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REIGNING SUPREME

India Inc Rotates Auditors, but Stays in Big Six Circle

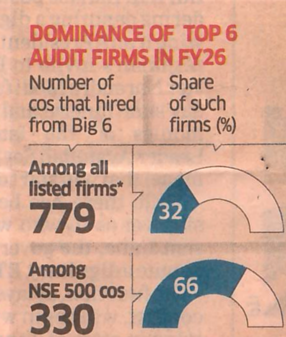
Clients pick from small pool of top cos with ability to handle complex projects

Vinod Mahanta

Mumbai: A decade after India introduced mandatory auditor rotation to bolster independence and break market concentration, the opposite appears to be happening, with the country's largest audit firms extending their dominance as the government pushes to build homegrown professional services champions.

The audit affiliates of the Big Six networks — Deloitte, PwC, KPMG, EY, Grant Thornton and BDO — audited 330 of the Nifty 500 companies, or 66%, in FY26, up from 65% a year earlier, according to a report by Prime Database Group. The concentration is also seen in the larger listed universe. Of the 2,451 companies covered in the study, auditor details were available for 2,436 firms, of which audit affiliates of the Big Six handled 775 audit assignments, accounting for 31.8% of the market.

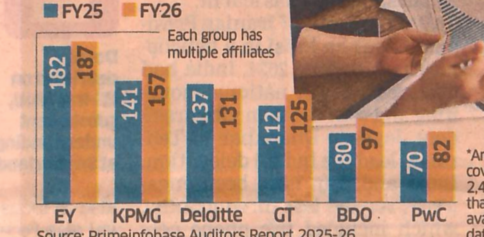
"The trend is quite clear. Companies may be rotating auditors, but they are largely choosing from the same small pool of firms that have the scale, depth and ability to handle complex assignments," said Pranav Haldea, managing director, Prime Database Group.



'A Missing Middle' ▸▸ 12

How It's Working

NUMBER OF LISTED COS AUDITED BY EACH FIRM*



*Analysis covers 2,436 cos that had available data

Source: Primeinfobase Auditors Report 2025-26

'A Missing Middle'

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The figures have been aggregated at the network level, with each global Big Four brand comprising multiple Indian audit entities. PwC operates through firms such as Price Waterhouse and Lovelock & Lewes; KPMG through the BSR network; EY through SR Batliboi and SRBC; and Deloitte through Deloitte Haskins & Sells and AF Ferguson.

Grant Thornton and BDO, on the other hand, made the most significant gains, capitalising on the opportunity presented by auditor rotation to expand their operations. Grant Thornton expanded its market capitalisation share to 6.31% and grew overall fees 17% to ₹108.2 crore, while BDO added 17 audit mandates, the highest among the Big Six, and saw audit fees jump 36% to ₹41.2 crore. "Mandatory Firm Rotation (MFR) created a once-in-a-generation opportunity to create an Indian Big4," said Vishesh C Chandiok, CEO, Grant Thornton Bharat. "Whilst numbers were never a driver, I'm delighted to see our audit affiliate is now top four or better by all metrics, and the gap has widened when compared to the mid-tier."

Experts said conflict situations involving the Big Four have been among the biggest reasons work has increasingly flowed to these two firms. As per the study, a total of 958 audit firms audited the 2,436 companies during the year, implying that each, on average, handled 2.54 listed companies, up from 2.37 a year earlier and 1.87 in FY14. At the other end of the spectrum, 649 firms audited just one listed company, while only 25 firms audited 10 or more companies. "India's audit market has a missing middle: a small number of large firms dominate the top end, while hundreds of firms remain subscale," said Haldea.

MARKET CAP

Concentration is considerably more apparent when measured by market capitalisation.

KPMG, EY and Deloitte together audited companies accounting for 45% of the total market value of those covered in the study. Overall, the Big Six audited companies representing 61% of total market capitalisation, while the global Big Four alone accounted for 51%.

Data from the study show that another round of churn is on the horizon. The analysis shows that tenures of 1,030 auditors at 997 companies are due to expire in FY27, with 385 required to rotate out after completing the maximum 10-year tenure term under regulations. A further 314 auditors at 305 companies are due for term expiry in FY28. As the latest round of mandatory auditor rotations kick off for a new set of companies, larger clients are again mostly choosing from among the top six firms.

"Companies and audit committees are focused on getting top-notch engagement teams, sector expertise and the use of technology, and now AI, in audits," said Sudhir Soni, head of audit at BSR & Co LLP, a KPMG affiliate. "An important consideration is also inspection reports of the regulator and the firm's quality management and independence."

AUDITOR RESIGNATIONS

A worrying trend is that auditor resignations are also rising. There were 71 instances of auditors stepping down before completing annual audits in FY26, up from 58 a year earlier. Another 22 auditors resigned after completing account reviews despite having longer tenures remaining, including cases driven by regulatory requirements.

Audit fees, meanwhile, continued to inch up. Companies paid ₹2,099 crore in standalone audit fees in FY25, up 9% from a year earlier, while overall fees, including non-audit services, rose 10% to ₹2,516 crore. EY earned ₹203.8 crore in audit fees and ₹295.2 crore in overall fees, ahead of Deloitte and KPMG.

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