



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
INDIA

(Set up by an Act of Parliament)

[PR/703/2022/DD/614/2022/BOD/719/2024]

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:

CA. T. T. Durairaj Kandiar (M. No. 024005)

On behalf of M/s Durairaj & Associates (FRNo.03379S), No. 1169, 57th Street
TVS Colony, Anna Nagar West Extension

Chennai.....Complainant

Versus

CA. Anand K. (M. No. 208250)

New No. 15 (Old No. 9), Venkatraman Street, R.A Puram

ChennaiRespondent

[PR/703/2022/DD/614/2022/BOD/719/2024]

MEMBERS PRESENT (THROUGH VC):

CA. Rajendra Kumar P, Presiding Officer

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

Date of Hearing and Passing of Order: 25th September 2024

1. The Board of Discipline vide its Findings dated 27th August 2024 was of the view that CA. Anand K. (M. No. 208250) is **Guilty** of Professional Misconduct falling within the meaning of Item (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949.
2. An action under Section 21A (3) of the Chartered Accountants Act, 1949 was contemplated against CA. Anand K. (M. No. 208250) and communication dated 18th September 2024 was addressed to him thereby granting him an opportunity of being heard on 25th September 2024, which was exercised by him by being present through video conferencing. He confirmed receipt of the findings of the Board and submitted his oral submissions.
3. Thus, upon consideration of the facts of the case, oral submissions and the consequent misconduct of CA. Anand K. (M. No. 208250), the Board decided to impose a Fine of Rs. 25,000/- (Rs. Twenty-Five Thousand only) upon CA. Anand K. (M. No. 208250).

Sd/-

**CA. Rajendra Kumar P
(Presiding Officer)**

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy

बिष्वा नाथ तिवारी / Bishwa Nath Tiwari
कार्यकारी अधिकारी / Executive Officer
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, Shahdara, Delhi-110032

Sd/-

**Ms. Dolly Chakrabarty (IAAS, retd.)
(Government Nominee)**

CA. T. T. Durairaj Kandiar (M. No. 024005)-Vs- CA. Anand K. (M. No. 208250)

BOARD OF DISCIPLINE

(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**

CORAM: (PRESENT IN PERSON)

CA. Rajendra Kumar P, Presiding Officer
Ms. Dolly Chakrabarty, (IAAS, Retd.), Government Nominee
CA. Priti Savla, Member

IN THE MATTER OF:

CA. T. T. Durairaj Kandiar (M. No. 024005)

On behalf of M/s Durairaj & Associates (FRNo.03379S), No. 1169, 57th Street
TVS Colony, Anna Nagar West Extension

Chennai.....Complainant

Versus

CA. Anand K. (M. No. 208250)

New No. 15 (Old No. 9), Venkatraman Street, R.A Puram

Chennai.....Respondent

Date of Final hearing : 12th June 2024
Place of Final hearing : ICAI Bhawan, Chennai

PARTY (PRESENT IN PERSON):

Counsel for Complainant : CA. T.D. Sanjay Kandiar

FINDINGS:

BACKGROUND OF CASE

1. As per Complainant, the Complainant firm was appointed as statutory auditors of M/s Karthigeya Plastics & Technologies P. Ltd (Hereinafter referred to as the "Company") for the financial year 2019-20 and his firm had completed the audit of books of accounts of the Company for the financial year 2019-20. The Company has not been paying audit fees for the last 4 years and every time when the directors were requested to pay the fees, they informed that the business has not been doing well, and hence they would pay the fees at the earliest. Further, with the outbreak of COVID-19, the Company conveniently used it as an excuse to deliberately delay payment towards the audit fees. The audited financial statements of the Company show the audit fees payable of Rs. 1220611/- as on 31.03.2020 which is not paid till date. In the month of January 2022, the Complainant firm started insisting on their payment to continue to provide their audit services and informed the Company that the Complainant firm would resume

work only if at least 25% of the audit fees are paid at the end of the month but no reply was received from the Directors of the Company.

2. As per the Complainant, during April 2022, the Complainant firm downloaded the Company's financials uploaded in XBRL format with the AOC-4 from the MCA website for the financial year 2020-21 filed by the Company. On perusal of the same, the Complainant noticed that the same was certified by the statutory auditor of the Company for the financial year 2020-21. However, the Complainant firm has neither issued any audit report for the said year nor they have certified the financials for that year. Further in the field with name for "Disclosure-Audit Report, name of another person, CA. K Anand" was mentioned as auditor and in the field for 'SRN of form ADT-1', an illogical number 'Z99999999' was filled which is not the actual SRN as appointment was originally made in firm's name only. The Company has exploited the loopholes in the forms to their own advantage. From the above, it came to the knowledge of the Complainant that the Company has appointed the Respondent as a new auditor by filing form ADT-1 on 27th November 2021 without the Complainant's firm resignation / removal.

CHARGES ALLEGED:

3. The Complainant alleged the following charges against the Respondent:
 - 3.1. It is alleged by the Complainant that the Respondent has accepted the audit of the Company for the financial year 2020-21 without first communicating with the previous auditor (i.e., Complainant firm) in writing as required in terms of Item (8) of Part-I of First Schedule to the Chartered Accountants Act, 1949.
 - 3.2. The Complainant alleged that an illogical number 'Z99999999' in AOC-4 against the filed related to 'SRN of Form ADT-1' was entered.

BRIEF OF PROCEEDINGS HELD:

4. The details of the hearings fixed and held in the matter are given as under:

Date of Hearing(s)	Status of hearing(s)
12 th June 2024	The matter was heard and concluded.

OBSERVATIONS OF THE BOARD:

5. At the outset, the Board noted that the Complainant Counsel is present in person, and none appeared on behalf of the Respondent before it. The Board further noted that the Respondent had not submitted his submissions on the Complaint. However, in response to a letter dated 16th May 2023 written by the Disciplinary Directorate to the Respondent for calling additional documents under Rule 8 (5) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent has stated as under: -

"I wish to tender my unconditional apology for not communicating with the previous auditor before accepting the assignment. I will abide by the decision of the esteemed Disciplinary Committee. However, please note that I have not filed form AOC-4, nor have I certified the said form with respect to FY 2020-21 for M/s Karthigeya Plastics & Technologies Private Limited."

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Thus, from the above, the Board observed that the Respondent has admitted his mistake of not communicating with the previous auditor as mandated under Item (8) of Part-I of First Schedule to the Chartered Accountants Act, 1949 before accepting the appointment, which is a clear violation of the professional requirement to do so.

6. The Board also noted that the evidence shows that the Complainant firm was appointed as the statutory auditor of the Company for a term of five years, from 01st April 2019 to 31st March 2024. The Complainant firm signed the financial statements for the financial year 2019-20 and did not resign or get removed from their position. Despite this, the Respondent was appointed as the statutory auditor from 01st April 2021 to 31st March 2026, as per the ADT-1 form filed by the Company on 17th November 2021.
7. The Board upon careful examination of the allegations and supporting documents besides perusing the Prima Facie Opinion formed by the Director (Discipline) noted that the Respondent is Prima Facie Guilty of Professional Misconduct falling within the meaning of Item (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949. This conclusion is based on the Respondent's admission of failure to communicate with the previous auditor, the Complainant firm, before accepting the appointment as the auditor for the Company.
8. Moreover, the Respondent's failure to communicate with the previous auditor is supported by the absence of any evidence to the contrary. Although the Complainant firm mentioned outstanding audit fees and errors in the AOC-4 form, but these issues were not specifically alleged as violations by the Respondent in his complaint. The Complainant clarified that the outstanding fee pertains to the company and is not being pursued as a charge against the Respondent in this case. The Respondent also stated that he had not certified the AOC-4 form for the financial year 2020-21. Consequently, these additional allegations do not impact the primary finding of misconduct.
9. In view of the above and based on the available records coupled with the admission of the Respondent, the Board concluded that the Respondent is '**Guilty**' of Professional Misconduct falling within the meaning of Item (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949.

CONCLUSION:

10. Thus, in conclusion in the considered opinion of the Board, the Respondent is held '**Guilty**' of Professional Misconduct falling within the meaning of Item (8) of Part-I of the First Schedule to the Chartered Accountants Act, 1949.

Sd/-

CA. Rajendra Kumar P
Presiding Officer

Sd/-


Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

Sd/-

CA. Priti Savla
Member

Date: 27-08-2024

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Certified to be true copy


नीलम पुंडीर / Neelam Pundir
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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