



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

[PR- 245/14-DD/258/2014/DC/605/17]

**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.**

**In the matter of:**

**Shri Rakesh Dhawan, New Delhi**

**-VS-**

**CA. Neelam Dhawan (M.No.081035), New Delhi**

**[PR/ 245/14-DD/258/2014/DC/605/17]**

**Date of Order : 07<sup>th</sup> September, 2020**

**MEMBERS PRESENT:**

1. CA. Nihar N Jambusaria, Presiding Officer
2. Shri Arun Kumar, IAS (Retd.), Government Nominee
3. Ms. Nita Chowdhury, IAS (Retd.), Government Nominee
4. CA. (Dr.) Debashis Mitra, Member
5. CA. Jay Chhaira, Member

1. That vide report dated 03<sup>rd</sup> February, 2020, the Disciplinary Committee held **CA. Neelam Dhawan (M.No.081035), New Delhi** (hereinafter referred to as the “Respondent”) **GUILTY** of professional Misconduct falling within the meaning of Clause (11) of Part I of First Schedule to the Chartered Accountants Act, 1949 as amended from time to time.

2. That an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication was addressed to her thereby granting an opportunity of being heard in person and/or to make written representation before the Committee 07<sup>th</sup> September, 2020.

**CA. Neelam Dhawan (M.No.081035), New Delhi**



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3. The Respondent did not appear before the Committee on 07<sup>th</sup> September, 2020, however, through e-mail dated 03<sup>rd</sup> and 04<sup>th</sup> September, 2020 she has informed that she has already submitted her representation. Further, she states that due to on-going COVID problem and because of unstable internet connectivity at her place (Uttarakhand), it would not be feasible for her to attend hearing through video conferencing.

4. The Committee considered the facts and documents/representations available on record along-with findings of the earlier Committee holding the Respondent guilty of professional misconduct.

5. The Committee noted that the Respondent was director of M/s. Hot Biz System Pvt. Ltd. till June, 2015. Though the Respondent claimed that she was director simpliciter only and she was not involved in day to day affairs / operations of the Company, yet the documentary evidence on record such as copy of purchase order and financial statement signed by the Respondent indicates that she was involved in day to day affairs of the Company.

5.1 Further, the Respondent did not provide details of authorised signatory of bank account of the Company which raises doubt on the submissions made by her in defence. It is also noted that notice of Annual General meeting and appointment letter for audit of accounts for the financial year 2013-14 were signed by the Respondent.

These facts clearly show that role of the Respondent was not limited to the role of director simpliciter and she was actively involved and was participating in day to day activities of the Company.

5.2 Moreover, on perusal of the membership record of the Respondent, it is noted that she was holding COP from June, 1979 to April, 2017 and she had not informed the Institute about her employment as full time director of the Company.



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5.3 In view of above, the Committee was of the view that the role of the Respondent was not limited to director simpliciter and she was actively involved and was participating in day to day activities of the Company while holding Certificate of practice

5.4 Hence, the Committee was of the view that the Respondent deliberately hide the fact (s) of her full-time employment besides holding full time COP. Accordingly, ends of justice can be met if reasonable punishment is given to her.

6. Thus, keeping in view the facts and circumstances of the case as aforesaid, the material on record, submissions of the Respondent before it, this Committee orders that the name of the Respondent i.e. CA. Neelam Dhawan (M.No.081035) be removed from the register of members for a period of 03 (Three) Months.

Sd/-  
(CA. NIHAR N JAMBUSARIA)  
PRESIDING OFFICER

Sd/-  
(SHRI ARUN KUMAR, IAS (RETD.)  
GOVERNMENT NOMINEE

Sd/-  
(MS. NITA CHOWDHURY, IAS (RETD.))  
GOVERNMENT NOMINEE

Sd/-  
(CA. (DR.) DEBASHIS MITRA)  
MEMBER

Sd/-  
(CA. JAY CHHAIRA)  
MEMBER



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**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – I (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- 245/14-DD/258/2014/DC/605/17]**

**In the matter of:**

**Shri Rakesh Dhawan,**

218, Kailash Hills,

**New Delhi – 110 065**

**.....Complainant**

**Versus**

**CA. Neelam Dhawan (M.No.081035)**

Hot Biz Systems Pvt. Ltd.,

Founder & Director,

218 Kailash Hills,

**New Delhi – 110 065**

**.....Respondent**

**MEMBERS PRESENT:**

**CA. Prafulla Premasukh Chhajed, Presiding Officer,**

**Shri Jugal Kishore Mohapatra, I.A.S.(Retd.), Government Nominee,**

**Ms. Rashmi Verma, I.A.S. (Retd.), Government Nominee,**

CA. Neelam Dhawan (M.No.081035), New Delhi

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**CA. Babu Abraham Kallivayalil, Member,**  
**CA. Dayaniwas Sharma, Member**

**DATE OF FINAL HEARING : 16.10.2019 (Decision taken on 17.12.2019)**

**PLACE OF FINAL HEARING : ICAI, New Delhi**

**PARTIES PRESENT:**

**Counsel for the Respondent : Shri Vivek Sharma**

**BRIEF OF THE DISCIPLINARY PROCEEDINGS:-**

1. The Committee noted that first hearing in the matter was fixed on 28<sup>th</sup> August, 2019. The notice of the said hearing was duly sent to the Complainant and the Respondent. However, the said hearing was adjourned at the request of the Respondent.

1.1. On the day of next hearing held on 16<sup>th</sup> October, 2019, the Committee noted that the Complainant was not present. The Respondent was not present but his Counsel was present. Since the Complainant was absent without any prior intimation and there was no request for adjournment of hearing, the Committee decided to proceed ahead in the matter ex-parte the Complainant. On being enquired from the Counsel for the Respondent as to whether he is having proper vakalatnama from the Respondent, he stated that he would file the same. On the same, the Committee allowed him to file the same within 3 days of the hearing. When the Committee enquired from the Counsel for the Respondent as to whether he is aware of charges leveled against the Respondent, he replied in affirmative and opted to defend her case. Thereafter, he made his submissions and the Committee raised questions to him. The Committee directed the Counsel for the Respondent to submit details as to when the Respondent joined the Respondent firm and the details of period during which she was director in Hot Biz System Pvt. Ltd. The Committee further directed to submit details as to whether the Respondent has signed invoices



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and challan in her capacity as director of Hot Biz Systems Pvt. After hearing the final submissions, the Committee decided to conclude the hearing in the matter.

2. In respect of above directions, the Committee observed that in spite of directions to the Counsel for the Respondent to file his vakalatnama, he did not file his Vakalatnama in the matter. Further, the Respondent chose not to submit the above mentioned details / information. Since the Counsel for the Respondent did not submit authorization letter / Vakalatnama, the Committee decided not to give weightage to his submissions.

**CHARGES IN BRIEF AND FINDINGS OF THE DISCIPLINARY COMMITTEE:-**

3. As regard the brief background of the matter, the Committee noted that the Respondent was a partner and a full time practicing CA in the firm, M/s. LD & Associates (hereinafter referred to as the “**Respondent Firm**”). He was holding a full time Certificate of Practice. It was alleged that the partners of the Respondent firm were engaged in full time employment despite holding full time COP and this fact has not been informed to the Institute. The employment details of the partners were as follows:

- a. Mr. Lokesh Dhawan is employed as Executive Director (Finance, IT & Secretarial) Interiors Division of Krishna Maruti Ltd. The Complainant attached the Salary Slips of CA. Lokesh Dhawan along with Bank Statements for the respective months.
- b. Mrs. Neelam Dhawan is employed as full time director in Hot Biz Systems Pvt. Ltd. and her DIN number is 01201946.
- c. Mr. Harihar Sahu is employed as full time employee in Krishna Maruti Limited in the Finance Department.

4. In view of above background, the Committee noted that the Respondent was held prima facie guilty in respect of the following charges:-

4.1 In first charge, it was alleged that besides holding full time COP she was a full time Director in Hot-Biz Systems Pvt. Ltd (hereinafter referred to as the “**Company**”)



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(DIN No. 01201946) since 13.08.2004 and was involved in the day to day operations of the Company. It was alleged that the Respondent is a Software Developer and does not practice as a CA but she continues to hold a Full Time COP.

4.2 The Respondent firm has undertaken the Audit Work for the following Companies.

- (1) Krishna Maruti Limited and its group companies namely:
- (2) Krishna Quinette Seats Pvt. Ltd
- (3) Krishna Groupo Antolin Private Limited
- (4) Krishna Interior Private Limited
- (5) Kapur Estates Private Limited
- (6) SKH metals
- (7) SKH Auto Components
- (8) SKH Auto Trims Private Limited
- (9) SKH Global Travels
- (10) Krishna Toyo Ltd

4.2.1 The husband of the Respondent is employed in Krishna Maruti Limited as Executive Director – Finance, IT & Secretarial – Interior Division and the Respondent Firm (M/s. LD & Associates), has undertaken audit work for the Companies and Subsidiary Company in which her husband is directly employed. Another partner of the Respondent firm namely, Mr. Harihar Sahu is also employed in Krishna Maruti Limited in the Finance Department.

Apart from above, Mrs. Usha Gambhir – Director in Hot Biz Systems Pvt. Ltd (Mrs. Neelam Dhawan's Software Company) DIN No. 01201893 is employed in a Group Company of Krishna Maruti Limited – SKH Metals Pvt. Ltd in the HRD Department while she also continued to be a director in the Respondent's Company – and was previously employed in M/s. LD & Associates.



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4.2.2 The Respondent firm has also been performing the audits for the following companies:-

- i) State Bank of India,
- ii) Maruti Centre of Excellence,
- iii) The Energy and resources Institute
- iv) Connectvt Inforserv Private Limited.

These audits were being done by the Respondent firm despite the fact that the husband of the Complainant and CA Harihar Sahu were in full time employment with Krishna Group & the Respondent was working full time in Hot Biz Systems Pvt. Ltd and consequently cannot devote any time to audit work at all. The audits are being performed by individual who are neither partners nor employed of the Respondent firm and the fees, thus, charged from the clients are being divided among them. Hence, it was alleged that the Respondent is violating the code of ethics laid down by the ICAI and also violating Section 144 of the Companies Act, 2013. There is a tremendous conflict of interest in the workings of the Respondent and she is bringing disrepute to the Institute.

5. The Committee noted that the Respondent through his written submissions made the following submissions in her defence:-

5.1 It is incorrect that the Respondent holds a full time COP as on date. It is incorrect that the Respondent is a full time Director in Hot-Biz Systems Pvt. Ltd. It is incorrect that the Respondent is in fact a Software Developer. The true and correct statement of facts is that the Respondent is a Science graduate with Mathematics as subject, a qualified Chartered Accountant and has done a diploma in Information System Audit from ICAI. Based upon her knowledge and experience gained in the course of the said Diploma, the Respondent is competent to provide consultancy services. However, holding such diploma from ICAI does not make a Chartered Accountant a software developer as such.

5.2 That she had no involvement in the day to day affairs of the Company, Hot Biz System Pvt. Ltd. The Respondent is present not a director of the said Company and for the alleged period, her role was akin to that of a Director Simplicitor.





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5.3 That Purchase Order dated 28.06.2013 is a forged and fabricated document. Neither the purchase order is addressed to the Respondent nor countersigned by her. She denies the authenticities of all the documents filed by the Complainant.

5.4 She never rendered any professional services either to Krishna Maruti Ltd or to any of its group companies. In case any other partner of the Respondent firm has done so, the same is not within the knowledge of the Respondent. It is specifically denied that the Respondent firm has conducted the audit of Krishna Maruti Ltd or any of its group companies.

6. The Committee observed that the Complainant vide his letter dated 20<sup>th</sup> September, 2017 submitted following contentions in support of the charges:-

6.1 The Respondent did not provide any documentation requested by the Institute. The Respondent is holding a COP since 2<sup>nd</sup> August, 1979 and has surrendered his COP effective 1<sup>st</sup> April, 2017.

6.2 It is correct that the Respondent is no longer a full time Director in Hot Biz Systems Pvt. Ltd as she resigned from her Directorship on 25.06.2015. The Complainant denied the submission of the Respondent that she was not involved in day to day affairs of Hot Biz Systems Pvt Ltd. The Respondent was receiving lakhs of rupees as remuneration from Hot Biz Systems Pvt. Ltd under the head "Professional Fees for Software Development" and also as Director's professional fees.

6.3 The Complainant stated that payment made to the Respondent towards professional fees has been shown under the category of related party transactions in the financial statements of the Company

6.4 The purchase order was clearly addressed to the Respondent at Hot Biz Systems Pvt. Ltd and is clearly countersigned by her. The Complainant stated that the purchase order is genuine and against the purchase order, 50% advance payment of Rs.8,70,000/- for Item 1 & 2 was received in Bank Account of the Company and the bank account was being operated by the



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Respondent. The Institute vide its letter dated 1<sup>st</sup> April, 2015 directed the Respondent to file documents showing the name of the person who was operating the bank account of Hot Biz Systems Pvt. Ltd. during the year 2012 to 2014 but she chose to not to provide this document as the same would have clearly indicted her.

6.5 The Respondent is only trying to circumvent proceedings against her on account of the fact that the Respondent firm being dissolved. The Respondent was a partner in the Respondent firm which was providing services to the companies of the Krishna Group. The Respondent, being partner, has rendered services to the companies of the Krishna Group which is clearly evident from Form 26 AS of the Respondent firm. The Respondent has, after filing of this complaint, resigned from Directorship of Hot Biz Systems Pvt. Ltd.

6.6 The Complainant stated that the most of the documents have been taken from the website of Ministry of Corporate Affairs and the authenticity of the same cannot be denied.

7. After taking into consideration the submissions and facts on record, the Committee gives its findings as under:-

8. As regards the first charge related to being in full time employment with the Company besides holding full time COP, it is noted that the Respondent was director of Hot Biz System Pvt Ltd. till June, 2015. Though the Respondent claimed that she was director simplicitor only and she was not involved in day to day affairs / operations of the Company, yet the documentary evidence on record such as copy of purchase order and financial statement signed by the Respondent indicates that she was involved in day to day affairs of the Company. Further, the Respondent did not provide details of authorised signatory of bank account of the Company which raises doubt on the submissions made by her in defence. Apart from above, it is noted that notice of Annual General meeting and appointment letter for audit of accounts for the financial year 2013-14 were signed by the Respondent. The aforesaid facts clearly show that role of the Respondent was not limited to the role of director simplicitor and she was actively involved and was participating in day to day activities of the Company.



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8.1 Further, on perusal of the membership record, it is noted that Respondent was holding COP from June, 1979 to April, 2017 and she had not informed the Institute about his employment as full time director of the Company. In view of above, the Committee is of the view that without the permissions of the Council of the Institute, the Respondent was involved in day to day activity of the Company besides holding COP and consequently, she violated the provisions of Clause (11) of Part I of First Schedule to the Chartered Accountants Act, 1949. Hence, the Respondent is **Guilty** with respect to above charge.

9. As regards the second charge of conducting the audit of the Companies/ group Companies wherein the partners of the Respondent firm were employed or directors, upon perusal of the submissions and documents on record, it is noted that CA. Lokesh Dhawan, partner in the Respondent firm was drawing salary income from M/s. Krishna Maruti Limited. It is also observed that the Respondent was acting as Director in Hot-Biz Systems Private Limited.

9.1 On perusal of the documents on record, it is noted that the Complainant provided the copy of bill of the Respondent firm as regard the tax audit of Krishna Grupo Antolin (P) Ltd. done by the Respondent firm. However, from the documents downloaded from MCA website, it is noted that neither the Respondent nor any partner of the Respondent firm was director of Krishna Grupo Antolin (P) Ltd. Further, there was nothing on record to show that either the Respondent or other partners of the Respondent firm were having substantial interest in the aforesaid companies.

9.2 Moreover, on perusal of the facts of disciplinary case filed against another partner of the Respondent firm on similar ground, it is observed that one of the partner of the firm, CA. Raj Kumar Sawhney has signed audit report of SKH Cabs Manufacturing Pvt Ltd for the year ending 31st March, 2013 and Form 23B was filed by CA. Raj Kumar Sawhney on behalf of the Respondent firm. As per the Complainant, SKH Cabs Manufacturing Pvt. Ltd is a Group Company of Krishna Maruti Limited. The allegation of the Complainant was that by undertaking the audit of M/s SKH Cabs Manufacturing Pvt Ltd., the **CA. Neelam Dhawan (M.No.081035), New Delhi**

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Respondent firm has undertaken the audit work of the Group Company of M/s Krishna Maruti Limited in which partners of the firms (including the Respondent in the instant matter) were alleged to be working as employee or director. It is also seen that Mr. Ashok Kapur and Mr. Sunandan Kapur were directors in both the Companies i.e. M/s Krishna Maruti Limited as well as M/s SKH Cabs Manufacturing Pvt. Ltd whose audit report has been signed by CA. Raj Kumar Sawhney.

9.3 However, it is observed that there was nothing on record to show that the Company, SKH Cabs Manufacturing Pvt Ltd was either holding or subsidiary companies of Krishna Maruti Limited or to show as to how both the companies were connected to each other. Further, on perusal of financial statement of Krishna Maruti Ltd for the financial years 2011-12 and 2013-14 downloaded from MCA website, it is further noted that SKH Cabs Manufacturing Pvt. Ltd was neither shown either as subsidiary nor holding companies or as related party of Krishna Maruti Ltd. In absence of any relationship between these two companies, it cannot be stated that Krishna Maruti Ltd was having any substantial interest in SKH Cabs Manufacturing Ltd of which audit was conducted by Mr. Raj Kumar Sawhney, the other partner of the Respondent firm. Further, in case of other group companies i.e. Krishna Group Antolin Private Limited and Krishna Quinette Seats Pvt Ltd, it is noted that auditor of these companies for the year 2011 and 2012 were not the Respondent firm. Hence, the charge that the Respondent firm was auditor of the companies in which the partners of the firm were having substantial interest does not stand at all.

9.4 Also, the Committee on perusal of Form 26AS (TDS statement) of the Respondent noted that the name of M/s Krishna Maruti Ltd. was appearing therein with the name of some other Companies which indicates that the Respondent firm has rendered professional services to Krishna Maruti Ltd. However, it is noted that the Respondent firm was not auditor of M/s. Krishna Maruti Ltd, Krishna Quinette Seats Pvt Ltd and Krishna Groupo Antolin Pvt Ltd. In view of above facts, the Committee decided to hold the Respondent **Not Guilty** with respect to charge related to audit of group companies.



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10. As regard the charge that audit was performed by individuals who are neither partners nor employees of the Respondent firm, it is noted that as per clause (2) of Part I of Second Schedule to the Chartered Accountants Act, 1949, a member of the Institute would be held guilty of professional misconduct if he "*certifies or submits in his name, or in the name of his firm, a report of an examination of financial statements unless the examination of such statements and the related records has been made by him or by a partner or an employee in his firm or by another chartered accountant in practice;*". There is nothing on record which shows that audit was performed by the person who were not Chartered Accountants or the fees received from the clients was shared with non-chartered accountants. Further, there is no bar if the examination of financial statement is made by a Chartered Accountant in practice who is neither partner or in employment of the firm. Accordingly, the Committee decided to hold the Respondent **Not Guilty** with respect to this charge.

**Conclusion**

11. Thus in the considered opinion of the Committee, the Respondent is **GUILTY** of professional misconduct falling within the meaning Clause (11) of Part I of the First Schedule to the Chartered Accountants Act, 1949 in respect of charge related to being in employment besides holding full time COP.

11.1 In respect of other charges related to audit of group companies being carried out by the Respondent firm and the audit being carried out by the person who were neither partners nor employees of the firm, the Respondent is **Not Guilty** of professional misconduct falling within the meaning of Clause (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

**Sd/-**

**(CA. PRAFULLA PREMSUKH CHHAJED)**

**PRESIDING OFFICER**



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**Sd/-**

**(SHRI JUGAL KISHORE MOHAPATRA, I.A.S. (Retd.))**

**GOVERNMENT NOMINEE**

**Sd/-**

**(MS. RASHMI VERMA, I.A.S. (Retd.))**

**GOVERNMENT NOMINEE**

**Sd/-**

**(CA. BABU ABRAHAM KALLIVAYALIL)**

**MEMBER**

**Sd/-**

**(CA. DAYANIWAS SHARMA)**

**MEMBER**

**DATE : 03<sup>rd</sup> February, 2020**

**PLACE : NEW DELHI**