



**BOARD OF DISCIPLINE (UNDER SECTION 21A) OF THE
CHARTERED ACCOUNTANTS ACT 1949**

**ORDER UNDER SECTION 21A (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:

Ms. M. Roopa, IPS, Superintendent of Police

Central Bureau of Investigation, Anti-Corruption Branch,
Haddow Road, Chennai-600006.....

Complainant

Versus

CA. Devarajan K.E. (M.No.212049)

"SHRISARAVANI"

Flat No.1, Sri Satyanarayana Nivas,
17/22, Srinivasa Pillai Street

West Mambalam, Chennai-600033.....

Respondent

[PR/206/2014-DD/222/14/BOD/326/2017]

MEMBERS PRESENT (IN PERSON):

CA. Rajendra Kumar P, Presiding Officer

Ms. Dolly Chakrabarty (IAAS, Retd.), Government Nominee

CA. Priti Savla, Member

DATE OF ORDER: 12TH JUNE 2024

1. The Board of Discipline concluded the hearing of this case while holding the Respondent 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. The Findings of the Board dated 6th January 2020 were communicated to the Respondent vide letter dated 19th March 2020.
2. Pursuant to receipt of the said Findings, the Respondent approached the Court by filing Writ Petition in the Hon'ble High Court of Madras and challenged the said Findings. The Court stayed the proceedings in the matter vide Order dated 22nd December 2020 and after hearing the parties finally disposed of the Writ Petition vide Order dated 24th January 2024. True copy of this Order signed by the Assistant Registrar of the said Court dated 27th March 2024 was received by the Disciplinary Directorate on 6th May 2024.

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(Set up by an Act of Parliament)

PR/206/2014-DD/222/14/BOD/326/2017

3. The Hon'ble High Court of Madras vide Para (7) of the said Order directed to consider the case on merits and the records made available and to pass final orders by following the procedure as contemplated under the Act and Rules. The said exercise is directed to be completed within a period of eight (8) weeks from the date of expiry of the period of 10 days. The Court vide said Order given the liberty to the Respondent to submit a written submission / representation along with the documents, if any, within a period of these 10 days before the Board of Discipline.
4. Accordingly, in terms of Rule 15 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent vide communication dated 27th May 2024 was asked to appear before the Board on 30th May 2024, granting him an opportunity of being heard which was exercised by him by being present through video conference, wherein while making oral submissions, the Respondent requested the Board to grant him an opportunity to submit his written response with an opportunity of being heard in person.
5. While considering the facts of the case, the Board allowed the Respondent to submit his written response and granted one more opportunity of being heard in person.
6. The Respondent vide email dated 5th June 2024 and 11th June, 2024 submitted his written response and appeared in person on 12th June 2024 before the Board.
7. Thus, upon consideration of the facts of the case and written response submitted besides hearing the oral arguments advanced as well as the consequent misconduct of the Respondent, the Board decided to Reprimand **CA. Devarajan K.E. (M.No.212049)**.

Sd/-

CA. Rajendra Kumar P
Presiding Officer

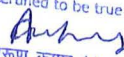
Sd/-

Ms. Dolly Chakrabarty (IAAS, Retd.)
Government Nominee

Sd/-

CA. Priti Savla
Member

सही प्रतिलिपि होने का ज्ञापन
Certified to be true copy


अरुण कुमार / Arun Kumar
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई मकान 110032, भवन 110032, दिल्ली-110032
ICAI Bhawan, Vishwa Vidya Bhawan, New 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. : [PR-206/2014-DD/222/14/BOD/326/2017

QUORUM:

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

In the matter of:

Ms. M. Roopa, IPS,
Superintendent of Police,
Central Bureau of Investigation,
Anti-Corruption Branch,
Haddows Road,
CHENNAI-600 006

..... Complainant

Versus

CA. Devarajan K.E. (M.No.212049)
"SHRISARAVANI"
Flat No.1, Sri SatyanarayanaNivas
17/22, Srinivasa Pillai Street
West Mambalam
CHENNAI – 600 033

.....Respondent

DATE OF FINAL HEARING : 22nd October, 2019
PLACE OF HEARING : Chennai

PARTY PRESENT:

Representative from the Complainant Department : Sh. P.V. Seetharaman

FINDINGS:

1. The Board noted that the Complainant Department alleged against the Respondent as stated hereunder:
 - a. Helping the proprietor of the Concern namely M/s Swastik Enterprises (hereinafter referred to as the concern) in preparation of fudged financial statements for the year

- 31.03.2008 and 31.03.2009 by boosting vital parameters which were signed by another Chartered Accountant namely CA. T.R. Sarathy without conducting the audit.
- b. Submission of Credit Monitoring Arrangement (CMA) data of M/s Swastik Enterprises (hereinafter referred to as the "Concern") to Canara Bank on the basis of above fudged financial statements instead of original balance sheets submitted with Income Tax Department.
 - c. Conspiring with the Manager of the Bank, Mr. D.R. Naik and Mr. S. Samraj, proprietor of the Concern in not complying with the sanction terms of the Bank and also advising him to avail Foreign Bills Purchase Limit of Rs. 3.00 crores without any exports through collecting bogus lorry cash bills, preparing delivery challans etc. on a non-existent firm and receiving amount of Rs. 46,46,500/- for the same.

The Board noted that the Respondent had been held prima facie guilty only in respect of charge specified at (b) and (c) above by the Director(Discipline) and the said view had also been accepted by the Board of Discipline while considering the Prima Facie Opinion of the Director(Discipline) in terms of the provisions of Rule 9 of the Chartered Accountants(Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. Accordingly, the Respondent had been examined in respect of the charge specified at (b) and (c) above by the Board of Discipline.

2. At the time of hearing held on 22nd October 2019, the Board noted that the official from the Complainant Department was present before it. However, the Respondent was not present and had sent across a request for adjournment vide email dated 21st October 2019 stating that his counsel is not available on the date of hearing and that he further needs a time of 15 days for filing his written statement as some of the documents on which he wants to rely have been lost in floods of December 2015. The Board referred to Rule 14 of the aforesaid Rules relating to "Procedure to be followed by the Board of Discipline" whereby as per sub rule (7) it is mentioned as under:

"(7) On the date of hearing, if the respondent, inspite of the service of notice, under sub rule (6) does not appear either in person or through his authorised representative the Board of Discipline may proceed ex-parte and pass such orders as may think fit or direct fresh notice to be served."

3. The Board noted that the case had earlier also been adjourned twice at his request and opined that the Respondent is adopting dilatory tactics to delay the disciplinary proceedings and that since reasonable opportunity has already been given to the Respondent to defend his case, the Board did not accede to the request of the Respondent and decided to proceed ahead with the hearing in the case. The Board also

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noted that at its last meeting held on 25th April 2019, it had directed the Complainant Department to provide the following:

1. Copy of charge sheet filed against the Respondent.
2. Statement recorded of Mr. R. Hariharan by the CBI and High Court and English translated copy of witness as submitted by her vide letter dated 23.10.2014.
3. Copy of Statement of Mrs. Harini and Mr. S. V. Swaminathan.
4. Copy of statement, if any, of the Respondent recorded by the Complainant Department and/ or Hon'ble Court.
5. Latest status of the case pending before Hon'ble Court along with the copy of the final/interim Order passed therein, if any.

However, the reply from the Complainant Department had not been received. The official from the Complainant Department stated that the same have already been sent and in case of non-receipt, the same will be sent again. Thereafter, the official from the Complainant Department made his submissions before the Board. Considering the above, the Board concluded the hearing in the case and the judgment was kept reserved. Thereafter, the Board at its meeting held on 16th December 2019 considered the reply received from the Complainant Department together with the other documents/submissions on record and took a decision as regards the misconduct of the Respondent.

4. As regards the first charge, the Board noted that the Concern has submitted Proposal for various loans to Canara Bank, prepared by the Respondent. Although, it is seen that the said proposal do not bear the signatures of the Respondent, however, the top sheet contained his name and address. Further, the Respondent also admitted that he has prepared Credit Monitoring Arrangement (CMA) data for the concern.
5. Further, upon perusal of the above stated proposal, the Board noted that the Balance Sheet analysis has been prepared with the figures of Capital as shown in the Balance Sheet prepared by CA. T.R. Sarathy for the year ending on 31st March, 2008 and 31st March, 2009 and not with the figures in the Balance Sheets prepared and submitted to Income Tax Department by CA. A. Srinivasan. The Board also upon comparison of both sets of financials observed the following differences:

(a) Balance Sheets as on 31.03.2008

As

5.1 In the Balance Sheet signed CA. A. Srinivasan, the capital has been shown as Rs. 4,73,29,295/- while in the Balance Sheet signed by the CA. T. R. Sarathy, the same has been shown as Rs. 7,58,12,495/- i.e. in the Balance Sheet signed by the CA. T. R. Sarathy, Capital has been increased by Rs. 2,84,83,200/-.

5.2 The figures of Unsecured loans of Rs. 2,52,11,610/- and advances from customers of Rs. 32,71,590/- as appearing in the Balance Sheet signed by CA. A. Srinivasan are not appearing in the Balance Sheet signed by CA. T. R. Sarathy. It is clear that the sum of the above two figures Rs. 2,84,83,200/- (Rs. 2,52,11,610/- + Rs. 32,71,590/-) has been clubbed in the capital to suppress the liabilities of the Concern. The other figures have been kept unchanged. Further the Profit & Loss Account figures in both set of financials are same.

(b) Balance Sheets as on 31.03.2009

5.3 In the Balance Sheet signed CA. A. Srinivasan, the capital has been shown as Rs. 4,60,69,879.69 while in the Balance Sheet signed by CA. T. R. Sarathy, the same has been shown as Rs. 7,84,12,865/- i.e. in the Balance Sheet signed by CA. T. R. Sarathy, Capital has been increased by Rs. 3,23,42,985/- .Further, it is observed that entire figures of Assets and Liabilities are different in both set of accounts.

Thus, the Board observed that there exists differences in the figures of Capital, Unsecured Loans etc. in both set of financials.

(6) The Board was of the view that the Respondent was required to ensure the genuineness of the documents placed before him for verification which contains very vital information about financial strength of the Concern. He cannot simply brush aside the allegations by stating that the financial statements were not audited by him. Moreover, he did not come forward before the Board to negate the same which in other words proves that he is not having evidence in his defense. Preparing of CMA data on the basis of the financial statements signed by CA. T. R. Sarathy appears to be a deliberate act on the part of the Respondent to help the Proprietor of the Concern as alleged by the Complainant. Accordingly, the Board holds the Respondent guilty on this charge.

(7) As regards the next charge, the Board noted that according to the Complainant the Respondent has received payment of Rs. 46,46,500/- from the proprietor of the Concern as under:

- a. Cheques issued by the concern for Rs. 25,03,810/- in favour of M/s Sagacious Financial Services Ltd.,
- b. Cheque of Rs. 13,44,000/- in favour of M/s Lansons Motors Pvt. Ltd. for purchase of Toyota Car for the Respondent and
- c. Cheque of Rs. 3,02,500/- in favour of the Respondent's wife.

(8) The Board also perused the letter dated 29th October, 2013 written by CA. M. P. Sharavanan, Executive Director of Sagacious Financial Services Ltd. to CBI and noted that he had submitted that since the entire job of the concern was handled by the Respondent and hence the Respondent was paid 80% of fees (which amounts to Rs. 18,16,000). The Respondent had also given letter in this regard to CA. M. P. Sharavanan, Executive Director of Sagacious Financial Services Ltd.

(9) As regards the balance payment, the Board noted the statement given by Mr. M. Subbiah, Manager Legal, Lanson Motors Private Limited and the wife of the Respondent as under:

Name of person	Deposition
Mr. M. Subbiah, Manager Legal, Lanson Motors Private Limited	He speaks about purchase of Toyota Innova Car in the name of the Respondent with the cheque of the concern.
Mrs. D. Harini (wife of the Respondent)	She got cheque for Rs. 3,02,500/- on 22.03.10. She was not doing any business with Mr. S. Samraj and the concern. She got the said cheque from her husband.

Further, the Complainant also brought on record order booking Form, sales invoice and delivery note of Toyota Car in the name of the Respondent for which the payment was made from the account of the Concern.

(10) The Board also noted the statement of other persons as under:

Sh. K. Mani, Manager, Canara Bank	He stated that the Respondent used to invariably come to branch and deal with concern's account as defacto owner.
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	<p>Queries posted to Mr. S. Samraj, proprietor of the Concern were answered by the Respondent only.</p> <p>On being asked about relation of the Respondent with Mr. Samraj and Mr. Naik, Manager of the Bank, he submitted that he had seen them talking invariably everyday either over phone or in person in Mr. Naik cabin about the concern account from December, 2009 to September, 2010 and Mr. Naik used to send him out from his cabin while talking serious matters with them</p>
Mr. S.V. Swaminathan	<p>He speaks about as to how the bogus foreign bills were prepared by Mr. S. Samraj, Respondent and Mr. R. Ashwin.</p> <p>He also stated that the Respondent informed Mr. Samaraj that he would arrange the foreign bills through Mr. Ashwin.</p>
Mr. K. Ekambara, Senior Manager, Canara Bank	He speaks about conspiracy between the Respondent, Mr. Samraj and Mr. Naik, Manager of the Bank.

(11) The Board noted that the Respondent in his defence submitted at prima facie stage that he had declared all the receipts of fees to the taxation authorities. He was required to come forward with evidences to establish his bonafide. However, he has not brought on record any evidence to support his contention despite being given considerable opportunity to do so by the Board. In absence of the same, the Board opined that the Respondent has nothing to say in this regard and he has no material in his possession to defend his case.

(12) Accordingly, the Board looking into the records of the case, decided to hold the Respondent **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.

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CONCLUSION:

- (13) 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.

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Sd/-

**CA. SUSHIL KUMAR GOYAL
(PRESIDING OFFICER)**

Sd/-

**MRS. RANI NAIR (IRS, Retd.)
(GOVERNMENT NOMINEE)**

DATE: 6TH JANUARY, 2020

PLACE: NEW DELHI

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