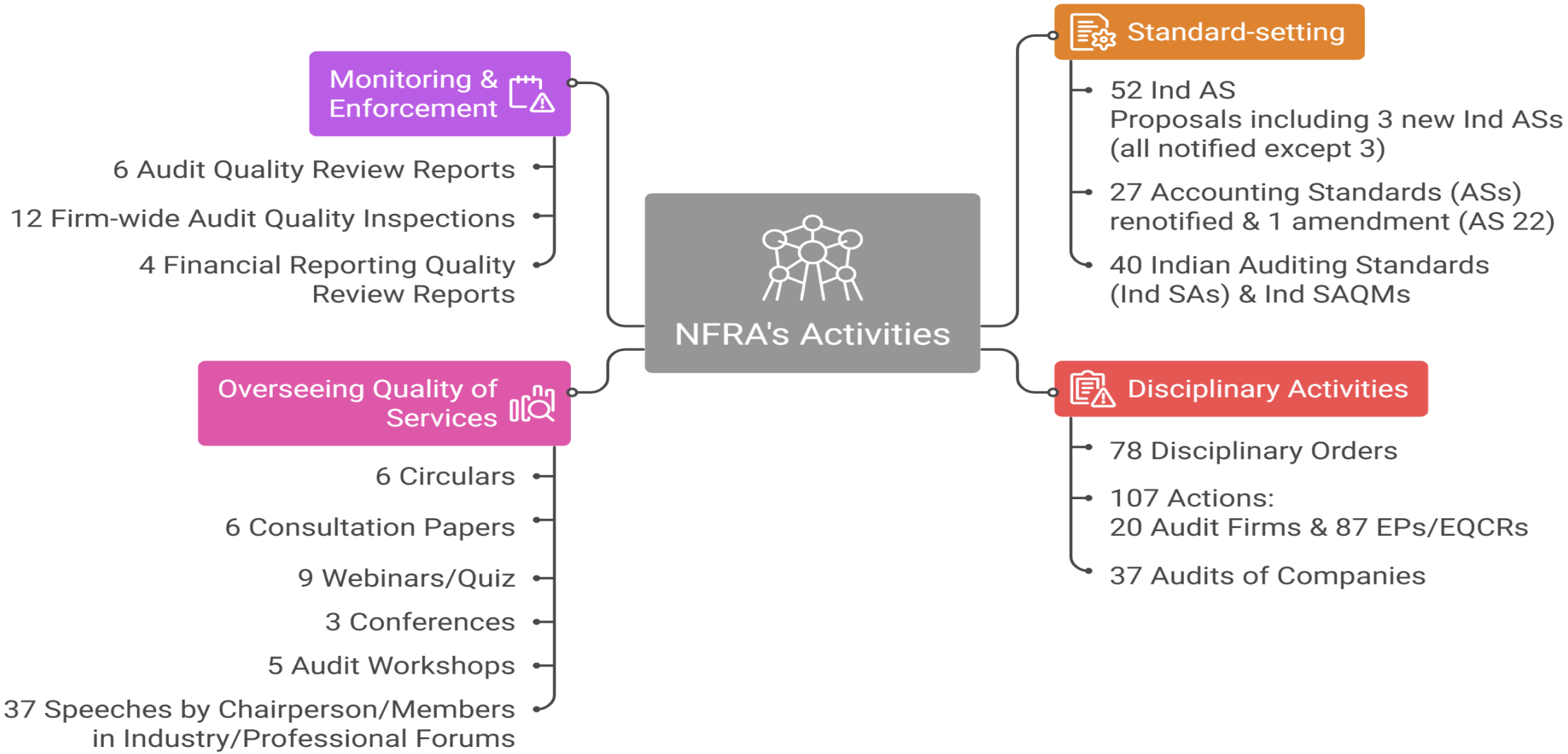
Disciplinary Action





Monitoring & Inspections

Bird's Eye View of NFRA's Activities



Focus Areas of Inspection



Round 1 (2022)

1. Quality Control at Audit Firm
2. Revenue
3. Trade Receivables
4. Investments



Round 2 (2023)

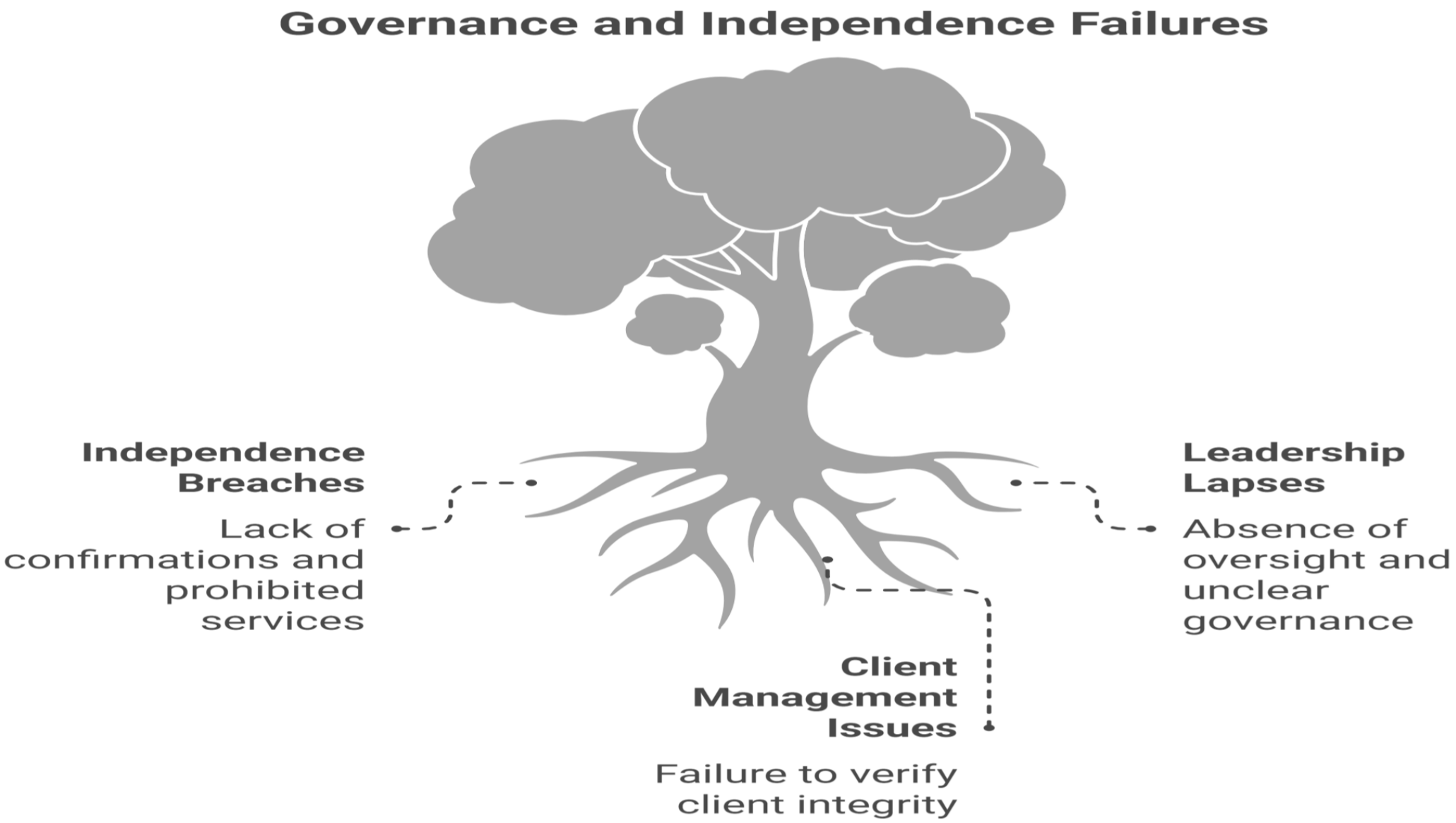
1. Quality Control at Audit Firm
2. Internal Control over Financial Reporting (ICFR) related to Revenue
3. Related Party Transactions (RPTs)
4. Impairment of Assets



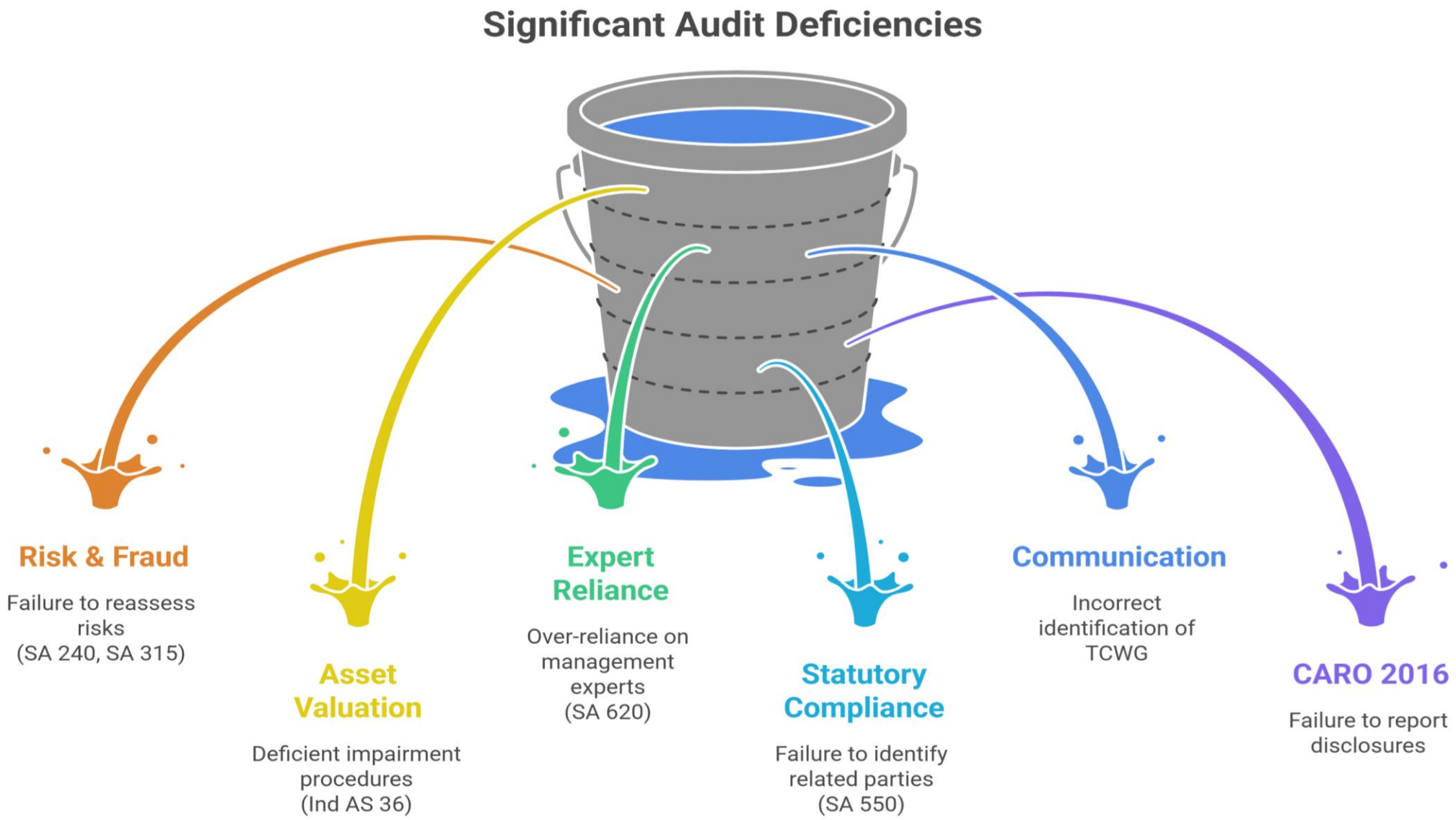
Round 3 (Ongoing)

1. Quality Control at Audit Firm
2. Revenue
3. Loans and Advances
4. Engagement Specific High-Risk Area

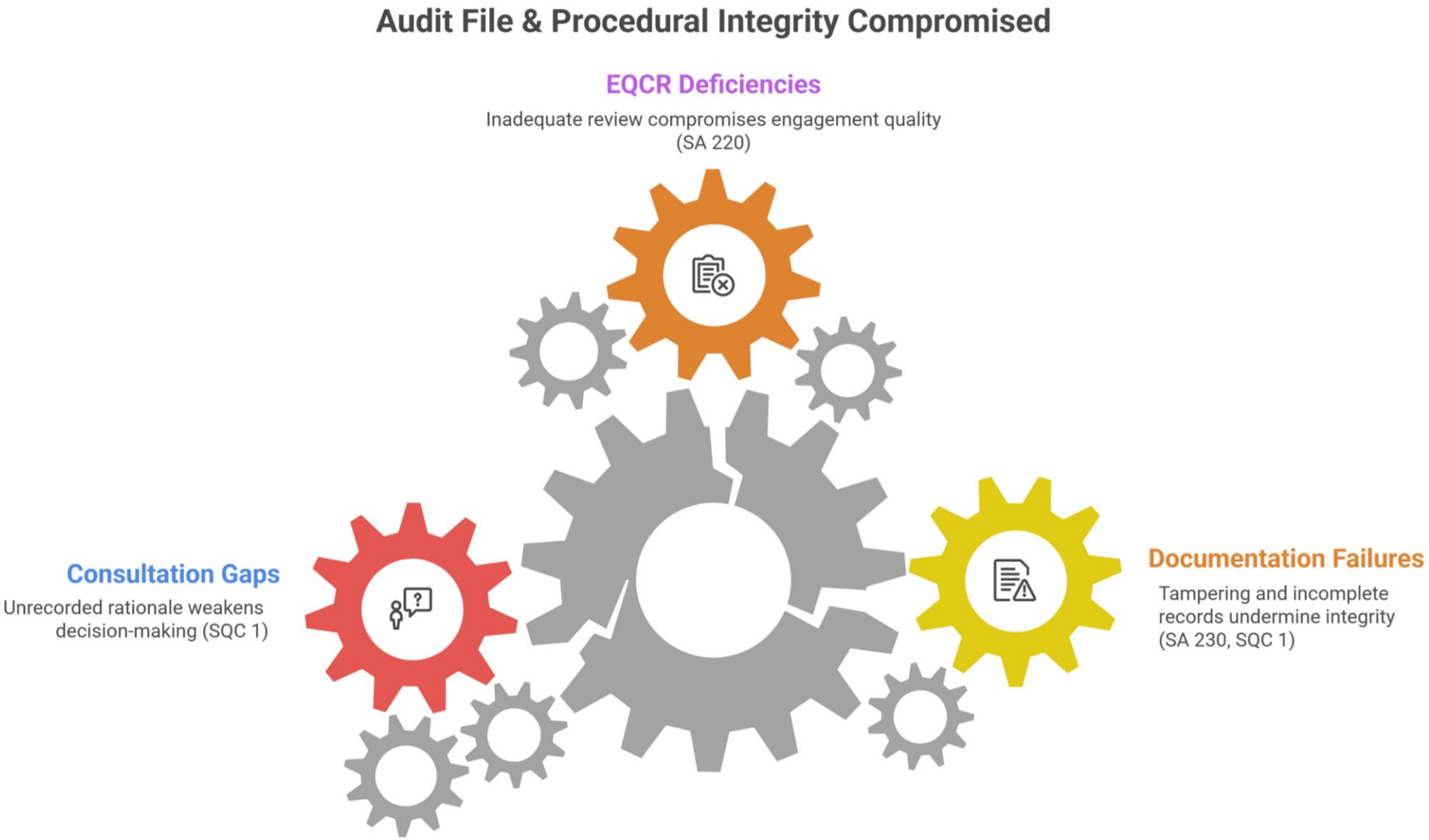
Major Findings of NFRA



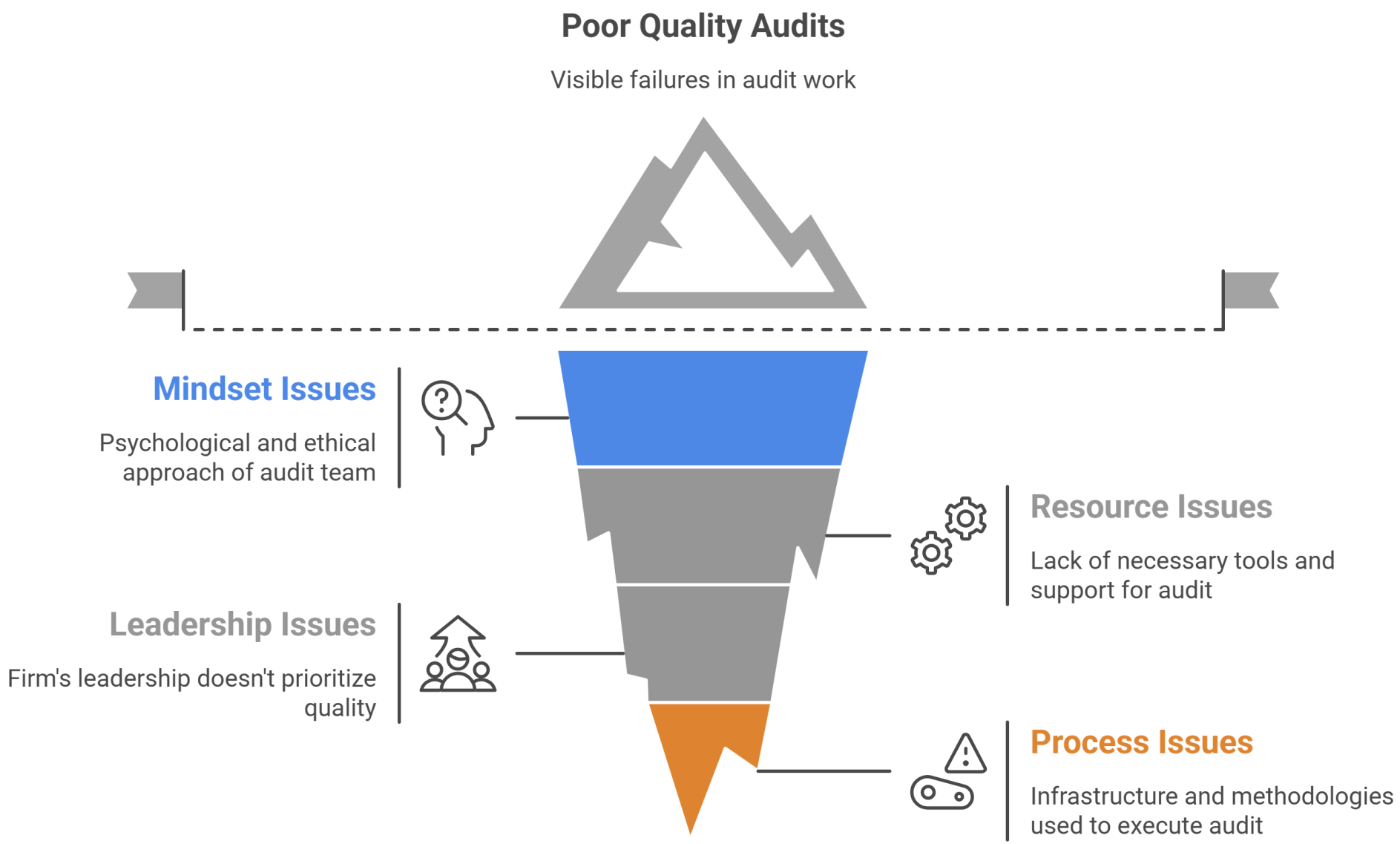
Major Findings of NFRA



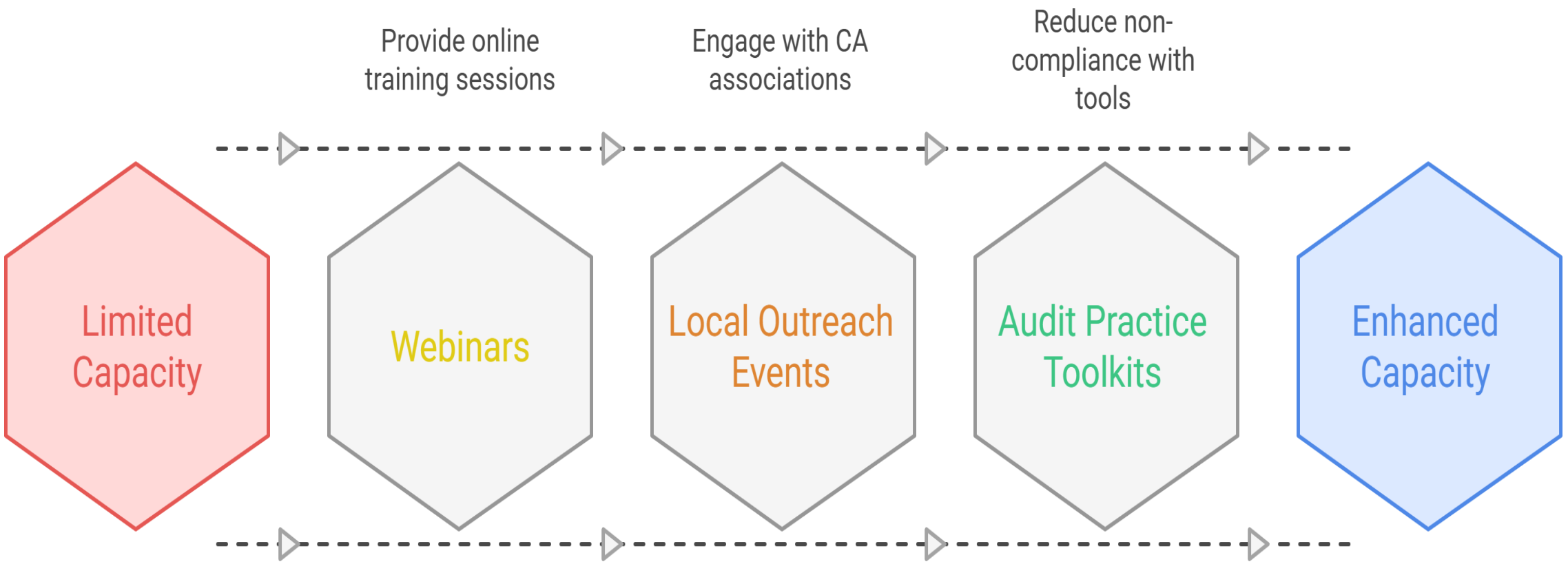
Major Findings of NFRA



Root causes for poor Quality Audits



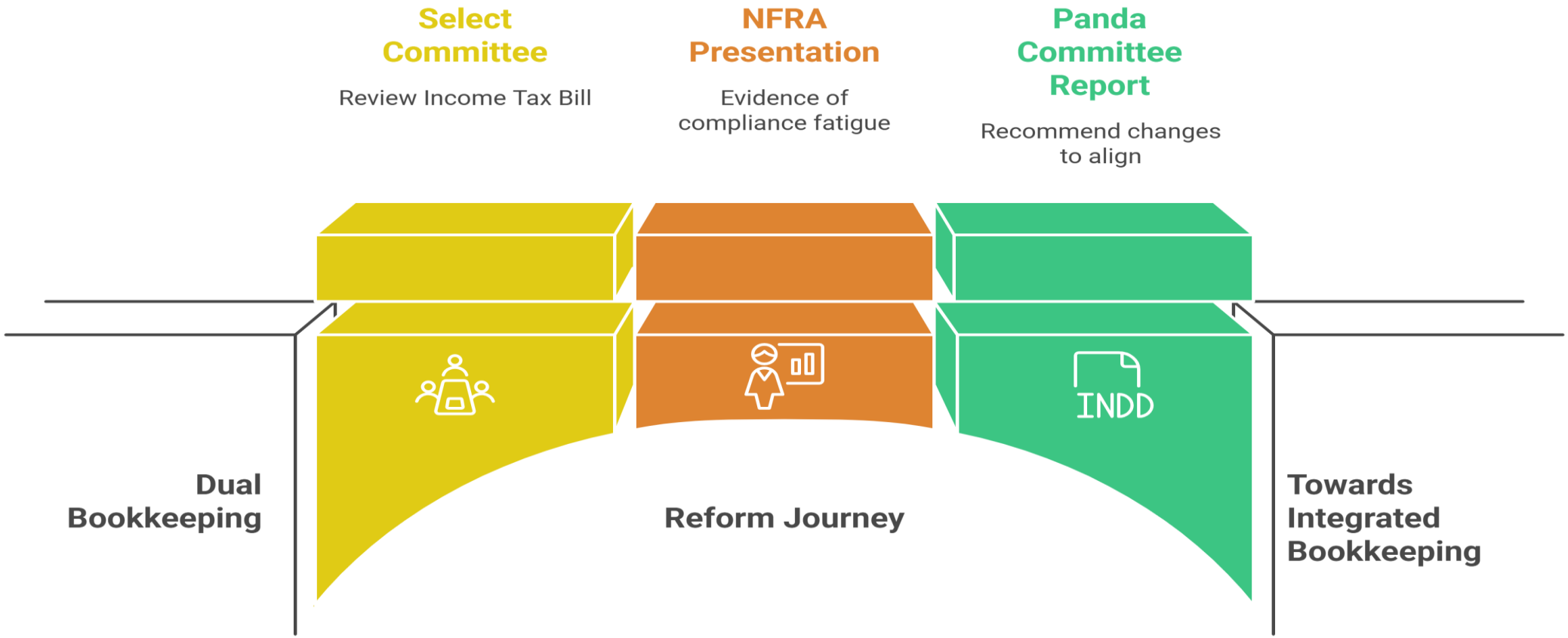
NFRA's Capacity Building Initiatives for CA Firms



Budget 2026: Streamlining Financial Reporting and Tax Compliance

I propose to constitute a Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS) itself. Separate accounting requirement based on ICDS will be done away with from the tax year 2027-28.

– Hon'ble Finance Minister

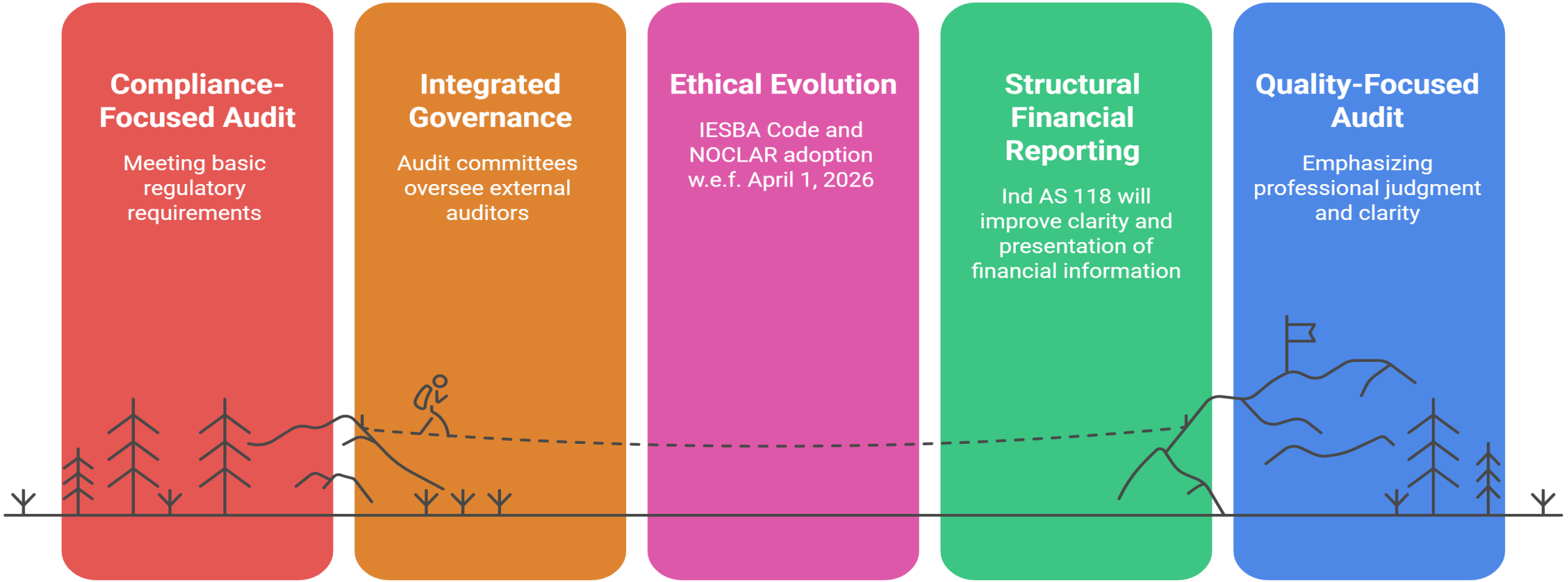


Key Takeaways: Empowering Auditors

- Auditor Independence
- Related Party Oversight
- Asset Impairment Rigor
- Documentation Integrity
- Loan Utilization Tracking
- Data Confidentiality
- Professional Skepticism
- Revenue Recognition Accuracy

NFRA's Vision for Audit Oversight

Transforming Audit Regulation



Thank You

Disclaimer: Views expressed herein are those of the presenters and not necessarily those of NFRA or Executive Body