



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

[PR/224/15-DD/227/15-DC/723/17]

**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.**

[PR/224/15-DD/227/15-DC/723/17]

Shri Anand Achyutao Kulkarni
Indri Building, Plot No.14, 9th Cross,
Engineering College Hostel Road,
Vidyagiri, Bagalkot,
Bagalkot – 587102

.....Complainant

-Vs.-

CA. Paragesh K. Joshi, (M.No.131603),
Bhagyada Ankit Residency,
Flat No.1, Vidya Nagar Road No. 3,
Warnali Road,
Vishrambhag,
Sangli – 416415

.....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: 22nd September, 2020 (through Video Conferencing)

CA. Paragesh K. Joshi (M.No.131603)



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[PR/224/15-DD/227/15-DC/723/17]

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. Paragesh K. Joshi (M.No.131603)** was **GUILTY** of professional misconduct falling within the meaning of Clause (5), (6),(7) and (8) of Part I of Second Schedule to the Chartered Accountant Act, 1949.
2. The Respondent was present before the Committee through video conferencing mode. On being asked about his submissions, he submitted that he has already submitted his written statement in response to the findings of the Committee and in addition to the same, he submitted that the alleged mistake was his first mistake and he accepted the same. However, though, he pleaded guilty in the matter yet, he requested for reprimanding him mentioning that he would be more vigilant in future and presently he had no other source of income.
3. The Committee while looking into the matter and the conduct of the Respondent, was of the opinion that the Respondent as auditor failed to qualify his audit report with regards to various aspects like valuation of inventory, correct figure of trade receivables, reporting of loans & advances to Directors and disclosure of fixed assets & capital work in progress in Tax Audit Report. Accordingly, the Committee decided that the ends of justice could be met if reasonable punishment is given to him.



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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. Paragesh K. Joshi (M.No.131603) be removed from the register of members for a period of 02 (Two) Years along with the monetary penalty of Rs.1,00,000/- (Rupees One Lakh only), to be payable within 30 days from receipt of the Order.

sd/-

(CA. ATUL KUMAR GUPTA)
PRESIDING OFFICER

(approved and confirmed through e-mail)

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

(approved and confirmed through e-mail)

(CA. AMARJIT CHOPRA)
GOVERNMENT NOMINEE

sd/-

(CA. RAJENDRA KUMAR P)
MEMBER

(approved and confirmed through e-mail)

(CA. PRAMOD KUMAR BOOB)
MEMBER

Certified to be true copy



Jyotika Grover
Assistant Secretary,
Disciplinary Directorate

The Institute of Chartered Accountants of India,
ICAI Bhawan, Vishwas Nagar, Shadra, Delhi-110032

CONFIDENTIAL

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

[Constituted under Section 21B of the Chartered Accountants 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

Ref. No. PR- 224/15-DD/227/15/DC/723/17

In the matter of:

Shri Anand Achyut Rao Kulkarni
Indri Building, Plot No.14, 9th Cross,
Engineering College Hostel Road,
Vidyagiri, Bagalkot,
Bagalkot – 587102

.....Complainant

-Vs.-

CA. Paragesh K. Joshi, (M.No.131603),
Bhagyada Ankit Residency,
Flat No.1, Vidya Nagar Road No. 3,
Warnali Road,
Vishrambhag,
Sangli – 416415

.....Respondent

MEMBERS PRESENT:

**CA. ATUL KUMAR GUPTA, PRESIDING OFFICER,
CA. AMARJIT CHOPRA, GOVT. NOMINEE,
CA. CHANDRASHEKHAR VASANT CHITALE, MEMBER**

DATE OF FINAL HEARING : 24.06.2019

PLACE OF FINAL HEARING : ICAI Tower, Bandra Kurla Complex, Mumbai

PARTIES PRESENT:

Complainant : Shri Anand Achyut Rao Kulkarni
Counsel for the Complainant : Shri Satyajit Kakade
Respondent : CA. Pragesh K. Joshi
Counsel for the Respondent : Shri S.G. Gokhale



BRIEF OF THE DISCIPLINARY PROCEEDINGS HELD IN THE MATTER

1. On the day of hearing held on 9th May, 2019, the Committee noted that the Complainant was present. The Respondent along with his Counsel was present. The Complainant requested for adjournment of hearing as his Counsel could not appear before the Committee. On the same, the Committee decided to adjourn the hearing in the above matter. The Committee also informed to the Complainant that in case of non-availability of the Complainant at the time of next hearing, the matter would be decided on its merits. With this, the hearing in the matter was adjourned.
2. On the day of next hearing held on 29th May, 2019, the Committee noted that the Complainant and the Respondent were present along with their respective Counsel. The Complainant as well as the Respondent were put on oath. The Complainant explained the charges leveled against the Respondent. The Respondent pleaded not guilty to the charges. The Counsel for the Respondent made submissions on behalf of the Respondent. The Committee also raised questions to the Complainant and the Respondent. Thereafter, the Committee directed the Respondent to submit the following details /documents:-
 1. Details of Sundry debtors containing following details opening balance, sales, payment received, closing balance (In other words ageing of the Sundry debtors)
 2. Clarification for Rs.3 crore (as Rs.22 crore was repaid for a project worth of Rs.19 crore).As per request of the Complainant, the Committee allowed the Complainant to submit his submissions on the Respondent's contentions. After this, the hearing in the matter was partly heard & adjourned.
3. On the day of final hearing held on 24th June, 2019, the Committee noted that the Complainant and the Respondent were present along with their respective counsel(s). When the Committee continued the hearing from the stage as it was left in last hearing, neither the Complainant nor the Respondent objected to the same. The Complainant and the Respondent made their respective submissions. The Committee



also posed questions to the Complainant and the Respondent. After hearing the submissions, the Committee concluded the hearing in the above matter.

BRIEF OF THE CHARGES LEVELED AGAISNT THE RESPONDENT:-

4. As regard the brief of the case, the Complainant stated that he was a director on the Board of Directors of Shri Shivanagar Sugar & Agro Products Ltd (hereinafter referred to as the “**Company**”). The Respondent was statutory auditor of the Company. The charges made by the Complainant were based on certain observations given in Special Audit Report of M/s. V.S. Potdar & Co., Chartered Accountants (hereinafter referred to as “**Special Auditor**”).
5. In respect of the charges, it is noted that the following charges were levelled against the Respondent for which the Respondent was held prima facie guilty:-

- 5.1 First charge is related to Inventory and the following charge was made in respect of inventory:-

“ The Company has valued stock of finished goods, i.e., Sugar, Molassis and Baggage at cost though the net realizable value of Sugar and Molasses as at the end of respective financial years is lower.

The inventory is overstated and loss understated by, Rs.2,95,78,971/- for the year ended 31st March, 2013, Rs.1,92,91,819/- for the year ended 31st March, 2014 and Rs.9,08,16,034/- for the year ended 31st March, 2015 (C58 – C59).”

- 5.2 The second charge is related to Trade receivable (Sundry Debtors), the following charge was made:-

“Special auditor in his report mentioned that Personal visit is made for verification of customers, M/s. Maharashtra Sugar Traders and M/s. M.K. Traders at their office address as mentioned in the invoices raised on them which are at Sangli. The office of the party at the address was not there and the presence of the party at the address is denied by neighbours.

As a further investigative follow-up we sent to each of the party by Registered AD Post on the said addresses, even the said letters are returned to us undelivered giving the remarks by Post as “Incomplete address” in one case and “Party left” in another.

Under these circumstances the existence and genuineness of these trade receivables is in doubt and to the extent of amount receivable from these receivables as appearing in the financial statements are misstated.



The management of the Company has neither identified such trade receivables as bad or doubtful nor has made any provision in the books of account in respect of these trade receivables, which are in reality bad and may aggregate to more than Rs.1,81,30,369/-." (C60-C62).

5.3 Third charge is related to loan & advances and the following charge was made in respect of loan & advance:-

"For the year ended 31st March, 2013 the amount of advance / loans to the directors is Rs.3,10,54,551/- (except Rs.23,71,485/- land advance) is transferred to various ledger accounts. Consequently the amount outstanding as at the yearend in advances / loans to directors accounts has become NIL thereby misstating the fact that the directors have settled their advance / loan account either by repaying the amount or giving the details of expenses incurred from such advance / loan accounts.

As per the requirements of Revised schedule VI of the Companies Act, 1956 / Schedule III of the Companies Act, 2013, these transactions have neither been reported as advance / loan to directors nor in the disclosure of Related Party transactions in the respective balance sheets of the Company as at 31st March, 2013, 31st March, 2014 and 31st March, 2015. These advances are carried in the books of account from year to year without settlement as such these advances appear to be in the nature of loan (C62-C63)".

5.4 Fourth charge is related to Creditors/Trade Payables, the following charge were made in respect of Trade payable:-

"The creditors / trade payables in the books of accounts as above does not include an aggregate amount of Rs.5,25,00,000/- returned by the Suppliers of capital goods of Co-Gen and Distillery Project during the year ended 31st March, 2013 and a further amount of Rs.17,15,44,183/- returned by them during the year ended 31st March, 2014 claiming to be excess amount received.

In other words the terms loan has not been utilized for the purpose for which it was granted but on the contrary the funds are diverted for the other needs of the Company."

5.5 Fifth charge is related to fixed assets and Capital work in progress and the following charge was made:-

"It was alleged that On going through the Tax Audit Reports of the Company for the details of additions to fixed assets, it is observed that the details which are mandatorily required to be given as annexure to the Tax Audit Report were absent in the Tax Audit Report.



However, till date the information is not received from him except for details of a few of the additions to plant without the copies of invoices.

This leads one to reach a conclusions that there has been complete information black out in regard to additions to fixed assets as such there could be collusion amongst the parties involved with a motive (C52-C53)"

5.6 The Complainant in his next charge stated that the Respondent certified the false Balance Sheet without verifying the records of the Company as the Respondent under para no.21, 22 and 23 of his Audit Report mentioned that certain records of the Company have gone missing. The Complainant also stated that when the Auditor knew that there are serious disputes and 10 directors have filed complaints, he ought to have verified all the documents and records, without merely relying upon the statement of alleged management.

FINDINGS OF THE COMMITTEE:-

6. After taking into consideration the submissions and documents on record, the Committee submits its findings as under:-

6.1. In respect of first charge related to inventory, the Respondent stated that the method of valuation of the Inventory was as per Accounting Standard -2 and inventory was not misstated. The Respondent stated that it is mentioned in the Special Audit report that the Inventory was valued by the Company at cost which is not correct. The Respondent stated that he did the valuation of inventory based on the price of products in March which was more realistic. The Respondent stated that as far as the principle of valuation is concerned, it should be at the cost or realizable value whichever is lower. The special audit and statutory auditor have accepted it and there is no issue on the same. However, the Special Auditor has taken the price of March and April months for calculation of net realizable value. They have taken the price based on the tenders. The Respondent stated that Sugar factory takes tenders and the valuation was as per the realizable value as on 31st March only.

6.1.1 In respect of above charge, it is noted that as per requirement of Accounting Standard – 2, finished goods is valued at cost or Net realizable value whichever is less. The Respondent's defence was that during 2012-13, 2013-14 and 2014-15, cost



of production was more than Sugar sale prices and the inventory was valued at Net realizable prices by both the Special auditor and Company. Further, for calculation of Net realizable value, the process followed by the Company consistently in all years was by taking quotation from Customer for sugar prices in the end of March each year for which they are willing to purchase in next year. On perusal of the financial statements, it is observed that policy adopted for valuation of inventories was as under:-

"Stock are valued at lower of cost or net realisable value. Basis of determination of cost remain as follows:-

- a. Raw Materials, Spares and Stores- At cost,
- b. Work in Progress- At cost of input plus overheads upto stage of completion
- c. Finished Goods- At cost or Market Value whichever is less

6.1.2 From the above, it is observed that instead of taking Net realizable value for valuation of finished goods, the Company has taken value quoted in tenders of the finished goods. Further, it is observed that the value was taken from the price quoted in the tenders for the finished goods to be supplied in the month of July, 2013 (for financial year 2012-13), January, 2016 (for financial year 2014-15). There was no satisfactorily reply from the Respondent as to why they have taken market value for valuation of finished goods instead of Net realizable value and as to why they have taken the market price of finished goods which was to be delivered in the month of July, 2013 and January, 2016 as the market price of July, 2013 and January, 2016 does not represent fair market selling price at the end of the respective financial year(s).

6.1.3 The Respondent stated that since the cost was lower than the selling price of finished goods, the fact of not taking net realizable value has not impacted the valuation of finished goods. In this regard, the Committee noted that in point no.10 of the audit report for the financial year 2013-14, it was mentioned that "*the Company has incurred cash losses during the financial year of Rs.14.98 cr as cane cost is more than sale price of sugar declared by Karnataka Govt*". Hence, the Committee is of the view that the Company has adopted wrong policy for valuation of inventory and also taken the future market price which does not represent fair market price at the end of



the respective financial years and the same appears to be resulted in overstated inventory for the year ended 31st March, 2013, 2014 and 2015 which the Respondent as auditor failed to qualify in his audit report. Accordingly, the Committee decided to hold the Respondent guilty with respect to above charge.

6.2 In respect of second charge related to trade receivable, the Respondent stated that the scope of Complaint was only with respect to non-disclosure of bifurcation between the debtors more or less than 6 months old, however, the same was enlarged in the rejoinder, which is not permissible in law. The Respondent stated that there was mistake on his part to this extent of disclosure of debtors balance in terms of disclosure requirement of Schedule VI to the Companies Act, 1956. He also stated that amount received from debtors were adjusted on FIFO basis, hence, there is no outstanding more than 6 months.

6.2.1 The Committee noted that though the Complainant raised question on genuineness of the parties yet he could not substantiate the same. However, on perusal of the financial statements, the Committee observed that no trade receivables was shown outstanding in the financial year 2012-13, 2013-14 and 2014-2015 for a period exceeding six months from the date they were due for payment. The Special Auditor mentioned name of 5 parties having balance outstanding more than 2 years. The Respondent admitted mistake that age-wise disclosure of trade receivables as required in term of requirement of Schedule VI to the Companies Act, 1956, was not given in the financial statements. Accordingly, the Committee decided to hold the Respondent guilty in respect of above charge.

6.3 In respect of charge related to loan & advance, the Respondent stated that the said advances given to the directors was for office and factory work purpose and were not treated by the Company in nature of loan for the financial years 2012-13 & 2013-14. However, when the directors failed to produce the expenditure vouchers till 2015, the same were reported in the report of financial year 2014-15. To a question posed to the Respondent as to how he has ensured the compliance of the requirement of Section 295 of the Companies Act, 1956, the Respondent stated that advance was given to the directors through cheques for expenses like advance to other employee. The



Respondent admitted that he has not given the disclosure of the related party. All other advance incurred on expenses has been transferred to their respective accounts. In the cases where the amount was not incurred and also not returned to the Company, it was decided by the Company to treat these advances as Advance to Directors / Ex-Directors in the nature of loan and initiated action for recovery. While preparing the report for the financial year 2014-15, disclosure under Related Party Transaction was given. To a further question, the Respondent admitted that there was violation of the requirement of Section 295 of the Companies Act, 1949. The Respondent also admitted that major amount of loan was given in cash.

6.3.1 The Committee noted that the special auditor in his report has made following observations as under:-

“Details of fresh advances / loans given by the Company to directors as under:-

| Name of Director | Amount 31.03.2013 | Amount 31.03.2014 | Amount 31.03.2015 | Cumulative Amount 31.03.2015 |
|---|----------------------|----------------------|----------------------|------------------------------------|
| Mr. Anand A. Kulkarni | 75,56,751 | 17,91,214 | 2,957 | 93,50,922 |
| Mr. Mahadevappa S. Yadawad (Transfer from Mr. Anand A. Kulkarni) | 4,01,200 | - | - | 4,01,200 |
| Mr. Arun B. Hawaldar | 1,10,60,100 | (1,02,389) | 2,21,433 | 1,11,79,144 |
| Mr. Arun B. Hawaldar (Land Adv.) | 23,71,485 | - | - | 23,71,485 |
| Mr. Girish R. Suryavanshi | 50,02,768 | 13,81,637 | 1,062 | 63,85,467 |
| Mr. Kadappa L. Jinrale | 12,33,956 | 6,10,064 | 1,827 | 18,45,847 |
| Mr. Manjunath T. Desai | 24,78,479 | 9,07,644 | 2,122 | 33,88,245 |
| Mr. Rajendra B. Patil | 8,11,000 | 67,23,000 | 3,73,519 | 79,07,519 |
| Mr. Rajendra B. Patil (Off Exp.) | - | 7,71,525 | (7,71,525) | - |
| Mr. Venkannagouda S. Patil | 25,10,298 | 5,89,831 | 1,287 | 31,01,416 |
| Total | 3,34,26,037 | 1,26,72,526 | 6,04,207 | 4,59,31,245 |

“For the year ended 31st March, 2013 the amount of advance / loans to the directors is Rs.3,10,54,551/- (except Rs.23,71,485/- land advance) is transferred to various ledger accounts. Consequently the amount outstanding as at the year end in advances / loans to directors accounts has become NIL thereby misstating the fact that the directors have settled their advance / loan account either by repaying the amount or giving the details of expenses incurred from such advance / loan accounts.



The amounts so transferred to close the advance / loan accounts is re-transferred to advance / loan accounts at the beginning of the next year.

This act of the management contradicts the statements made in the Directors' Report for the Financial Years ended 31st March, 2013 and 31st March, 2014 – Quote "the Company has in place a code of Corporate ethics and conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre" unquote.

As per the requirements of Revised schedule VI of the Companies Act, 1956 / Schedule III of the Companies Act, 2013, these transactions have neither been reported as advance / loan to directors nor in the disclosure of Related Party transactions in the respective balance sheets of the Company as at 31st March, 2013, 31st March, 2014 and 31st March, 2015. These advances are carried in the books of account from year to year without settlement as such these advances appear to be in the nature of loan (C62-C63)".

6.3.2 It is noted that the Respondent has admitted that advances given to the Directors were not utilized and treated as advance in the financial year 2014-15. The Respondent could not give satisfactorily reply as to why he has not disclosed the violation of the provisions of the Section 295 of the Companies Act, 1956. Further, unutilized balances at the end of the respective year were not shown separately in the financial statements of the Company as required in terms of the requirement of Schedule VI to the Companies Act, 1956. It has also been noted that most of the advances was given in cash. Hence, the Committee is of the view that the Respondent failed to point out violation of companies Act, 1956 and also failed to point out that loan given to the directors has not been shown separately in the financial statements of the Company. Thus, the Committee decided to hold the Respondent not guilty with respect to above charge.

6.4 In respect of fourth charge related to trade payable, the Respondent stated that the Company has paid excess advance (excess margin money of loan) which was refunded by supplier after receipt of amount from bank. The payment of loan was made only to the suppliers of Distillery and C-Gen Plants for which loan was sanctioned. The excess amount paid to the suppliers was returned back when the amount was paid directly to them by the bank. As the loan amount was exclusively utilized for the intended purpose, there is no mis-utilization and diversion of fund. As regard the question related to amount of loan sanctioned and given to the suppliers, the Respondent stated that out of the total



cost of the project of Rs.60 crores, the bank has given only Rs.38 crores to the vendors. The Company also gave balance amount directly to the vendor in advance for purchase of assets. The Respondent stated that the Company has given Rs.22.4 crore to 4 to 5 vendors. Thereafter, the bank has also given the additional loan amount to these vendors. The Respondent stated that Rs.2 crore is yet to be receivable from the vendors.

6.4.1 The Complainant stated that the Respondent has tried to show that the amount was paid in 2011-12 and the bank sanction came at a very later stage. The Complainant stated that this was not the case and the entire amount of Rs. 43 crore was given to the suppliers in 2012-13. The Complainant further stated that substantial amount was paid through the bank loan. Out of Rs.43 crore, Rs. 38 crore was from the bank loan. The Complainant stated that the Company has paid Rs. 22 crore and the said amount was taken back in the form of refund.

6.4.2 In respect of above charge, the Committee observed that amount was incurred on the project related to Cogen. From the financial statement for the financial year 2013-14, it is noted that total amount incurred on the Cogen project was Rs.29 cr (Plant & Machinery – Cogen Rs.26.93 Cr plus Building – Cogen – Rs.3.52 cr). To a question as to how the Company has taken loan of Rs. 38 Cr for the purchase of fixed assets of Rs. 29 Cr, the Respondent referred to the Work in Progress of Rs.20 cr. On the same, it is observed that as per admission of the Respondent, total cost of the project was Rs.60 Cr and the Company had invested only Rs.50 cr in the fixed assets. In view of the submissions on record, the Committee noted that for the project of Rs.60 Cr, the bank had sanctioned Rs.38 Cr and the Company had given Rs.22 Cr directly to the vendors. Hence, the ratio of the loan and client margin was 38:22. But the Company had drawn Rs.38 Cr from the bank whereas amount spent on the project was only Rs.50 cr. When the Committee enquired from the Respondent as to how the Company has taken disbursement of Rs.38 Cr when only Rs.50 Cr was spent on the project and disbursement for Rs.50 Cr should be in the ratio of 38:22 (Rs.31 Cr), the Respondent could not give satisfactorily reply and the said facts indicate that refund received from the vendors / suppliers includes amount of loan sanctioned for purchase of assets. Accordingly, the Committee is of the view that the Respondent failed to point out the diversion of loan proceeds in the form of refund



from suppliers. Thus, the Committee decided to hold the Respondent Guilty with respect of above charge.

6.5 In respect of fifth charge related to fixed assets and capital work in progress, the Respondent stated that even though fixed asset register was not available for verification but he satisfied himself with the help of the data available in the tally software of the Company. Also upon analyzing the operations of the Company, the FIR produced, the management representation letter and the final manufacturing report under central excise rules, the Respondent was satisfied that there is no material discrepancy in the fixed assets of the Company. Accordingly, no separate qualification was warranted. The Committee in respect of above charge observed that the Respondent under CARO reporting duly mentioned that *“Fixed Assets Register was not available for verification as it is stated by management that the same was stolen by theft”*. Keeping in view the reporting made by the Respondent, the Committee decided to hold the Respondent not guilty with respect to above charge.

6.6 In respect of next charge of certifying the balance sheet without verification of books of accounts, the Respondent stated that the audit report is prepared as specified under Companies Act and proper disclosure and disclaimer made as specified in Auditing Standards issued by ICAI. As certain documents and Registers were not made available to him during audit as the same were reportedly lost by theft, he made disclosure in Audit Report. Further, details of dispute between directors of the Company were also properly disclosed in Audit Report for F.Y. 2013-14.

6.7 On perusal of the audit report for the financial year 2014-15, it is noted that the Respondent had issued his audit report subject to annexure to Auditors Report. Under the heading *“Report on Other Legal and Regulatory Requirements”*, the Respondent mentioned as under (D7):-

“2(a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief necessary for the purpose of this audit except statutory registers which was in process of re-creation due to theft in last year. Debtors, Creditors, Advances, Bank accounts and Loan accounts are subject to confirmation and reconciliation. Internal Audit Report, Cost Audit Report not available for verification.”



In annexure to Audit Report, he stated as under:-

- i) "Fixed Asset Register of Company is reported to be stolen during the year 2013-14. Company is in process of recreation of the said register. We are, therefore, unable to comment as to whether the Company is maintaining proper records showing particulars, including quantitative details and situation of fixed assets."

.....
.....
(xii) There has been no fraud on or by the Company has been noticed or reported during the year under report. It has been however noticed that the Honorable CLB, Mumbai Bench has appointed vide order No.114/397-398/CLB/MB/2014/1466 Dt. 17/03/2015 M/s. V.S. Potdar & Co., Chartered Accountants, Pune to conduct Investigation / Forensic audit of the books of the Company for the F.Y. 2012-13 to 2014-15 in pursuance of petition for management dispute.

From the above, it is apparent that the Respondent had given appropriate disclosure in respect of non-availability of statutory registers due to theft and in respect of forensic audit of the books of the Company in pursuance of petition for management dispute. Since the Respondent had made adequate disclosure regarding non-availability and management dispute and made his opinion subject to these qualifications, the Respondent is not guilty with respect to this charge.

Conclusion

7. Thus in the considered opinion of the Committee, the Respondent is **GUILTY** of professional misconduct falling within the meaning Clause (5), (6), (7) & (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949 in respect of charges related to valuation of inventory, trade receivable, loan & advance and trade payable.

Sd/-

(CA. ATUL KUMAR GUPTA)
PRESIDING OFFICER

Sd/-

(CA. AMARJIT CHOPRA)
GOVT. NOMINEE

Sd/-

(CA. CHANDRASHEKHAR VASANT CHITALE)
MEMBER

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

DATE : 10-02-2020
PLACE : New Delhi