

HON'BLE SRI JUSTICE V.RAMASUBRAMANIAN
AND
HON'BLE MS. JUSTICE J. UMADEVI

Reference Case No.1 of 2013

Order: *(per V.Ramasubramanian, J.)*

This is a reference made by the Institute of Chartered Accountants of India under Section 21 (5) of the Chartered Accountants Act, 1949, seeking confirmation of an order of reprimand passed against the respondent for proved professional misconduct.

2. Heard Mr. C.V. Rajeeva Reddy, learned counsel for the petitioner. Notice was ordered in this reference way back in the year 2013 and service has already been completed. But the respondent has not chosen to appear so far.

3. The allegations made against the respondent were that he gave two audit reports in respect of the very same balance sheet of a company by name M/s. Bharat Metal Box Ltd., indicating in one that the company was a sick company and indicating in the other that the company was not a sick company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1985. A complaint was lodged with the Institute by the Bank of Rajasthan Ltd., for the aforesaid misconduct and an enquiry was conducted. The explanation given by the respondent was that while finalising the audit report for the year 1995-96, at the place of the Board Meeting, he came to the conclusion that the company was not a Sick Industrial Company. The respondent claimed that he reached such

a conclusion on the basis of the notion that the company should have completed 7 years from its registration to qualify as a sick company. This report was adopted by the Board of the Company. The copy of the audit report was also sent to the bank. But while reviewing the balance sheet after signing it, the respondent claims to have consulted a senior colleague and came to a different conclusion.

4. From the very explanation offered by the respondent, it is clear that the respondent was at least guilty of negligence. Therefore, the punishment of reprimand is the least that the Institute could have imposed upon the respondent. Hence, we confirm the same and the reference is answered as above.



V.RAMASUBRAMANIAN, J

J. UMA DEVI, J

Date: 20-02-2017

Ksn