



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

PR/G-278/2017/DD-268/2017/DC-1509/2021

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

File No.: PR/G-278/2017/DD-268/2017/DC-1509/2021

In the matter of:

The Superintendent of Police,
Central Bureau of Investigation
Bank Securities Fraud Cell,
No. 36, Bellary Road, Ganga Nagar,
Bangalore 560 032

...Complainant

Versus

CA. Syed Shahul Meeran K (M. No. 229834)
8/2, Venkatasamy Street,
Fort, Salem 636 001

...Respondent

Members present:

CA. Aniket Sunil Talati, Presiding Officer
Smt. Anita Kapur, Member (Govt. Nominee)
Dr. K Rajeswara Rao, Member (Govt. Nominee)
CA. Sushil Kumar Goyal, Member
CA. Piyush S Chhajed, Member

Party Present:

(i) CA. Syed Shahul Meeran (M. No. 229834) – Respondent (appeared from his personal location)

Date of Final Hearing: 03.05.2023 through Video Conferencing

1. That vide report dated 07.02.2023, the Disciplinary Committee was of the opinion that CA. Syed Shahul Meeran K (M. No. 229834) was Guilty of Professional as well as Other Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule and Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949 with respect to the allegations that the Respondent arranged false Balance Sheet and Audit Report of M/s Pavai Alloys & Steels (P) Ltd. (hereinafter referred to as "Company") under the seal and signature of CA. Madhusudan Sardar for the financial year ended 2008 and 2013 and had certified false Stock Statement and Sundry Debtors Statement of the Company as on 31st July, 2013.

It was stated that the Company had availed Credit Facility from Indian Bank during the year 2007-08 and thereafter on various occasions till the year 2014 and on 17th July 2014 the Company's account with Indian Bank became Non-Performing Asset (NPA). The Financial Statements certified by CA. Madhusudan Sardar for the financial year ended 2008 and 2013 were submitted to Indian Bank for availing said credit facilities. At the outset, it was noted (W-8 & D-50) that as per the Institute's record the Respondent had cleared his Chartered Accountancy examination only in May 2012, thus, disciplinary proceedings of ICAI against him in respect of the year 2008 were dropped in the prima facie opinion itself due to lack of jurisdiction. Accordingly, the extant matter involved residual matters only.

By



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

PR/G-278/2017/DD-268/2017/DC-1509/2021

It was noted that Item (7) of Part I of Second Schedule and Item (2) of Part IV of First Schedule state as under:-

Second Schedule

PART I: Professional misconduct in relation to chartered accountants in practice

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he-

...

"(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties"

First Schedule

PART IV: Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he-

...

"(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work"

2. An action under Section 21B (3) of the Chartered Accountants Act, 1949 was contemplated against the Respondent and communication dated **17th April 2023** was addressed to him thereby granting him an opportunity of being heard in person and/or to make a written representation before the Committee on **3rd May 2023** through video conferencing.

3. The Respondent appeared before the Committee on 3rd May, 2023 through video conferencing and made his oral representations on the findings of the Disciplinary Committee. The Committee considered the oral as well as the written representation received vide email dated 20th April, 2023. The Respondent inter-alia submitted that he was held guilty based on his statement and the statement of CA. Madhusudan Sardar which was recorded under Section 161 Cr.PC. The Respondent denied the statements made by him and stated that he had not signed the said statement before the Complainant Department. He further argued that his statement and Statement of CA. Madhusudan Sardar could not corroborate each other as both the statements were recorded by the Police under Section 161 Cr.PC. He argued that for corroboration there should be other material which was absent as brought out in the cross examination of CA. Madhusudan Sardar. The Respondent further stated that when there was conflict of oral evidence of the parties on any matter in issue, the decision hinge upon the credibility of the witness. As per Respondent, CA Madhusudan Sardar lacked credibility. There was lack of ethics on his part. He contended that during the cross examination, CA. Madhusudan Sardar was not able to give clear answers to some basic questions of Full Time Practice, money received by him from the Company etc. He submitted that he could not be held guilty based on unreliable witness and that there was no evidence to indicate his involvement in the matter. With respect to second charge of certification of false Stock Statement and Sundry Debtors Statement of the Company as on 31st July, 2013, the Respondent submitted regarding observation of the Committee about quantitative details not being provided for consumables, that since it constituted of various kinds of materials such as bearings, bricks, chemicals, straps, crane, ropes, coke, motor, gears etc. and therefore their quantitative details were not available in the stock statement. Further, regarding observation of the Committee about Shri Ganapathi Steels Ledger containing huge debit balance and from April 2013 to July 2013 and there being not a single sale transaction but numerous cash payments of less than Rs.20,000 were made, the Respondent submitted that cash payments against Shri Ganapathi Steels account was only reducing the opening balance of debtors and therefore from the perspective of certifying debtor balance, the risk involved was assessed to be low. Further, he argued that the statement recorded under Section 161 Cr.PC of Shri Periasamy could not be relied upon in case if he was not examined

D. S. S.



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

PR/G-278/2017/DD-268/2017/DC-1509/2021

by the Director (Discipline). Further, the Respondent argued that temporary overdraft for which he had certified the alleged stock and debtors' statement, was settled, and could be seen from statement of Shri Annamalai, AGM, Indian Bank and Shri Natarajan, Branch Manager.

4. The Committee considered the submissions of the Respondent already placed on record. It was noted that the Respondent had in his arguments tried to impose procedure defined under Code of Criminal Procedure, on the disciplinary proceedings of the Committee which could not be accepted. He had twisted the facts to argue in his favour. With respect to allegation against the Respondent that he had arranged false Balance Sheet and Audit Report for the year ended 2013 from CA. Madhusudan Sardar, it was noted that the Respondent questioned on credibility of CA. Madhusudan Sardar. It was noted that separate disciplinary proceedings were held against CA. Madhusudan Sardar vide Case Ref No. PR/G/229/17/DD/269/17/DC/1413/2021 for certifying false financial statements for FY 2008 and 2013 of the Company wherein he admitted to have committed the same due to lack of application of his mind at that time and blind belief and faith on Shri Syed Sahul Mareen – the Respondent who requested him for the attestation of the alleged financial statements. Same deposition was made by CA. Madhusudan Sardar in the extant matter. So there was no contradiction in the stand of CA. Madhusudan Sardar. Hence, his mere admission of being involved in erroneous episode did not make him unreliable evidence when he himself had played a key role and admitted for the same separately.

4.1 Further, the Committee noted that, for the same period, the Complainant Department had placed on record Form-23 ACA and Form 23 AC filed with Registrar of Companies as per which the audit firm M/s Jallaluddin and Jani Basha was the Statutory Auditor of the Company and the audit report along-with financial statements were certified by CA. K Jani Basha for the year ended 31st March 2013. Hence, the financials certified by CA. Madhusudan Sardar were second set of financials submitted to the Bank against credit facilities. Upon perusal of the said documents, it was noted that figures appearing in those financial statements submitted to ROC were altogether different from those signed by CA. Madhusudan Sardar for the year 2012-13. The Committee noted that CA. Madhusudan Sardar, the Witness, in his deposition before it corroborated with his statements dated 30/06/2016, 08/07/2016 and 17/01/2017 recorded before the investigating officer and admitted that he had trusted the Respondent and signed the financial statements without verification of relevant documents. Further, the Respondent in his statement recorded before investigating agency submitted to have worked with CA. K. Jani Basha as an accountant from 1999 to 2010 and that CA. K. Jani Basha was his father-in-law. He also admitted to have prepared two sets of Balance Sheets for 2008 and 2013 as one for submitting to Indian Bank for availing Credit facility and one for filing with ROC and the major differences between the two Balance Sheets had also been specified by the Respondent in his admission before CBI. Accordingly, the Committee viewed that there was no doubt that the false financial statements for the year 2013 submitted to Indian bank for availing credit facility, although certified/ signed by CA. Madhusudan Sardar, but the Respondent had arranged the false statements through CA. Madhusudan Sardar. It was noted that the Respondent denied the statements made by him before the Complainant Department and when he was asked to have retracted from those statements before any court of law, he simply stated that he would when the Court would ask him. In other words, as per present status, he had made an admission which till date not retracted. Mere denial before the Committee did not degrade the evidentiary value of his statement. Moreover, the extant case was primarily based on an admission by CA. Madhusudan Sardar. CA. Madhusudan Sardar was called as witness before it for his examination and he reiterated his submissions without any coercion. The Counsel of the Respondent was given ample opportunity to cross examine him before the Committee. The Counsel for the Respondent even after detailed examination failed to bring anything in favour of the Respondent which may point his innocence in the matter. An admission by CA. Madhusudan Sardar of his own guilt under the provisions of CA Act, 1949 had afford a support to the truth of his confession against others too including the Respondent. The Respondent statement had been used only to corroborate the facts as confessed



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

PR/G-278/2017/DD-268/2017/DC-1509/2021

by CA. Madhusudan Sardar. Accordingly, the Committee viewed that the Respondent was fully involved and was hand in glove with the management of the Company to facilitate them in their illicit motive and thus, liable for unbecoming of member.

4.2 With respect to second allegation that Respondent certified false Stock Statement and Sundry Debtors Statement as on 31st July 2013, the Committee noted that the Respondent had brought on record certain working papers and copy of ledger accounts for the period 1st April 2013 to 31st July 2013 based on which he contended to have certified the alleged Stock and Debtors Statements. From the perusal of the working papers brought on record by the Respondent, it was noted that the Committee during proceedings observed discrepancies in both the Stock Statement as well as the Debtors Statement certified by him based on which it was evident that the Respondent had not performed his professional duties diligently when certifying the said statements. Again, the Respondent in his submissions of extant hearing tried to twist the facts stating that if debtors balance was reducing it was only leading to low risk. Again, it was not a case of audit but that of certification, wherein a chartered accountant undertakes the responsibility to report on accuracy of data and hence the argument of stating the figures of low risk is unacceptable. Further, it was noted that the Respondent completely omitted to obtain external confirmation for certifying the Debtors' Statement. It was viewed that certification of figures merely based on the information given in ledger completely defeat the purpose of obtaining the certification. In such circumstances, a chartered accountant instead of verifying the accuracy of data, only certified the figures as shown by the management in the books of accounts signify the casual approach adopted by him in rendering his professional duties. It was noted that the alleged Stock and Debtors Statement was submitted by the Company to Indian bank for availing adhoc limit of Rs.5 Crores for a period of 3 months in addition to the then existing cash credit limit. Hence, such statement formed the basis to cause loss to the Bank. It was noted that the findings of the extant case were not based on the Statement recorded by Mr. Periyasamy but it was used to corroborate the findings of the Committee based on its independent examination. Further, Mr. Periyasamy was also called during hearing, but he did not appear even after specific notice issued to him and fresh reliance being placed by the Respondent on the statement of Shri Annamalai and Shri Natarajan could not be entertained at the fag end of the proceedings. Accordingly, the Committee observed that there was sufficient evidence to point out at misconduct on the part of the Respondent. Accordingly, both the charges were proved and established before the Committee.

5. The Committee thus viewed that the misconduct on the part of the Respondent has been held and established within the meaning of Item (7) of Part I of Second Schedule as well as Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949 and keeping in view the facts and circumstances of the case as aforesaid, ordered that the name of the Respondent **CA. Syed Shahul Meeran K (M. No. 229834)** be removed for a period of 6 (Six) months from the Register of members alongwith a fine of Rs. 25,000/- (Rupees Twenty Five Thousand Only) be levied upon him that shall be payable within a period of 3 (Three) months from the date of receipt of the Order and in case he failed to pay the same as stipulated, the name of the Respondent be removed from the Register of members for a further period of 1 (One) month as per the order of the Committee.

Sd/-

[CA. Aniket Sunil Talati]
Presiding Officer

Sd/-

[Smt. Anita Kapur]
Member (Govt. Nominee)

Sd/-

[Dr. K Rajeswara Rao]
Member (Govt. Nominee)

Bix



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

PR/G-278/2017/DD-268/2017/DC-1509/2021


Sd/-
[CA. Sushil Kumar Goyal]
Member

Sd/-
[CA. Piyush S Chhajed]
Member

Date: 19th May, 2023

Place: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy


बिष्व नाथ तिवारी / Bishwa Nath Tivari
कार्यकारी अधिकारी / Executive Officer
अनुशासनसम्बन्धित विदेशालय / Disciplinary Directorate
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विकास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – III (2022-23)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

Ref. No. [PR/G-278/2017/DD-268/2017/DC-1509/2021]

In the matter of:

The Superintendent of Police,
Central Bureau of Investigation
Bank Securities Fraud Cell,
No. 36, Bellary Road, Ganga Nagar,
Bangalore 560 032

.....Complainant

Versus

CA. Syed Shahul Meeran
8/2, Venkatasamy Street,
Fort, Salem 636 001

.....Respondent

MEMBERS PRESENT:

CA Aniket S Talati, Presiding Officer
Smt. Anita Kapur, Govt. Nominee
Shri K. Rajeshwar Rao, Govt. Nominee
CA. Sushil Kumar Goyal, Member
CA. Vishal Doshi, Member

Date of Final Hearing: 13th January, 2023 through Video Conferencing

PARTIES PRESENT:

- (i) Shri A V S Sai, Dy. Superintendent of Police, CBI – Complainant's Representative
- (ii) Shri S. Anandh – Counsel for Respondent
- (iii) Smt. Upanshu Saini Nagpal – Representative of the Director (Discipline)
- (iv) CA. Madhusudan Sardar – Witness

Charges in Brief:

1. The Committee noted that in the *Prima Facie* Opinion formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent was held *prima facie* guilty of Professional Misconduct falling within within the meaning of Item (7) of Part I of Second Schedule and Item (2) of Part IV of First Schedule to the Chartered Accountants Act, 1949.

Item (7) of Part I to the Second Schedule and Item (2) of Part IV of First Schedule state as under: -

Part I of Second Schedule:

*PART I: Professional misconduct in relation to chartered accountants in practice
A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—*

...
“(7) Does not exercise due diligence, or is grossly negligent in the conduct of his professional duties”

Part IV of First Schedule:

*PART IV: Other misconduct in relation to members of the Institute generally
A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he—*

...
“(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work”

Brief background and the allegations against the Respondent

2. In the extant case, M/s Pavai Alloys & Steels (P) Ltd. (hereinafter referred to as “Company”) availed Credit Facility from Indian Bank during the year 2007-08 and thereafter on various occasions till the year 2014 and on 17th July, 2014 the Company’s account with Indian Bank became Non Performing Asset (NPA). The Financial Statements for the financial year ended 2008 and 2013 were audited by CA Madhu Sudan Sardar and were submitted to Indian Bank for availing said credit facilities. In the aforesaid backdrop, the allegations against the Respondent are as under:-

- a) The Respondent arranged false Balance Sheet and Audit Report of the Company under the seal and signature of CA. Madhusudan Sardar for the year ended 2008 and 2013.

- b) The Respondent certified false Stock Statement and Sundry Debtors Statement of the Company as on 31st July, 2013.

Proceedings:

3. During the hearing held on 13th January 2023, the Committee noted that the Complainant's representative, Director (Discipline) representative and the Counsel for the Respondent appeared before it for hearing. Thereafter, the Complainant's representative and the Counsel for the Respondent, appearing through video-conferencing, gave declaration that there was nobody present except them in their respective rooms from where they were appearing and that they would neither record nor store the proceedings of the Committee in any form.

The Committee noted that the matter was part-heard. It was noted that during the previous hearing held on 8th December, 2022, considering the submissions made by the Counsel for the Respondent, clarifications was sought from him regarding the following:

- (i) Procedure followed for verification of stock including consumables wherein neither the quantity nor the nature of consumable was mentioned
- (ii) Whether any external confirmation was obtained while certifying the debtors

Further, it was noted that the Respondent had requested for cross examination of three witnesses in the matter. The Committee asked both the parties to provide the contact details of the said witnesses to the Office so that the summons be issued to cause their appearance in the next hearing.

3.1 The Committee that summons were issued to all three witnesses - Mr. V Kuppusamy, Mr. Periyasamy and CA. Madhusudan Sardar, at the contact details supplied by the Respondent. It was noted that only one witness - CA. Madhusudan Sardar appeared for deposition. It was noted that there was no statement of Mr. V Kuppusamy, that had been relied upon by the Director (Discipline) in forming his opinion therefore his presence was not required. Further, it was noted that the Counsel for the Respondent did not impress upon the cross-examination of Mr. Periyasamy. Accordingly, the Committee decided to proceed in the matter. Thereafter, the available witness was called upon for deposition. He took Oath and thereafter the Director

(Discipline) representative examined the witness and Counsel for the Respondent cross examined him before the Committee.

The Committee noted that substantial hearing had already taken place in respect of 2nd allegation on which the clarification sought from the Respondent was still pending. The Committee asked the Counsel for the Respondent to make submissions in the matter. The Counsel for the Respondent made his submissions in the matter. The Committee, thereafter, examined him on the facts of the case.

3.2 Based on the documents and information available on record and after considering the oral and written submissions made by both the parties, the Committee concluded hearing in the matter.

Findings of the Committee:

4. At the outset, the Committee noted that two allegations have been raised against the Respondent as follows:

- a) That the Respondent had arranged false Balance Sheet of the Company under the seal and signature of CA. Madhusudan Sardar for the year ended 2008 and 2013.
- b) That the Respondent had certified false Stock Statement and Sundry Debtors Statement of the Company as on 31st July, 2013.

It was noted (W-8 & D-50) that considering the fact that as per the Institute's record the Respondent had cleared his Chartered Accountancy examination only in May, 2012, disciplinary proceedings of ICAI against him in respect of the year 2008 had been dropped in the prima facie opinion itself due to lack of jurisdiction. Accordingly, the Committee decided to hold enquiry in respect of residual matters only.

4.1. It was noted that CA. Madhusudan Sardar had certified the financial statements of M/s Pavai Alloys & Steels (P) Ltd. (Company). However, it is also noticed that for the same period the Complainant has placed on record Form-23 ACA and Form 23 AC filed with Registrar of Companies as per which the audit firm M/s Jallaluddin and Jani Basha was the Statutory Auditor of the Company and the audit report along-with financial statements were certified by CA. K Jani Basha for the year ended 31st March 2013. Upon perusal of the said documents, it was noted that figures appearing in those financial statements submitted to ROC were altogether different from those signed by CA. Madhusudan Sardar for the year 2012-13.

5. With regard to the first charge that the Respondent had arranged false Balance Sheet and Audit Report of the Company under the seal and signature of CA. Madhusudan Sardar for the year ended 2013, the Respondent stated that the charge was based on his statement recorded under Section 161 Cr.P.C. dated 14/07/2016 before the investigating agency and he denied the said statement. The Respondent further stated that the charge against him was also based on statements recorded under Section 161 Cr.P.C. of Mr. Periyasamy (Accountant of the Company), Mr. V. Kuppusamy (Managing Director of the Company) and CA. Madhusudan Sardar, so he sought an opportunity to cross examine them.

5.1 The Committee noted that CA. Madhusudan Sardar, the Witness, in his deposition before it corroborated with his statements dated 30/06/2016, 08/07/2016 and 17/01/2017 recorded before the investigating officer and admitted that he had trusted the Respondent and signed the financial statements without verification of relevant documents. Thereafter, the Counsel for the Respondent was given an opportunity to cross examine him. The witness also admitted to have received money as honorarium from the Respondent for the said certification work which was also admitted by him in his statement dated 30/06/2016 recorded before the investigating officer. The witness also stated that his bank statement in this regard was submitted before the Complainant Department during investigation. The witness further stated the Respondent himself prepared the financial statements and after that the Respondent had sent the documents to him through courier/ email and that courier receipts were also provided as evidence. It was noted that said courier receipts were available on record.

5.2 The Committee further noted that the statement of the Respondent was recorded by the Complainant Department on 14th July, 2016 wherein it was stated that the Respondent had worked with CA. K. Jani Basha as an accountant from 1999 to 2010 and that CA. K. Jani Basha happens to be father in law of Respondent. The Respondent in his statement had also admitted that he had prepared financial statements of the Company for the year ended as on 31/03/2008 and 31/03/2013 for filing with Indian Bank, Tiruchengode. Further, he also admitted that he had prepared two sets of Balance Sheets for 2008 and 2013 as one for submitting to Indian Bank for availing Credit facility and one for filing with ROC and the major differences between the two Balance Sheets had also been specified by the Respondent in his admission before CBI. Further, he had admitted to have sent the Balance sheets and papers to CA Madhusudan Sardar for attestation through DTDC courier and in consideration of this work he collected the money from Sh. V. Kuppusamy, Director of the Company and shared the amount with CA. Madhusudan Sardar. It was noted that though the

Respondent had refused the contents of the said statement. However, when the Committee asked if he had retracted from his statement before any other authority or court of law, he remained silent. It was noted that the said statement of the Respondent, as recorded by the Complainant Department, had been corroborated by the statement of CA. Madhusudan Sardar who had appeared before the Committee as witness. Accordingly, the Committee viewed that there was no doubt that the false financial statements for the year 2013 submitted to Indian bank for availing credit facility, although certified/ signed by CA. Madhusudan Sardar, but the Respondent had arranged the false statements through CA. Madhusudan Sardar.

5.3 In light of the above, the Committee viewed that the Respondent was fully involved and was hand in glove with the management of the Company to facilitate them in their illicit motive and such acts on the part of the Respondent were not expected from a professional chartered accountant like him thus, liable for unbecoming of member. Accordingly, for the said acts of the Respondent, the Committee viewed that the Respondent is **Guilty** for Other Misconduct under Item (2) of Part IV of First Schedule of the Chartered Accountants Act, 1949 for bringing disrepute to the profession and the Institute.

6. With regard to the second charge that the Respondent certified false Stock Statement and Sundry Debtors Statement as on 31st July 2013, the Committee noted that the Respondent has brought on record certain working papers and copy of ledger accounts for the period 1st April 2013 to 31st July 2013 based on which he contended to have certified the alleged Stock and Debtors Statements. The Respondent further submitted that the Company had only one godown and that there were no stock in transit or with third party and therefore no reconciliation was required. With respect to non-obtaining of external confirmation from any debtor, the Respondent submitted that nature and appropriateness of the audit evidence could be decided by him based on his professional judgment. The Respondent further stated that he had undertaken random verification of sundry debtors and creditors with supporting documents, i.e., sale/ purchase invoices and payment/ receipts.

6.1 The Committee noted that the Complainant has brought on record the application dated 23/08/2013 submitted by the Company to Indian bank for availing adhoc limit of Rs.5 Crores for a period of 3 months in addition to the then existing cash credit limit and along with such application the Stock Statement, lists of Sundry debtors and Sundry Creditors as on 31st July, 2013 duly certified and stamped by the Respondent were also submitted. From the perusal of the working papers brought on record by the

Respondent, it was noted that out of total value of Rs. 25.41cr of stock certified, the consumables constitute of Rs. 2.72 cr against which neither the quantity nor the nature of consumables were mentioned. Further, on review of ledger of debtors as brought on record it was noted that there existed Shri Ganapathi Steels Ledger containing huge debit balance and from April 2013 to July 2013 there was not a single sale transaction to that account. However, numerous cash payments of less than Rs.20,000 had taken place during said period. When the Committee asked if external confirmation were obtained by the Respondent for certifying the Debtors' Statement, the Respondent argued the nature and appropriateness of audit evidence could be decided by him based on his professional judgment but failed to justify his decision as to why external confirmation was not obtained when such quantum of doubtful transactions were taking place in the books of the Company.

6.2 The Committee viewed that the aforesaid facts were also corroborated by the statement of Sh. Periyasamy, the accountant of the Company recorded before the Complainant Department, that the details of book debts were inflated to avail adhoc credit limit of Rs.5 Crores from the bank. It is viewed that while issuing the certificate, a chartered accountant undertakes the responsibility to report on accuracy of data and therefore the submission of the Respondent that he verified the details certified on random basis. The degree of verification conducted by the Respondent did not appear to be sufficient. Accordingly, it is viewed that the Respondent had not only failed to perform his professional duties diligently but has also brought disrepute to the profession and therefore, the Respondent is **Guilty** of professional misconduct falling within the meaning of Item (7) of Part I of Second Schedule of the Chartered Accountants Act, 1949 and also other misconduct within the meaning of Item (2) of Part IV of First Schedule of the Chartered Accountants Act, 1949.

6.3 It was also noted that separate disciplinary case was registered against CA. Sardar Madhusudan (M.No.059670) [case ref. no. PR/G/229/17/DD/269/17/ DC/1413/2021] wherein during enquiry he admitted his role and was accordingly punished vide order dated 20th June 2022. Further, separate disciplinary case was also filed by the Complainant Department against CA. K Jani Basha vide [case ref. no. PR/G/227/17/DD/267/17/ DC/1144/2019] on the similar facts and the same is pending before the Committee.

Conclusion:-

7. Thus in conclusion, in the considered opinion of the Committee, the Respondent is **GUILTY** of Professional as well as Other Misconduct falling within the meaning of Item

[PR/G-278/2017/DD-268/2017/DC-1509/2021]

(7) of Part-I of Second Schedule and Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949.

Sd/-
[CA. Aniket Sunil Talati]
Presiding Officer

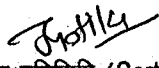
Sd/-
[Smt. Anita Kapur]
Member (Govt. Nominee)

Sd/-
[Dr. K. Rajeswara Rao]
Member (Govt. Nominee)

Sd/-
[CA. Vishal Doshi]
Member

Sd/-
[CA. Sushil Kumar Goyal]
Member

Date: 7th February, 2023
Place: New Delhi


प्रमाणित सत्य प्रतिलिपि / Certified true copy

सीए. ज्योतिका ग्रोवर / CA. Jyotika Grover
सहायक सचिव / Assistant Secretary
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdra, Delhi-110032