



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

PR/38/14-DD/86/14 —DC/1315/20

**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/38/14-DD/86/14 —DC/1315/20]

**In the matter of:**

**Some Members of Salsette Parsis,**

Building no. 3 CHS Ltd,  
(Regn. No. BOM(W-KE)/HSG (TC)10200/98-99  
Jijamata Road, Pump House  
Andheri(E)

**MUMBAI-400093**

**.... Complainant(s)**

**-Vs-**

**CA. R.K. Pande, (M. No. 039902)**

**M/s R.K. Pande & Associates**

103, Brighten Towers,  
2<sup>nd</sup> Cross Lane  
Lokhandwala Complex  
Andheri(W)

**MUMBAI- 400053**

**..... Respondent**

**MEMBERS PRESENT:**

1. **CA. (Dr.) Debashis Mitra, Presiding Officer (Present in person)**
2. **Mrs. Rani Nair, I.R.S. (Retd.), Government Nominee (Present in person)**
3. **CA. Rajendra Kumar P, Member (Present through Video Conferencing)**
4. **CA. Cotha S Srinivas, Member (Present in person)**

**DATE OF MEETING : 25.04.2022 (Through Physical/ Video Conferencing Mode)**

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 10.02.2022, the Disciplinary Committee was inter-alia of the opinion that **CA. R.K. Pande, (M. No. 039902)** (hereinafter referred to as the **Respondent**) was **GUILTY** of professional misconduct falling within the meaning of Items (5), (7) & (8) of Part I of the Second Schedule to the Chartered Accountant Act, 1949.

*As*



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2. The Committee noted that the Respondent was present through video conferencing mode from BKC Office Mumbai, ICAI. The Respondent submitted that he had nothing further to submit on the findings of the Committee and accepted his mistake. He further stated that he would not repeat it in the future and requested a lenient view from the Committee.

3. The Committee noted that in the present case the irregularities noticed were related to an increase in the amounts of expenditures, not taking into consideration observations of previous auditor and failure of the Respondent in reporting that the Management Committee was dissolved by the Registrar. The Committee noted that there was an ongoing dispute between the members of the Managing Committee of society, and they had filed cases against each other. The Committee noted that the charges against the Respondent in the present case were solely on the basis of the internal dispute between members of the Managing Committee of society and the Respondent was unaware of the same while conducting the audit. The Committee observed that the Respondent on bonafide belief conducted the audit of the Society based on the documents produced before him. The Committee, while considering the facts of the case also took into consideration the unblemished career and seniority of the Respondent and accordingly, decided to give reasonable punishment to the Respondent.

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 Respondent CA. R.K. Pande, (M. No. 039902), be reprimanded.

Sd/-

(CA. (DR.) DEBASHIS MITRA)  
PRESIDING OFFICER

Sd/-

(MRS. RANI NAIR, I.R.S. RETD.)  
GOVERNMENT NOMINEE

Sd/-

(CA. RAJENDRA KUMAR P)  
MEMBER

Sd/-

(CA. COTHA S SRINIVAS)  
MEMBER

Date: 01.06.2022

Place: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित /  
Certified to be true copy

अरुण कुमार / Arun Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासन शासक विभाग / Disciplinary Directorate  
इंस्टीट्यूट ऑफ चार्टर्डेड अकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आइसीआई  
ICAI Bhawan

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2021-2022)]

[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.

File No. : [PR/38/14-DD/86/14-DC/1315/20]

In the matter of:

**Some Members of Salsette Parsis**

Building No.3 CHS Ltd.

(Regn. No. BOM(W-KE)/HSG (TC)10200/98-99

Jijamata Road, Pump House

Andheri (E)

Mumbai - 400093

.....Complainant

**Versus**

CA. R.K. Pande (M.No. 39902)

CA R.K. Pande & Associates (FRN – 9306W)

103, Brighten Towers

2<sup>nd</sup> Cross Lane

Lokhandwala Complex

Andheri (W)

Mumbai – 400053

.....Respondent

**MEMBERS PRESENT:**

CA. (Dr.) Debashis Mitra, Presiding Officer

Shri Rajeev Kher, Govt. Nominee (Through VC)

CA. Babu Abraham Kallivayalil, Member

CA. Rajendra Kumar P, Member

DATE OF FINAL HEARING : 27.07.2021

PLACE OF FINAL HEARING : ICAI Bhawan, Delhi

**PARTIES PRESENT :**

Complainant : Shri Feroz Wadia (Counsel for Complainant)

**Respondent** : CA. R K Pande – Respondent (from ICAI, BKC, Mumbai office)

**Charges in Brief:-**

1. The Committee noted that in the present case, it is observed that the charges in which the Respondent was held guilty in Prima Facie Opinion are as under:
  - a. There were several irregularities in the accounts of F.Y. 2010-11 and F.Y. 2011-12 because expenses of various nature incurred were increased substantially when compared with previous year. This fact was not reported by the Respondent in Audit report.
  - b. Previous auditor had reported several observations in his Audit Report of 2009-10 but however the Respondent was silent on both the audit report as well as rectification report required to be submitted as per MCS Act.
  - c. The Respondent has not reported in his audit report dated 06<sup>th</sup> September 2012 (C-12) the fact that Management Committee was dissolved by Sub. Registrar vide order dated 11<sup>th</sup> October 2011.

**BRIEF FACTS OF THE PROCEEDINGS:**

2. On the day of final hearing on 27/07/2021, the Committee noted that the Complainant Counsel was represented by Shri Feroz Wadia through Video Conferencing mode. The Respondent was also present before it through Video Conferencing mode from ICAI BKC Office Mumbai. Both the parties were put on oath. The Complainant read the charges before it. On being asked by the Committee whether he accepts the charges levelled against him, the Respondent pleaded not guilty and wished to defend the charges.
  - 2.1 Thereafter the Respondent presented arguments in defense and presented matter as per charges alleged upon him. After considering all papers available on record and after detailed deliberations and recording the submissions, the Committee decided to conclude the matter.

**FINDINGS OF THE COMMITTEE**

3. The first charge against the Respondent is that he failed to report that there were several irregularities in the accounts of F.Y. 2010-11 and F.Y. 2011-12 because of substantial

increase in expenses. The Respondent in his defence submits that he had verified vouchers randomly on sample basis to which counters are also supported. He further mentioned that he had no reason to believe about misrepresentation and all the expenses are approved by the management of the society and such expenses were paid through account payee cheques.

- 3.1 The Committee noted that the Complainant in counter to defence of the Respondent had submitted that those expenses which were paid by cheques. The said cheques got bounced and the management was disqualified by the Dy. Registrar of the Society on misappropriation of finance. When the Committee enquired from him about checking of minutes in this regard, the Respondent accepted that he had not seen the minutes.
- 3.2 The Committee noted that it was responsibility of the Respondent being Statutory Auditor to ensure that the expenses are genuine in nature, within the limit of appropriate approving authority and proper supporting and bills/vouchers are available on record in support of the expense. The Committee looking at the casual approach adopted by the Respondent in checking of vouchers/bills was satisfied that the Respondent not only failed to report material fact in the financial statements but also failed to exercise duly diligence in conduct of his professional duties. Accordingly, the Committee holds the Respondent Guilty of this charge.
4. With regard to next charge relating to not considering previous audit report, the Committee noted that the Respondent has admitted that he had not seen the previous auditors report and as per SA-510 related to "Initial Audit Engagements -Opening Balances" is relevant for the auditors. When the Committee enquired from the Respondent various aspects wherein compliance of SA-510 related to "Initial Audit Engagements -Opening Balances" was made, he submitted that his assistants had done the same.
- 4.1 The Committee also noted that the Respondent in his written statement dated 04<sup>th</sup> June, 2014 had admitted that he did not consider the issues highlighted in the audit report of previous auditor while giving his own audit report for the year 2010-11 or 2011-12 which he ought to have done. The Committee noted that merely giving the statement by the Respondent that the remarks or audit report of the previous auditor was not shown to him is not sufficient and shows casual approach adopted by the Respondent in conduct of his professional duties. The Committee looking into the fact that the Respondent not only failed to obtain sufficient information for expressing an opinion but

also failed to exercise duly diligence in exercising his duties decided to hold him Guilty of this charge too.

5. With regard to charge that the Respondent has not reported in his audit report dated 06<sup>th</sup> September 2012 (C-12) the fact that Management Committee was dissolved by Sub-Registrar vide order dated 11<sup>th</sup> October 2011. The Committee further noted that most of the issues raised in the Show Cause notice pertained to the management of the financial affairs of the society and related to the period mostly under audit by the Respondent. The Respondent was appointed as an auditor of the Society in September, 2011 and submitted his audit report for the year 2010-11 on 06<sup>th</sup> September 2012 and for the year 2011-12 on 10<sup>th</sup> November, 2012. Further, the Respondent in his written statement dated 23<sup>rd</sup> June, 2014 admitted that he was well aware of the Order of the Sub-Registrar dated 11<sup>th</sup> October, 2011.

5.1 The Committee noted that the fact that Registrar had dissolved the Managing Committee of the Society, itself shows that there are major irregularities in Society's functioning. Hence, the Respondent was required to report this material fact known to him in his report. Accordingly, the Committee holds the Respondent Guilty of this charge too.

### Conclusion

6. In view of the above findings stated in above paras vis a vis material on record, in the considered opinion of the Committee, the Respondent is **GUILTY** under Clauses (5), (7) & (8) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

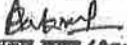
sd/-  
(CA. (DR.) DEBASHIS MITRA)  
PRESIDING OFFICER

sd/-  
(SH. RAJEEV KHER, I.A.S. (Retd.))  
GOVERNMENT NOMINEE

sd/-  
(CA. BABU ABRAHAM KALLIVAYALIL)  
MEMBER

sd/-  
(CA. RAJENDRA KUMAR P)  
MEMBER

DATE: 10<sup>TH</sup> FEBRUARY, 2022  
PLACE: NEW DELHI

सही प्रतिलिपि होने के लिए प्रमाणित /  
Certified to be true copy  
  
अरुण कुमार / Anurag Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032  
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032