

SFIO Questions Audit Partner of BSR in IL&FS Crisis Probe

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Mumbai: The investigation wing of the corporate affairs ministry, Serious Fraud Investigation Office (SFIO), on Wednesday questioned an audit partner of BSR in Delhi, widening the ambit of its probe into the role of auditors in the IL&FS case. BSR is the Indian audit arm of the big four consultant KPMG.

BSR and Deloitte Haskins & Sells (DHS), a member firm of Deloitte network, had jointly audited the books of IL&FS Financial Services (IFIN), a subsidiary of Infrastructure Leasing & Financial Services (IL&FS) for FY 17-18.

“The partner was questioned in connection with IFIN. Since they had handled the account for FY18 and up to June 2018, the audit partner was questioned on a range of issues like the loan granted to NPAs, loans granted despite negative credit rating and without sufficient collaterals,” said an official in the know who spoke on the condition of anonymity.

The crisis in IL&FS first came

to light in July 2018, when its roads unit had difficulties making due repayments on bonds. Erstwhile IL&FS CMD Ravi Parthasarathy resigned on July 21, 2018.

The official added that since the probe in IFIN is now concentrating on the roles of the auditors engaged by the company, all the auditor concerned with IFIN books are being examined.

“Our firm remains committed to the highest standards of ethics and audit quality. We transitioned into the audit of IFIN as joint auditors only recently in FY 18. We are not the auditors for IL&FS or any other material subsidiary of IL&FS. We stand by our audit, which was performed in line with the applicable auditing standards and regulations, and are fully committed to co-operating with the regulatory authorities on their inquiries,” a KPMG spokesperson told ET.

On April 24, SFIO had examined

Udayan Sen, partner, Deloitte India, in connection with its probe. Sen was questioned in wake of the allegation levelled by a whistleblower that the firm had helped fudge accounts of IFIN.

In a three-page letter, submitted to the agency, the whistleblower had claimed that the audit and tax consultancy firm was aware of the factual situation on the financial mismanagement and impropriety at IL&FS. The complainant claimed to be a senior member of the client team at Deloitte Haskins & Sells alleged that the auditing firm had received several advisory works from the former board of IL&FS.

SFIO will be soon submitting its second report in the case. SFIO has made two arrests - Hari Sankaran, former VC, IL&FS and Ramesh Bawa, former MD & CEO, IFIN. Incidentally this is also the first set of arrests made by the agency in Mumbai.

In November last year, the agency submitted its first interim report recommending assets of key managerial individuals be considered for restraint under the provision of the Companies Act, 2013 by the central government.



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