

Info Capsule

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THE INSTITUTE OF
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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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1. **CONSULTATIVE PAPER ON POLICY PROPOSALS WITH RESPECT TO RESIGNATION OF STATUTORY AUDITORS FROM LISTED ENTITIES**

SEBI has observed that there have been a significant number of instances of abrupt resignation of Statutory Auditors from listed entities in recent times. In most of the cases, it has been observed that the statutory auditors have suddenly resigned without completing their assignments for the year, generally citing 'pre-occupation' as the reason for resignation.

Auditors play a significant role in ensuring unbiased, accurate, complete and timely disclosures of various information to investors and other stakeholders in the securities market. The investors in listed entities rely on the audited financial results for taking their investment decisions.

Resignation of an auditor is understandable in exceptional circumstances where, as per the auditing standards, *"the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive so that a qualification of the opinion would be inadequate to communicate the gravity of the situation."* However, resignation of an auditor due to reasons such as pre-occupation before completion of the audit of the financial results for the year seriously hampers the investor confidence and leaves the investors with lack of reliable information for taking their financial decisions.

In order to curb the problem SEBI has proposed amendments to SEBI LODR through this consultative paper which proposes to enhance responsible behavior of auditors and strengthen the disclosures to investors and stakeholders.

Public comments are invited on the consultative paper on or before 8th August, 2019 at o Shri. Pradeep Ramakrishnan, GM at pradeepr@sebi.gov.in and/or Ms. Nila Salil Khanolkar, AGM (nila@sebi.gov.in) / Shri. Rajnish Prasad, AM(rajnishp@sebi.gov.in) or by Post.

The detailed consultative paper is available at : https://www.sebi.gov.in/reports/reports/jul-2019/consultative-paper-on-policy-proposals-with-respect-to-resignation-of-statutory-auditors-from-listed-entities_43604.html