

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2019-2020)]

[Constituted under Section 21B of the Chartered Accountants (Amendment) 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-158/15-DD/166/15/DC/1027/2019]

In the matter of:

**Smt Gauri Sarin,
President,
Approach International/
Approach Talent Solutions Pvt. Ltd.,
D-146, Oakwood, Estates,
DLF Phase II
Gurgaon-122002**

....Complainant

Versus

**CA. Subal Jalan,(M.No.514279)
SARC & Associates (FRN NO. 006085N)
A-28 Transport Nagar,
Gorakhpur-273001**

.....Respondent

MEMBERS PRESENT:

**CA. Atul Kumar Gupta, Presiding Officer
CA. Amarjit Chopra, Government Nominee
CA. Rajendra Kumar P, Member
CA. Chandrashekhar Vasant Chitale, Member**

DATE OF FINAL HEARING : 16.12.2019

PLACE OF FINAL HEARING : ICAI Bhawan, Delhi

PARTIES PRESENT:

Complainant: Not Present

Respondent: CA. Subal Jalan

Charges in Brief:-

1. The Committee noted that in the Prima-Facie Opinion formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent is Guilty under Clause (2) of Part IV of the First Schedule and Clause (7) of Part I of the Second Schedule of Chartered Accountant Act 1949. The above Clause (2) of Part IV of the First Schedule states as under :-

“(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.”

And Clause (7) of Part I Second Schedule of Chartered Accountant Act 1949 which states that:-

“(7) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;”

2. In this case complaint has been filed by Smt. Gauri Sarin as a proprietor of M/s Approach International/Approach Talent Solutions Pvt. Ltd. making allegation against the Respondent CA. Subal Jalan. The allegations made by the Complainant against the Respondent is that the engagement letters for both the firms namely M/s Approach International and M/s Approach Talent Solutions Private Limited for the financial year 2013-14 were not taken by the Respondent before conducting the Audit. It is alleged that the engagement letters were shared with the Complainant by the Respondent only in May 2015, whereas the Audit was undertaken in September 2014.

Brief facts of the Proceedings:

3. On the day of hearing, the Committee noted that Complainant was not present. The Complainant submitted a letter that she will not be able to attend the hearing and sought adjournment from the Committee. As the matter was earlier adjourned on 21-10-2019 at the request of Complainant, the Committee rejected his adjournment request and proceeded with the hearing. However, The Respondent appeared before

the Committee. The Respondent was put on oath. In the absence of the Complainant and with consent of Respondent, the charges were taken as read. On being asked to the Respondent whether he pleads guilty, he replied in negative. Thereafter, the Committee sought whether he wish to proceed with his defence. After considering all papers available on record and pleadings, the Committee proceeded with the matter.

Findings of the Committee

4. On the matter stated above, the Committee reviewed that in reply, the Respondent contended that :

“We have never conducted Audit of M/s Approach Talent Solutions, as we have never been provided the Engagement Letter that we have requested, plus the Minute of EGM submitted for your records were also never produced before us anytime during the communication with us. Further, complainant is not clear about the concept of book-keeping, drafting of financials verses auditing. CA Shradha Sanghai (an independent CA) has submitted the draft financial to her for her company M/s Approach Talent Solutions Private Limited, however, we have never been confirmed by any means about the engagement for audit and without such confirmation we were not able to conduct the audit. We have repeatedly sent mails and communicated in this regards to different persons following up with us.

The mail submission by the Complainant for our proposal, but in her replies she has rejected the fees quote. The other engagement letter submitted by her was never acknowledged properly with confirmation from her side.

- *Now we submit, EGM produced before ICAI is false never provided to us.*
- *Engagement Letter submitted were never acknowledged and submitted back to us.*
- *Document mention in opinion page ranging between D-32 to D-36 was never conveyed to us by any means.*

5. The Committee noted that the Respondent reiterated his view that they have conducted audit of both the firms. The Respondent in his written submission stated as following:-
“We would like to reiterate, we have never been appointed as auditor or professional service provider as there was no engagement letter returned from the complainant in spite of the various reminders. We have only taken the responsibility of proprietor firm M/s Approach International for FY 2013-14 and we have completed our responsibility with due care and without any kind of negligence”.

6. The Committee noted that there also appears confusion about the role of Accountant/Book keeper and auditor in the mind of the Complainant and further the

Complainant could not make out the case of informing appointment and engagement of the Respondent as auditor.

Conclusion

7. In view of the above findings, the Committee is of the view the Committee finds no merit in the complaint filed by the Complainant and the case of the Complainant is not substantiated on the basis of pleadings and documents on record. Accordingly, in the considered opinion of the Committee, the Respondent is **NOT GUILTY** under Clause (6) and Clause (7) of Part I of the Second Schedule of Chartered Accountant Act 1949.
8. **Accordingly, in terms of Rule 19 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passes Order for closure of this case against the Respondent.**

Sd/-
(CA. ATUL KUMAR GUPTA)
PRESIDING OFFICER

Sd/-
(CA. AMARJIT CHOPRA)
GOVERNMENT NOMINEE

Sd/-
(CA. RAJENDRA KUMAR P)
MEMBER

Sd/-
(CA. CHANDRASHEKHAR VASANT CHITALE)
MEMBER

DATE: 10-02-2020
PLACE: New Delhi