

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – I (2023-2024)]
[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

File No: - PPR/140/2016/DD/144/INF/2018/DC/1454/2021

In the matter of CA. Ramakrushna Patra (M. No. 061077), Bhubaneswar in Re: -

MEMBERS PRESENT: -

- i) CA. Aniket Sunil Talati, Presiding Officer
- ii) Shri Prabhash Shankar, IRS (Retd.), (Government Nominee)
- iii) CA (Dr). Rajkumar Satyanarayan Adukia, Member (Through Online Mode)
- iv) CA. Gyan Chandra Misra, Member (Through Online Mode)

Parties Present: -

Respondent : CA. Ramakrushna Patra
Counsel for the Respondent : C V Sajan

DATE OF FINAL HEARING : 09-06-2023
PLACE OF FINAL HEARING : New Delhi / Through Video Conferencing

1- BRIEF OF THE DISCIPLINARY PROCEEDINGS: -

On the day of hearing held on 09th June 2023, the Committee noted that the Respondent and his Counsel was present through VC. The Respondent was put on oath. On being enquired from the Respondent as to whether he is aware of the charges leveled against him, the Respondent replied in affirmative and pleaded himself not guilty. The Counsel for the Respondent made his submissions on the charges. Thereafter, the Committee posed questions to the Counsel for the Respondent. After hearing the submissions, the Committee decided to conclude the hearing in the matter.

2- Brief Background of the matter: -

In the instant case the Respondent has audited the accounts of two related Companies namely M/s. Team Media & Hospitality Pvt Ltd. and M/s. Neelachal Builders(P) Ltd, for the FY-2014-15 and upon comparison of the audited financial statements of both the Companies, it is alleged that there was a mismatch in reporting of related party transaction entered into between the two related Companies.

3- CHARGES IN BRIEF: -

The Committee noted that the Respondent was held prima facie guilty in respect of following charge:

In the audit financial statement of M/s. Neelanchal Builders (P) Ltd, a related party loan given to M/s. Team Media & Hospitality Pvt Ltd. was shown at Rs. 7,50,000/- under related party disclosure whereas the same transaction was shown at Rs. 88,76,500/- in the audit financial statement of M/s. Team Media & Hospitality Pvt Ltd. under related party disclosure. It is alleged that the Respondent, being the auditor of both the related Companies, did not exercise due diligence.

SUBMISSIONS OF THE PARTIES AND FINDING OF THE DISCIPLINARY COMMITTEE

The Respondent inter-alia made the following written and verbal submissions in his defense:

4.1 That both the Companies have matched closing balances of Rs. 88,76,500/- as on 31.03.2015 in their audited books of accounts as balance receivable and balance payable respectively, however, in note no V of part B of audited financial statements for the year ending 31.03.2015 of M/s. Neelanchal Builders Pvt Ltd, the amount was inadvertently shown as Rs. 7,50,000/- instead of Rs. 88,76,500/- which was merely a typographical error as previous year's figure concerning M/s. Team Media & Hospitality Pvt Ltd. of Rs. 7,50,000 was inadvertently copied pasted in the financial year 2014-15 figures.

4.2 That in the disciplinary proceeding against him the major issue was the wrong disclosure of balances in the books of M/s Neelachal Builder's Private Limited. The amounts due to M/s Neelachal Builder's Private Limited has been shown under Short term loan in the books of M/s Team Media & Hospitality Private Limited & the same was clubbed under sundry debtors in books of M/s Neelachal Builder's Private Limited. In the previous financial year-2013-14, the amount due to M/s Neelachal Builder's Private Limited from M/s Team Media & Hospitality Private Limited for Rs 7,50,000 Lakhs was shown as short-term borrowing from M/s. Neelachal Builder's Private Limited in the books of accounts of M/s Team Media & Hospitality Private Limited and correspondingly was shown under loans and advances to M/s Team Media & Hospitality Private Limited in books of M/s Neelachal Builder's Private Limited. During the financial year 2014-15, there were transactions between both the companies both for works/services & short-period borrowings.

4.3 That the gist of the opinion framed to his understanding is that the amounts receivable from M/s Team Media & Hospitality Private Limited should have been shown under loans and advances instead of sundry debtors in the books of M/s. Neelachal Builder's Private Limited. In both the scenarios it is implied that money was due from M/s Team Media & Hospitality Private Limited. Moreover, the amounts due / receivable between both the companies have been squared off in the next year even before the date of signing of Balance Sheet of 2014-15 i.e., on 28/08/2015.

4.4 That he honestly believes there is a very slight chance to call such a minor error in grouping and arranging of figures in Balance Sheet as Professional Misconduct. As per Code of Ethics "Professional Misconduct on the part of a person practicing one of the technical professions cannot fairly or reasonably be found merely on a finding of a bare non-performance of a duty or some default in performing it. The charge is not one of inefficiency but of misconduct. Imputation of certain mental condition is always involved. The test must always be whether in addition to the failure to do the duty, there has also been a failure to act honestly and reasonably." The misconduct implies failure to act honestly and reasonably either according to the ordinary and natural standard or according to the standard of a particular profession and that he has exercised utmost care before performing attest functions honestly & the misclassification/mis-grouping of figures is purely clerical & there has been no harm to any of the users of the financial statements.

5. During the course of hearing, the Committee considered the written as well as verbal submissions of the Respondent's counsel and after due deliberation opined that the issue merely pertains to an error of the classification of the Trade Receivables which does not tantamount to gross negligence. Thus, the Committee decided to hold the Respondent **Not Guilty** of Professional Misconduct falling within the meaning of Items (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Conclusion: -

6. Thus, in the considered opinion of the Committee, the Respondent is **NOT GUILTY** of Professional Misconduct falling within the meaning of Items (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

6.1 Accordingly, the Committee passes orders for closure of this case.

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Sd/-
(CA. ANIKET SUNIL TALATI)
PRESIDING OFFICER

Sd/-
(SHRI PRABHASH SHANKAR, I.R.S. (RETD.))
GOVERNMENT NOMINEE

Sd/-
(CA (DR) RAJKUMAR SATYANARAYAN ADUKIA)
MEMBER

Sd/-
(CA. GYAN CHANDRA MISRA)
MEMBER

Date: 27/07/2023
Place: NEW DELHI

यही प्रतिलिपि होने के लिए प्रमाणित /
Certified to be true copy

Nisha Sharma
निशा शर्मा / Nisha Sharma
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासन/नियंत्रण विभाग/ Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
एन.वी.एस. भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhowan, Vishwas Nagar, Shahdra, Delhi-110032