

SC seeks report on role of Amrapali Group's statutory auditors

The Supreme Court on Wednesday asked the forensic auditors to submit by Thursday an interim report on the role of statutory auditors in the beleaguered real estate company Amrapali Group.

The SC has asked forensic auditors to conduct an audit of 46 companies of the Amrapali Group, and also submit a report on whether the group's statutory auditors were cooperating in the exercise.

"Whatever you have observed till now, you can mention in the report," the bench of Justices Arun Mishra and Uday Umesh Lalit said.

Noting that the statutory auditors of the Amrapali Group were "hand in glove" with the group's top echelon, Justice Mishra said that "they (Amrapali group) have pocketed everything. They have not spent single penny from their pocket."

The court asked the forensic auditors to taperecord the questions they put to the Amrapali directors and their answers.

"We permit the forensic auditors to taperecord the questions which they put to the Directors etc and record their answers also and to submit that in this Court along with their report", the court said in its order.

The court also wanted to know how the money that was deposited by the flat buyers was used and whether the funds had been diverted to some other entities. "We want to see the trail of the money."

The court asked the forensic auditors - Ravi Bhatia and Pawan Kumar Aggarwal - to submit an interim report.

The auditors told the court that Amrapali's CFO Chander Wadhwa apparently suffers from memory loss. Though he remembers all personal details, he cannot recall as to when he joined the group.

The court directed the presence of Chander Wadhwa in the court on the next date of hearing on October 26.

The forensic auditors told the apex court that an amount of more than Rs one hundred crore had been diverted to a firm known as GauriSuta Infrastructures Pvt Ltd in which Ashish Jain and Vivek Mittal were Directors.

The court also noted the forensic auditors telling that both Ashish Jain and Vivek Mittal are relatives of the statutory auditors and there were "various malfunctioning of the statutory auditors and they have totally failed in their duties which statutory auditors are supposed to perform."

The forensic auditor told the court that in the case of one company, out of Rs 1,040 crore that was with it, Rs 400 crore was transferred to another company and the trail of that money is to be tracked.

Describing the transactions as "loot", the auditors told the court that the money Amrapali got from the home buyers and others was sufficient and they did not need to approach any third party for finances.

(Moneylife.in)