

## What auditor resignations from Vakrangee, Manpasand Beverages have done to industry, former SEBI Chief decodes

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After auditors of Vakrangee, Manpasand Beverages and Atlanta resigned recently, causing the respective shares to tumble in the last few days, former SEBI Chairman M Damodaran said that the sense of responsibility has increased among auditors in the industry. “For a long time, the auditors and managements were in a cozy relationship and as far as they were concerned it did not matter what shareholders thought of it because they perceived managements as their clients and not the shareholders or other stakeholders,” M Damodaran said in an interview to CNBC TV18.

Notably, PWC resigned as the auditors of Vakrangee in April this year, after the firm reportedly failed to provide “information on several matters pertaining to election books, bullion and jewellery businesses.” However, the company said in an exchange filing that it has provided all the information with respect to business and affairs of the company to the Auditor and the Audit

committee, and the financial statements presents the true and fair view of the state of the affairs of the company.

Interestingly, the auditor resignations came in just before just days before signing off on annual accounts. “The company is fully compliant with the Ind-AS accounting standards. PWC had satisfactorily done the limited review for the period till 31st December 2017. Fourth quarter Audit had yet to begin,” Vakrangee said in an exchange filing. However, Damodaran noted that things are now changing with regulations getting tighter, investors becoming more demanding.

More recently, the shares of Manpasand Beverages have also been on a freefall, after auditor Deloitte resigned on May 26, 2018. In a copy of the letter available on the exchanges, Deloitte said that significant information requested by them at various points of time for the purposes of audit has not been provided. “We observe that there has been no further progress with respect to pending information, evidences and explanations.”

In the same exchange filing, Manpasand beverages said that Deloitte has been auditor of Manpasand Beverages Limited for 8 long years, and the firm has been providing all required information as and when required by them. “While there could have been some delays but we have never denied sharing any information with them ever,” the firm said in the statement.

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