



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[PPR/P/105/14-DD/42/INF/15/BOD/399/2017]

ORDER UNDER SECTION 21 A (3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 15(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

In the matter of:-

CA. S. Ramachandran (M.No. 018355), Chennai in Re:
[PPR/P/105/14-DD/42/INF/15/BOD/399/2017]

MEMBERS PRESENT (through video conferencing):

CA. Prasanna Kumar D, Presiding Officer
Mrs. Rani Nair, (IRS, Retd.), Government Nominee

Date of final hearing: 18th September, 2020

1. The Board of Discipline vide Report dated 6th January, 2020 was of the opinion that **CA. S. Ramachandran** is guilty of "Other Misconduct" falling within the meaning of Clause (2) of Part-IV of the First Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act.
2. An action under Section 21A (3) of the Chartered Accountants Act, 1949 was contemplated against **CA. S. Ramachandran** and communication dated 10th September 2020 was addressed to him thereby granting him an opportunity of being heard in person and/or to make written representation before the Board on 18th September, 2020.
3. **CA. S. Ramachandran** appeared personally before the Board through video conferencing and made his oral representation.
4. The Board has carefully gone through the facts of the case along with the representation of **CA. S. Ramachandran** wherein he, inter-alia, stated as under:
 - 4.1. The certificates were issued after duly verifying the books of accounts produced before him.
 - 4.2. The internal audit was carried out by him and there was no reason for any suspicion. In the internal audit report, the deficiencies in the contract and the invocation of the bank guarantee were also brought out.
 - 4.3. The statutory auditors namely Chaturvedi and Shah and M/s N.R. Krishnamurthy and Co. had not commented adversely on the books of accounts of the company.
 - 4.4. The Respondent was not involved in any banking transaction of the company nor party to any of the facilities that they availed from the bank.
 - 4.5. The bank guarantee was issued earlier to the certificates and there is no question of Respondent's involvement in the issue. The company had exported about Rs 1000 crores in 2007-2008 and about Rs 750 crores during 2008-09 which was certified by the auditors. The invocation of bank guarantee was due to the noncompliance of specific parameters in the contract and the management stated that this will be rectified.

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CA. S. Ramachandran (M.No. 018355), Chennai in Re:



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4.6 The sales return were also mentioned in the account.

5. As per the findings of the Board as contained in its report, the language used in the certificates issued by the Respondent clearly showed the percentage of completion of individual Orders. However, the Respondent brought on record inward remittance certificates issued by the banker in respect of some remitter other than M/s. Bunge SA and copy of the ledger account of M/s. Bunge SA in the books of the Company showing the invoices raised on Bunge SA and thus, the Board was of the view that the impugned certificates cannot be issued on the basis of the documents submitted by the Respondent. The Board also noted that since the certificate related to completion of work, the due diligence and the fairness with which the said certificates had been issued by the Respondent could be established by the Respondent by answering the questions –(i) as to how much work has been done, (ii) what is the quantum and amount of consumables utilized and (iii) quantum of the overheads applied on the job, etc. However, the Respondent failed to provide relevant documentary evidences to answer these questions. No disclosure of limitation that he being non-technical person, relied upon explanation given by the Company while issuing the said certificates was made in the certificates issued by him to the Company. Since the Respondent was not able to effectively justify the basis of issuing the said certificates, it was presumed that he connived with the Company to facilitate it to avail loan facilities from Vijaya Bank which is clearly unbecoming of a chartered accountant and thus, it has already been conclusively proved that **CA. S. Ramachandran** is Guilty of Other Misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act.

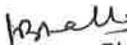
6. Upon consideration of the facts of the case, the consequent misconduct of **CA. S. Ramachandran** and keeping in view his representation before it, the Board decided to remove the name of **CA. S. Ramachandran (M.No. 018355)** from the Register of Members for a period of one (1) month and also imposed a fine of Rs.50,000/- (Rs. Fifty thousand only) upon him payable within a period of 60 days from the date of receipt of the Order.

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Sd/-

CA. PRASANNA KUMAR D.
(PRESIDING OFFICER)

Certified to be true copy


CA. Harleen Bhalla
Assistant Secretary,
Disciplinary Directorate
The Institute of Chartered Accountants of India,
ICAI Bhawan, Vishwas Nagar, Shahdra, Delhi-110032

BOARD OF DISCIPLINE (BENCH- I)

Constituted under Section 21A of the Chartered Accountants Act 1949

Findings under Rule 14(9) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007

File No. : PPR/P/105/14-DD/42/INF/15/BOD/399/2017

QUORUM:

**CA. Sushil kumar Goyal , Presiding Officer
Mrs. Rani Nair (IRS, Retd.), Government Nominee**

In the matter of:

**CA. S. Ramachandran
No. 8, First Floor,
9th Street,
Nandanam Extension,
CHENNAI – 600 035**

.....Respondent

**DATE OF FINAL HEARING : 22nd October, 2019
PLACE OF HEARING : CHENNAI**

PARTY PRESENT:

Counsel for the Respondent : CA. K. Ravi

FINDINGS:

1. The Board noted the charge alleged against the Respondent that he had issued two certificates dated 13/08/2008 and 10/09/2008 to M/s. Teledata Informatics Limited (TIL) certifying the percentage (%) of completion of individual orders entered into with M/s. Bunge SA merely relying upon the clarifications given by Sh. K.Padmanabhan and Shri Vardhaman Parekh of the company as he is not a technical expert in software development which was submitted to Vijaya Bank to certify that exports have actually taken place. There is a letter dated 16/10/2013 from M/s. Bunge SA, in which it is informed that there was no performance by the seller and M/s. Teledata Informatics Limited (hereinafter referred as to the

“Company”) has never delivered the goods to it against the purchase contracts and hence it invoked 100% Bank Guarantees issued by Vijaya Bank. Thus, it has been alleged that the impugned certificates were issued without verifying the facts and assessing the Company’s claim for its authenticity.

2. The Board noted that the Counsel for the Respondent was present before it at the time of hearing and duly considered the submissions made by him. The Board also noted that at its last meeting held on 25th April 2019, it had directed the Respondent to provide a copy of the documents relied upon by him while issuing the said certificates together with his working papers within 15 days. The Board noted that although the Respondent had submitted his reply but, the documents brought on record by him were not able to effectively establish the basis on which certificates had been issued. Thereafter, the Board concluded the hearing with the direction to the Respondent to provide a copy of the documents on the basis of which the alleged certificates had been issued by him alongwith further submissions, if any, within two (2) weeks and thus, the judgment was kept reserved. Thereafter, the Board at its meeting held on 16th December 2019 noted that no further submissions had been received subsequent to the conclusion of the hearing and thus, considering the submissions on record, the Board took a decision as regards the misconduct of the Respondent.

3. The Board noted that although there are three certificates allegedly issued by the Respondent on record, however, the informant had made allegation in respect of only two certificates dated 13/08/2008 and 10/09/2008 issued by the Respondent. The Board on perusal of the said certificates noted that the Respondent had certified percentage of completion of individual orders as of July 31st and August 31st respectively received from BSA (i.e. M/s Bunge SA) by the Company as under:

Certificate dated 13.08.2008

S.No.	Issue Date	Expiry Date	Issuing Bank	%age Completion
1	26.11.07	26.11.08	Vijaya	70

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2	30.11.07	30.11.08	Vijaya	70
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Certificate dated 10.09.2008

S.No.	Issue Date	Expiry Date	Issuing Bank	%age Completion
1	26.11.07	26.11.08	Vijaya	75
2	30.11.07	30.11.08	Vijaya	73

4. The Board also noted that however the said BSA (i.e. M/s Bunge SA) vide letter dated 16.10.2013 which is base evidence for treating the said matter as 'Information' submitted as under:

"it was around 2008 when Teledata started to continuously fail to perform its contracts that Bunge SA decided not to further its relationship with Teledata".

Further, vide letter dated 29/04/2013 , M/s. Bunge stated as under:

"Teledata clearly failed to perform under the Sale & Purchase Contract. We do not have Bank of Montreal's claim on the CBG as these are third party correspondence which we have not been given".

5. The Board noted that on a plain reading of the aforesaid letters it is evident that the Company never fulfilled its purchase contracts with M/s Bunge and hence M/s Bunge invoked 100% Bank Guarantees issued by Vijaya Bank.
6. The Board also perused the following language used in the certificates by the Respondent:

"This is to certify that the following is the position of individual orders as of received from BSA by Teledata Infomatics Ltd., Chennai. This certificate is issued to enable the Company to submit to Vijaya Bank, Chennai.

S.No.	Issue Date	Expiry Date	Issuing Bank	%age Completion
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The above figures are based on workings made available to us and the information and explanations provided by the company."

7. The Board also noted that on being asked to provide a copy of the documents relied upon by him while issuing the said certificates together with his working papers, the Respondent submitted following documents and stated that he had carried out the internal audit of the company for the relevant period covering the certificates issued:
- a. Balance Sheet of the year ended 31st March, 2009 duly authenticated by statutory auditor M/s. N.R. Krishnamoorthy & Co.
 - b. Copy of Internal Audit Report
 - c. Inward Remittance Certificates issued by the Banker.
 - d. Copy of Ledger Account of M/s. Bunge SA in the books of the Company showing the invoices raised on Bunge SA.
 - e. Copy of Ledger Account of M/s. Bunge SA in the books of the Company showing the proceeds had been received through Bank from Bunge SA.
- He also stated that the checks and verification of the basic records for the issue of the certificate were carried out as part of the internal audit and the internal remittance certificate issued by the banker was also examined.
8. The Board on perusal of the language used in the certificates issued by the Respondent noted that it clearly shows the *percentage of completion* of individual Orders. However, the Respondent has brought on record inward remittance certificates issued by the banker in respect of some remitter other than M/s. Bunge SA and copy of the ledger account of M/s. Bunge SA in the books of the Company showing the invoices raised on Bunge SA and thus, the impugned certificates cannot be issued on the basis of the documents submitted by the Respondent.
9. The Board also noted that since the certificate relates to completion of work, the due diligence and the fairness with which the said certificates had been issued by the Respondent can be established by the Respondent by answering the

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questions – (i) as to how much work has been done, (ii) what is the quantum and amount of consumables utilized and (iii) quantum of the overheads applied on the job, etc. However, the Respondent failed to provide relevant documentary evidences to answer these questions.

10. The Board also noted the submission of the Respondent that being non-technical person, he has relied upon explanation given by the Company while issuing the said certificates. However, no such disclosure of such limitations was made in the certificates issued by him to the Company.

11. In view of above, the Board opined that since the Respondent was not able to effectively justify the basis of issuing the said certificates, it is presumed that he connived with the Company to facilitate it to avail loan facilities from Vijaya Bank. Such an act on the part of the Respondent is clearly unbecoming of a chartered accountant and has clearly brought disrepute to the profession.

CONCLUSION:

12. Thus, in conclusion, in the considered opinion of the Board, the Respondent is held **GUILTY** of "Other Misconduct" falling within the meaning of Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949 read with section 22 of the said Act.

Sd/-
CA. SUSHIL KUMAR GOYAL
(PRESIDING OFFICER)

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Sd/-
MRS. RANI NAIR (IRS, Retd.)
(GOVERNMENT NOMINEE)

DATE: 6th JANUARY, 2020
PLACE: NEW DELHI

Certified Copy
Rani Nair
Assistant Secretary
Disciplinary Directorate
The Institute of Chartered Accountants of India
ICAI Bhawan, I.P. Marg, New Delhi-110 002

