

CONFIDENTIAL

**DISCIPLINARY COMMITTEE [BENCH – I (2019-2020)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]**

**Findings cum Order under Rule 18(17) and Rule 19(2) of the Chartered Accountants
(Procedure of Investigations of Professional and Other Misconduct and Conduct of
Cases) Rules, 2007**

[File No. PR- 216/14-DD/268/14/DC/706/17]

In the matter of:

Shri. S.Ranjit Singh Sawhney and S. Gursharan Singh
President & Secretary,
Gurudwara Sri Guru Singh Sabha,
D-1/14, Model Town – II
Delhi – 110009

.... Complainant

-Vs-

CA. Ravinder Bhatia (M. No. 017572)
M/s. Bhatia & Bhatia
Chartered Accountants
12, Central Lane, Bengali Market,
New Delhi – 110001

.... Respondent

MEMBERS PRESENT:

Shri Jugal Kishore Mohapatra, Government Nominee (Presiding Officer)
Ms. Rashmi Verma, I.A.S. (Retd.) (Government Nominee)
CA. Babu Abraham Kallivayalil, Member
CA. Dayaniwas Sharma, Member

DATE OF FINAL HEARING/ORDER : 29.08.2019

PLACE OF FINAL HEARING/ORDER : ICAI, New Delhi

PARTIES PRESENT:

Complainant : Not Present
Respondent : CA. Ravinder Bhatia
Counsel for the Respondent : CA. Ashish Makhija

BRIEF OF DISCIPLINARY COMMITTEE PROCEEDINGS:

1. The Committee noted that on the day of hearing held on 29th August, 2019, the Complainant was not present. The Respondent along with his Counsel was present. Since the Complainant was not present and he also did not ask for time or adjournment, in view of the same the Committee decided to hear the case ex-parte the Complainant. On being enquired, the Respondent stated that he is aware of the charges and pleaded not guilty to the same. The Respondent decided to make his submissions in the matter. Thereafter, the Counsel for the Respondent made his submissions in defence. The Committee raised questions to the Respondent. After hearing the final submissions, the Committee decided to conclude the hearing.

CHARGES IN BRIEF AND FINDINGS OF THE DISCIPLINARY COMMITTEE:

2. In the instant case, the Respondent was the Auditors of Gurudwara Sri Guru Singh Sabha, New Delhi (hereinafter referred to as the “**Society**”) for many years. The Balance Sheet as at 31st March, 2013 of the Society was signed by the Respondent firm with their Report dated 17th April, 2013. The Committee noted that the following charges were made against the Respondent:-
 - i) The Respondent while rendering professional services to the Complainant / Society has written off a loan / advance extended by the Complainant /Society to GTB Public School, Model Town, New Delhi to the sum of Rs.96,60,689/- as donation despite having complete knowledge of the fact that no Resolution has ever been passed by the Managing Committee of the Complainant to that effect.
 - ii) The Respondent has further written off a loan / advance extended by the Complainant / Society to GTB Public School Model Town, New Delhi for electricity and water connection to the sum of Rs.10, 00,000/- as donation despite having complete knowledge of the fact that no Resolution has ever been passed by the Managing Committee of the Complainant to that effect.
 - iii) The Respondent has categorically mentioned in the balance sheet of the Complainant, Shri Guru Singh Sabha as at 31.03.2013 that a loan of Rs.5,93,000/- has been extended to GTB College of Higher Education’ whereas even to his own knowledge there is no such institution in existence with that name.
 - iv) The Respondent deliberately made a false statement in his report dated 17.04.2013 that the “*Advance to GTB Public School of INR 96,60,689/- and 10,00,000/- has been written off as per the Copy of the resolution of Sri Guru Singh Sabha, provided to us by the Management which has written off the same amount in the books as donation*” whereas no such Resolution is there in existence even to his own knowledge.

3. The Counsel for the Respondent made his argument that the present complaint of the Respondent is without proper authority and claimed that until a complaint is filed with proper authority it should not be considered and should be dismissed because this is extremely important point and there are number of judgements on this account also.
4. The Committee rejected this plea taken by the Counsel and requested to come to the substance/ subject matter of complaint. The Counsel before coming to the subject matter of the complaint gave some background of his client i.e. Respondent that he has been a very reputed member of this institute and have handled many high-profile cases like Amarpali and the Supreme Court has appointed him as one of the two forensic auditors merely on the basis of his high reputation. Thereafter, coming to the substance of the complaint the Counsel for the Respondent stated that the real subject matter of the complaint is not wiping-off of advance as donation but the collusion of the Respondent with the then Managing Committee. This derives to the fact that the Respondent has placed reliance on the fabricated documents at the time of certifying the advances received as donations. He also submitted that if the management takes a decision to transfer the loan to a donation, an auditor cannot question their wisdom.
5. Further, the Counsel drew the attention of the Committee that the balance sheet which was prepared by the then Managing Committee has also been signed by the New Management and had there been any issue with the same, the New Management should not have been signed the same. It was unanimously decided that the advance be treated as donation. The Counsel for the Respondent also stated the Complainant did not reply and also did not submit any rejoinder on the prima facie opinion.
6. The Committee observed that the crux of the charge was that advance and loan given to others were wiped off by showing the advances as donation. In this regard, the main defence of the Respondent was that the loan was written off by the then Management Committee of the Society vide their Resolution dated 14th December, 2012. Further, the Respondent is nobody to write off any amount until and unless the same is decided upon by the Management and the same is properly documented. The said amount was written off on the basis of the Resolution of the Complainant.
7. The Committee also noted that the Respondent was held prima facie guilty because of the fact that he could not prove the authenticity of the Resolution passed by the Society. In respect of above fact, the Respondent stated that The findings of the Director are

erroneous, wherein the Director has held that it is apparent that there is change in flow of writing under clause (7) of the Resolution whereby the same appears to have been inserted and the next page containing clauses (8), (9) & (10) have been erased and re-corrected. To counter the above observation of the Director (Discipline), the Respondent stated that Handwriting expert in his report dated 29.12.2017 has given expert opinion stating that the clause (7) of the resolution has been written by the same person who has written clause (1), (2), (8), (9) and (10). The report of the Handwriting expert makes it clear that the Respondent has not altered the aforesaid document and the entire document consists of the handwriting of one person only.

8. The Committee noted that the fulcrum of the charges rests on the authenticity of the resolution passed by the Society. Since the Respondent relied upon the hand writing expert opinion in support of his defence and there was no other documentary evidence to negate the hand writing expert opinion, the Committee decided to hold the Respondent not guilty with respect to the charges levelled against him.

Conclusion

9. Thus, in the considered opinion of the Committee, the Respondent is **NOT GUILTY** of professional misconduct falling within the meaning of Clauses (6) & (7) of Part I of the Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

10. Accordingly, the Committee passed an Order for closure of this case under Rule 19 (2) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of cases) Rules, 2007.

Sd/-
(SHRI JUGAL KISHORE MOHAPATRA, I.A.S. (Retd.))
GOVERNMENT NOMINEE & PRESIDING OFFICER

Sd/-
(CA. BABU ABRAHAM KALLIVAYALIL)
MEMBER

Sd/-
(MS. RASHMI VERMA, I.A.S. (Retd.))
GOVERNMENT NOMINEE

Sd/-
(CA. DAYANIWAS SHARMA)
MEMBER

DATE: 03.02.2020
PLACE: NEW DELHI