

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH-III (2019-20)]**

**[Constituted under section 21B of the Chartered Accountants Act, 1949]**

**Findings under Rule 18(17) read with 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007**

**File no. : [PPR/P/9/15/DD/109/INF/16-DC/833/2018]**

**In the matter of :**

**CA. Raja Krishna Kuppala (M.No. 217863)  
A-1, Harikanest  
MIG 53/1, Road No. 1  
KPHB Colony  
Hyderabad - 500 072**

**..... Respondent**

**Members Present :**

**CA. Prafulla Premsukh Chhajed, Presiding Officer  
Smt. Anita Kapur, Member (Govt. Nominee)  
Shri Ajay Mittal, IAS (Retd.), Member (Govt. Nominee)**

**Date of Final Hearing : 29<sup>th</sup> July, 2019**

**Place of Final Hearing : Chennai**

**Parties Present:-**

**CA. Raja Krishna Kuppala – Respondent**

**Allegations of the Informant:**

1) In the extant case, it was alleged by the Office of C&AG, New Delhi (hereinafter referred to as the “**Informant**”) that the Respondent which was appointed as Statutory Auditors of Andhra Pradesh State Christian (Minorities) Finance Corporation (hereinafter referred to as the “**Corporation**”) for the financial years 2009-11 had certified the financial statements of the Corporation for the said years without ensuring approval of accounts by Board of Directors. The Informant further alleged that Pr. Accountant General (G&SSA) Andhra

Pradesh & Telangana in April, 2013 had sought specific remarks of the Respondent on the above for which no response was received by them.

**Proceedings :**

2) At the outset, the Committee noted that the Respondent was present in person before it. Since it was the first hearing in the matter, the Respondent was put on oath. Thereafter, the Committee asked the Respondent as to whether he wished the Charges to be read out or these could be taken as read. The Respondent stated that he was aware of the charges against him. On further asking as to whether he pleaded guilty, the Respondent pleaded not guilty and opted to defend the case.

2.1 The Respondent made his submission before the Committee. Thereafter, the Committee examined the Respondent on the submissions made by him. Based on the documents available on record and after considering both oral submissions made by the Respondent and written submissions made by both the parties, the Committee concluded hearing in the matter.

**Findings of the Committee:**

3) In the extant matter, it was alleged by the Informant that the Respondent had issued the audit reports of the Corporation for the Financial Years 2009-10 and 2010-11 without the approval of the accounts by the Board of Directors which was in violation of Section 215 of the Companies Act, 1956.

4) The Committee noted that the Respondent was appointed to audit the accounts for two Financial years viz. 2009-10 and 2010-11. He had received the financial statements with a covering letter informing the approval of accounts in the Board Meeting and based on the same, he went ahead and issued his audit report. He also stated that all the account statements of the Corporation were signed and certified by the then Managing Director duly confirming to him that the Board had approved/ authorized him to sign the statements of account to enable the Respondent to conduct the audit. Accordingly, he conducted the audit and certified the accounts for these two years. He further submitted before the Committee a copy of the forwarding letter dated 10<sup>th</sup> August 2011 received by him from the Managing

Director of the Corporation vide which the duly approved financial statements by the Board of Directors were forwarded to the Respondent for issue of his audit report.

5) The Committee further noted that on being asked whether the Respondent had obtained the Board Resolution approving the financials audited by him, the Respondent stated that it was the first year of Corporation when it was converted into Section 25 Company. Further, in practice, it generally took at least a period of 30 days to prepare resolution considering the procedure followed for obtaining due approvals from an organization like the Corporation. In the extant case the financials were signed by none other than the Managing Director of the Company himself and he, therefore, had no reason to doubt the authenticity of documents/information given.

6) The Committee viewed that although he did not seek a copy of the resolution pertaining to the approval of the accounts for audit by the Board of Directors but produced on record the forwarding letter dated 10th August 2011 duly signed by Managing Director intimating him the approval of accounts to substantiate his defense that the accounts so audited by him were not unapproved. Accordingly, in light of the above, it was opined by the Committee that the Respondent was not guilty of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 in respect of the charge alleged in this case but the Committee also advised the Respondent to be cautious in future and ensure maintaining proper records so as to avoid such mistakes.

**Conclusion :**

7. Thus, in conclusion, in the opinion of the Committee, the Respondent is **NOT GUILTY** of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. The Committee, accordingly, passes orders for closure of this case against the Respondent.

**Sd/-**  
**(CA. Prafulla Preme Sukh Chhajed)**  
**Presiding Officer**

**Sd/-**  
**(Smt. Anita Kapur)**  
**Member (Govt. Nominee)**

**Sd/-**  
**(Ajay Mittal, IAS (Retd.))**  
**IAS (Retd.), Member (Govt. Nominee)**

**Date : 15<sup>th</sup> October, 2019**

**Place : New Delhi**