



Big Four auditors are bulking up their audit benches with forensic analysts, tax auditors and chartered accountants. **ISTOCKPHOTO**

# Auditor rotation deadline sparks poaching war

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More than 600 companies will have to change their auditors over the next four years under the Companies Act, setting in motion a once-in-a-decade shakeup that will transform India's audit market.

Apart from facing an opportunity to win marquee clients and the risk of long-held accounts slipping away, the looming upheaval has ignited a ferocious poaching war among top audit firms to arm themselves with the right talent for upcoming client bids and pitches.

The Big Four—KPMG, Deloitte, EY and PwC—are bulking up their audit benches with forensic analysts, tax auditors and chartered accountants, while other rivals such as BDO and Grant Thornton, too, are angling for their share of the spoils. Senior partners have been cautioned to hold on to their high potentials using incentives such as global postings or even additional bonuses.

A senior executive in one of the Big Four firms said that its audit team comprises 15% of the firm, which is now hiring

keeping the rotation in mind. "We are looking for partners who are experts in emerging technologies to cater to the audits of new-age firms," said the executive, who did not want to be named.

"Over the next three years or so, we expect our teams to grow close to 100%," said a spokesperson for Walker Chandio & Co LLP, a related party of consulting firm Grant Thornton, in an emailed response to *Mint*. "We also see this as an opportunity to leverage technology in audit and have a healthy balance of new audit automation tools led by AI and hiring of skilled employees."

Walker Chandio & Co LLP has 2,500 auditors and accepted that this is "likely to be" the largest hiring spree for the company. However, about 60% of employee hiring is taking place from internal referrals. "Given some other firms that will also end up being 'net losers' in this rotation opportunity, we believe there will be a shift of personnel from some of these other firms to firms like ours," the spokesperson said.

Under the Companies Act of 2013, firms will have to change

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FROM PAGE 1

their external auditors every 10 years to prevent discrepancies. So, if an audit team worked for a company in a particular sector for 10 years, they will now have to bid for another company in a similar or different sector.

The first set of major changes happened 2017 April onwards. According to data of NSE-listed companies provided by Primeinfobase.com, 58 audit mandates (in 58 companies) will complete a tenure of 10 years in 2025-26; 401 audit mandates (397 companies) in 2026-27; 65 mandates (65 companies) in 2027-28; and 93 mandates (in 93 companies) in 2028-29.

"Apart from the Big Four, this also presents a tremendous opportunity for the domestic audit companies to get marquee clients, especially for FY27-28 onwards when nearly 400 firms will need a new set of auditors," said Pranav Haldea, managing director, PRIME Database Group—a capital markets analytics firm.

With the timelines clear, firms are already sharpening their strategies on whom to bid for—and how.

According to a senior executive in a Big Four firm who wished to remain anonymous, audit firms that also provide consulting services have to get the details of which company they consult for and which one they can audit, since they cannot do both for the same client. Then the potential bidders are also mapped out. The present audit firm cannot bid for the client again so that team is out of the race.

"While we have a strong



It is time to move beyond traditional auditing. **ISTOCKPHOTO**

base of professionals, we are hiring more personnel across levels, industry depth, and geographies in view of the upcoming rotation," said a partner at Deloitte Haskins and Sells in an emailed response to *Mint*.

The need of the hour is to move beyond traditional accounting or auditing expertise. The partner at Deloitte noted the demand is for a "blend of core audit capabilities and emerging technologies such as AI, data analytics, and automation".

Rival KPMG is gearing up as well. "With a 4,300-member audit team, our hiring plans/strategies are driven by attrition rates and growth. The 2026 mandatory firm rotation is an opportunity to reinforce our hiring strategies, which is largely unchanged," said Sudhir Soni, head of audit at BSR & Co. LLP, a sub-licensee of KPMG.

Recruiters are scrambling to fill up the mandates as well. ABC Consultants has seen a 100% increase since last year in leadership mandates for internal auditors, financial risk management, and enterprise risk management in consulting and audit firms.

**According to the Companies Act of 2013, firms have to change external auditors every 10 years to avoid discrepancies**