

# Audit Rotation Kicks Off: Who Will Bag India Inc's Big Mandates?

As the mandatory rotation cycle nears end, Corporate India scouts for fresh audit partners depending on their specific needs

**Vinod Mahanta**

**Mumbai:** The scramble for marquee audit mandates has begun as India Inc enters the final stretch of the 10-year mandatory rotation cycle introduced under the Companies Act in 2017-18, with several companies beginning discussions to onboard new auditors for the next decade.

Tata Motors was the first big company off the block, announcing Deloitte Haskins & Sells LLP as statutory auditors from FY28.

According to Primeinfobase.com, 66 companies will complete their 10-year auditor term in 2025-26, followed by a sharp spike to 415 in 2026-27 and then 76 in 2027-28.

"It will be interesting to see if companies go back to the audit firms which they had earlier before the companies law mandate came in," said Pranav Haldea, managing director, Prime Database Group.

The data covers all NSE-listed firms and BSE-listed companies with a market cap above ₹1,000 crore.

The big audit firms have already started setting up project offices, which will manage the whole audit rotation exercise.

"Yes, we've already started preparing for the next round of audit rotation," said

Sudhir Soni, head of audit, BSR & Co LLP. "We're assessing the impact on the practice—what locations it will affect, which clients we'll transition out of, and which sectors we need to move into. The planning is well underway."

Experts say this time around a deeper conversation is unfolding within the profession—one that pits sustainable audit quality against aggressive price competition.

"The focus has to shift to the attractiveness of the profession for talent which ultimately impacts audit quality, not just

winning market share at any cost," said Vishesh C Chandio, CEO, Grant Thornton Bharat. "Undercutting fees may win mandates in the short term, but it weakens the ability to attract and retain talent—and ultimately erodes audit quality. Our audit affiliate turned 90 this year and we hope to build it for the next 90, not the next tender."

Between 2018 and 2023, audit fees for FTSE 250 companies rose by 75%, reflecting rising costs and complexity. In contrast, India's NSE 500 saw only a 25% increase during the same period—despite

operating in a high-inflation, high-growth environment.

Also, this time around, companies are triggering a far more structured and competitive process than a decade back. Personal relationships no longer drive decisions—formal RFPs are fast becoming the norm.

"Firms are being evaluated across multiple dimensions: the quality and credibility of the team, especially the lead partner; prior experience with similar businesses; and, critically, any history of regulatory red flags. Technology is another key differentiator—clients now expect automation, analytics, and tech-enabled audits as standard," said Vishal Divadkar, head of audit, MSKA & Associates.

Top auditors say the level of scrutiny has also sharply intensified. Audit committees want clean audit firms with strong governance, no regulatory baggage, and the assurance that their auditor won't face disruption mid-mandate.

Another key factor the audit committees are taking seriously is independence.

With NFRA taking a stricter stance, firms now have to make a clear choice—either pursue the audit or continue advisory work. EY remains the only major firm

still offering non-audit services to its audit clients, stating that they continue to remain compliant with auditor independence requirements under the Companies Act, 2013, the ICAI Code, and the firm's internal independence policy regarding non-audit services.

Perhaps the most telling change since the last round of audit rotation is the market's growing openness to firms beyond the Big Four: The emergence of Walker Chandio, a Grant Thornton affiliate—and MSKA & Associates—a BDO affiliate—as part of a new 'Big Six' underscores this evolution. MSKA & Associates, once absent from top audit firm lists, now ranks fifth by listed company audits—signalling a reshaped, more competitive audit landscape.

As top firms gear up for the big rotation change, they have started internally assessing which sectors to focus on, what skill sets were needed, and how to align the right partners.

"At the same time, early conversations with companies are helping build familiarity—firms are showcasing how they've adopted technology and evolved in recent years. While it's still early, companies are engaging to understand potential audit partners better," said Soni of BSR.

## Change of Guard

FISCAL IN WHICH AUDITORS OF COS WILL COMPLETE 10 YEARS

FY	No. of cos	No. of auditors
2025-26	66	66
2026-27	415	419
2027-28	76	76

\*Data covers all companies listed on NSE and also such companies exclusively listed on BSE that have a market capitalisation of more than ₹1,000 cr

Source: primeinfobase.com

