

CONFIDENTIAL

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

[Constituted under Section 21B of the Chartered Accountants (Amendment) Act, 1949]

Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No. : [PPR/P102/15/DD/70/INF/16-DC/931/18]

In the matter of:

**CA. Ronak Mansukhbhai Bhut (M.No.149575), Proprietor of M/s. Ronak & Associates, Ahmedabad in Re:**

301, Abhitsree Adroit,  
Near Swami Narayan Temple,  
Mansi Circle,  
Vastrapur,  
Ahmedabad- 380 052.

.....Respondent

MEMBERS PRESENT:

**CA. Atul Kumar Gupta, Presiding Officer**  
**Shri Rajeev Kher, IAS Retd. (Govt. Nominee)**  
**CA. Chandrasekhar Vasant Chitale, Member**

**DATE OF FINAL HEARING : 10.08.2019**

**PLACE OF FINAL HEARING : ICAI Tower, Mumbai**

PARTIES PRESENT :

**Respondent: CA. Ronak Mansukhbhai Bhut**  
**Counsel for the Respondent : CA. Deepak R Shah**

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 of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The aforesaid Clause (7) states that:-

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

2. In this case of 'Information' which was initiated on reference received from the Additional Commissioner of Income Tax, Ahmadabad citing reports of billing racket by M/s Pradeep Overseas Limited and that the Respondent has issued certificates in Form 3CB and 3CD of tax audit for M/s. Ideal Enterprises and other 24 entities where no business was actually carried out by these entities.

### **Brief facts of the Proceedings:**

3. On the day of hearing i.e. 10/08/2019, CA. Ronak Mansukhbhai Bhut (the Respondent) alongwith his Counsel appeared before the Committee. The Respondent was put on oath. Thereafter, the Committee asked the Respondent whether he wishes the charge to be read out or it can be taken as read. The Respondent stated before the Committee that he was aware of the charges made against him and same may be taken as read. On being asked to the Respondent whether he pleads guilty, he replied in negative. Thereafter, the Committee sought whether he wishes to proceed with his defence. Thereafter, the Respondent placed his defence. After considering all papers available on record and pleadings, the Committee decided to proceed with the matter.

### **Findings of the Committee**



4. The committee noted the submission of the Respondent. He has submitted that he has duly verified the books of account including bank book, cash book, purchase registers, sales registers, stock register and other relevant records as provided to him by one Chartered Accountant. He further submitted that the accountant and the said Chartered Accountant of the auditee Company used to provide all the relevant documents either at his office or at the office of the said Chartered Accountant and he had no involvement in alleged scam of M/s. Pradeep Overseas Limited.
5. The Committee asked certain questions about the verification of VAT returns, and physical verifications of stocks and cash balance, confirmations from the debtors and creditors and the Respondent submitted that he never visited the premises of auditee and office/plant. He examined the stocks and cash based on the papers submitted by the accountant and the Chartered Accountant and confirmations were not called by him.
6. The Committee also asked about the KYC norms that whether the Respondent is aware about the proprietor/partner of these firms? The Respondent submitted that he is not aware of the owner and not visited the client office.
7. The Committee noted that the above statement of the Respondent along with the report submitted by the Income Tax Department relates to the involvement in irregularity to the tune of more than Rs.150 crores of the Ideal Enterprises audited by the Respondent. In this matter the Respondent should have acted diligently to verify the stocks, cash balances and other related documents to verify the authenticity and legitimacy of the documents. The Respondent has failed to exercise professional skepticism.

### **Conclusion**

8. In the light of the above and keeping in view the facts and circumstances of the case and looking into the entire scenario and the Respondent is grossly negligent in verifying the stock, cash in hand, bank balance and failed to obtain confirmation from the third party in relation to debtors and creditors. Even the

owner of these firms and premises was not known to the Respondent which clearly shows his participation in falsification of accounts and creation of fabricated accounts with ulterior motive. Accordingly, the committee is of the view that the Respondent is **GUILTY** of professional misconduct falling within the meaning of Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

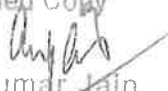
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**Sd/-**  
**(CA. ATUL KUMAR GUPTA)**  
**PRESIDING OFFICER**

**Sd/-**  
**(SHRI RAJEEV KHER, IAS RETD.)**  
**GOVERNMENT NOMINEE**

**Sd/-**  
**(CA. CHANDRASEKHAR V. CHITALE)**  
**MEMBER**

**DATE: 10-02-2020**  
**PLACE: New Delhi**

Certified Copy  
  
Ajay Kumar Jain  
Deputy Secretary  
Disciplinary Directorate  
The Institute of Chartered Accountants of India  
ICAI Bhawan, I.P. Marg, New Delhi-110 002



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)

[PPR/P102/15/DD/70/INF/16-DC/931/18]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH  
RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATION OF  
PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

[PPR/P102/15/DD/70/INF/16-DC/931/18]

In the matter of:

**CA. Ronak Mansukhbhai Bhut (M.No.149575), Proprietor of M/s. Ronak & Associates,  
Ahmedabad in Re:**

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Near Swami Narayan Temple,  
Mansi Circle,  
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Ahmedabad- 380 052.

.....Respondent

MEMBERS PRESENT:

1. CA. Atul Kumar Gupta, Presiding Officer
2. Shri Rajeev Kher, I.A.S. (Retd.), Government Nominee
3. CA. Amarjit Chopra, Government Nominee
4. CA. Rajendra Kumar P, Member
5. CA. Pramod Kumar Boob, Member

**DATE OF MEETING : 03.07.2020 (Through Video Conferencing)**

1. That vide findings under Rule 18 (17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 dated 10.02.2020, the Disciplinary Committee was inter-alia of the opinion that **CA. Ronak Mansukhbhai Bhut (M.No.149575)** (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

2. The Respondent was present before the Committee in Ahmedabad office of ICAI through video conferencing mode. He submitted that he qualified CA in June 2012 and the transactions in books were made prior to June 2012. He submitted that a common Complaint wherein the facts were the same was filed against 6 Chartered Accountants and from the said 6, 2 Chartered



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Accountants were held not guilty by the Board of Discipline and hence, he placed reliance on the said orders holding the Chartered Accountants not guilty as the facts were the same and accordingly he be held not guilty. He submitted that no complaint was received either from the Bank or the Income Tax Department in relation with the alleged matter. He claimed that closing stock, sales, purchases etc were assessed by the Income Tax Department and assessment order was passed by it.

3. The Committee noted that the Respondent did not submit any specific defense with documentary evidences as to verification of stock, turnover with reference to VAT returns etc., instead submitted his defense with a plea to consider the order of other 2 CAs in the related matter wherein, as per his claim, they were held not guilty. It is also noted by the Committee that the Respondent just relied upon the back up of tally data provided by the accountant of the client and he did not visit in person to the site of the client to verify the inventory. The Committee also noted that the Respondent was not able to submit as to how he satisfied the correctness of turnover and stock as he never physically verified the stock. Moreover, the Respondent accepted that he had not verified the return filed under the relevant Value Added Tax Act. The Committee opined that the Respondent is grossly negligent in the conduct of his professional duties. Accordingly, end of justice can be met if punishment is given to him.

4. Therefore, keeping in view the facts and circumstances of the case, material on record and submissions of the Respondent before it, the Committee ordered that the name of the Respondent i.e. CA. Ronak Mansukhbhai Bhut (M.No.149575) be removed from the register of members for a period of 02 (Two) Years.

sd/-

(CA. ATUL KUMAR GUPTA)  
PRESIDING OFFICER

sd/-

(CA. AMARJIT CHOPRA)  
GOVERNMENT NOMINEE

sd/-

(SHRI RAJEEV KHER, I.A.S. RETD.)  
GOVERNMENT NOMINEE

(approved & confirmed through email)

(CA. RAJENDRA KUMAR P)

MEMBER

(approved & confirmed through email)

(CA. PRAMOD KUMAR BOOB)

MEMBER

Certified to be true copy

Mukesh Kumar Mittal  
Assistant Secretary,  
Disciplinary Directorate