



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

[PR/167/17-DD/227/17-DC/1143/19]

**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/167/17-DD/227/17-DC/1143/19]

**In the matter of:**

**Shri Suresh Kumar K,**  
**Chief Manager, Union Bank of India,**  
Mid Corporate Branch, Jogeshwari,  
Shop No. 6 & 7, Ayesha Tower,  
SV Road Near MTNL  
Jogeshwari(W)  
**MUMBAI - 400102**

.... **Complainant**

**-Vs-**

**CA. Mahesh Deepchand Saboo (M.No.035914), Mumbai**  
M/s M. Saboo & Co. (FRN 108929W),  
D 9/002, Yogi Nagar, Eksar Road,  
Borivali (W)  
**Navi Mumbai- 400091**

.... **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. Shri Arun Kumar, I.A.S. (Retd.), Government Nominee (Present in person)**
- 4. CA. Rajendra Kumar P, Member (Present in person)**
- 5. CA. Cotha S Srinivas, Member (Present through Video Conferencing)**

**DATE OF MEETING :01.06.2022 (Through 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. Mahesh Deepchand Saboo (M.No.035914)**, (hereinafter referred to as the **Respondent**) was **GUILTY** of Professional Misconduct falling within the meaning of Item (5), (7) and (8) of Part I of the Second Schedule and other misconduct falling within the meaning of Item (2) of Part IV of First Schedule to the Chartered Accountant Act, 1949.

**Shri Suresh Kumar K, Chief Manager, Union Bank of India, Mumbai-Vs-CA. Mahesh Deepchand Saboo (M.No.035914), Mumbai**



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

[PR/167/17-DD/227/17-DC/1143/19]

2. The Committee noted that the Respondent was present through video conferencing mode. The Respondent submitted that he had not done anything wrong by revising the audit report and financial statements of the Company. He further submitted that the loan was sanctioned two years back and even after revision of his audit report, the bank had not reduced the limits. It was also submitted by him that the revised Balance Sheet was the final Balance Sheet and the same was also submitted to the Income Tax Authorities. The Respondent prays before the Committee to take a lenient view in his case.

3. The Committee, while looking into the matter and the conduct of the Respondent, observed that the Respondent had to revise the financial statements of the client Company, i.e. M/s Ahan Apparel Private Limited for the financial year 2013-14 as original financial statements were not accepted and approved by the members in the Annual General Management (AGM). The Committee further noted that the Bank did not reduce the limits sanctioned earlier despite submission of revised financial statements. Hence, the Bank has accepted the revised balance sheet for loan purposes, which, in other words, supports the version of the Respondent that no financial loss is caused to financial institutions due to revision of the Balance Sheet. Accordingly, the Committee viewed that ends of justice can be met if the Respondent is given punishment in commensurate with his professional misconduct.

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 i.e. CA. Mahesh Deepchand Saboo (M.No.035914), be reprimanded.

sd/-

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

sd/-

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

sd/-

(SHRI ARUN KUMAR, I.A.S. RETD.)  
GOVERNMENT NOMINEE

sd/-

(CA. RAJENDRA KUMAR P)  
MEMBER

sd/-

(CA. COTHA S SRINIVAS)  
MEMBER

DATE: 28<sup>th</sup> JUNE, 2022  
PLACE: NEW DELHI

*As*

Shri Suresh Kumar K, Chief Manager, Union Bank of India, Mumbai

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

*Arjun Kumar*  
अरुण कुमार / Arun Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विद्यास नगर, शाहदरा, दिल्ली-110032  
ICAI Bhawana, Vidya Sagar, Shuhdra, Delhi-110032

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/167/17-DD/227/17-DC/1143/19]

In the matter of:

**Shri Suresh Kumar K**  
Chief Manager, Union Bank of India,  
Mid Corporate Branch, Jogeshwari,  
Shop No. 6 & 7, Ayesha Tower,  
SV Road, Near MTNL,  
Jogeshwari (W),  
**MUMBAI – 400 102**

.....Complainant

**Versus**

**CA.Mahesh Deepchand Saboo ... (M.No.035914)**  
**M/s. M. Saboo & Co. (FRN 108929W)**  
D-9/002, Yogi Nagar, Eksar Road,  
Borivali (West),  
**MUMBAI -400 091**

.....Respondent

**MEMBERS PRESENT:**

**CA. (Dr.) Debashis Mitra, Presiding Officer (Through VC)**

**Sh. Rajeev Kher, I.A.S. (Retd.), Government Nominee (Through VC)**

**CA. Amarjit Chopra, Government Nominee (Through VC)**

**CA. Babu Abraham Kallivayalil, Member (Through VC)**

**CA. Rajendra Kumar P, Member(Through VC)**

**DATE OF FINAL HEARING : 15.09.2021 (Through Video Conferencing Mode)**

**PARTIES PRESENT** :

Respondent : CA. Mahesh Deepchand Saboo

**CHARGES IN BRIEF:-**

1. The Committee noted that in the present case that the Respondent certified two sets of financial statements of M/s Ahan Apparel Private Limited (hereinafter referred to as the "Company") for the year ended 31st March, 2014. The Committee noted that the Respondent was held Prima-facie Guilty by the Director (Discipline) of Professional and /or Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Items (5), (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the Act on the charge that the Respondent fraudulently prepared the original balance sheet in connivance with the management of the Company for approval/enhancement of cash credit facilities from the Complainant Bank.

**BRIEF FACTS OF THE PROCEEDINGS:**

2. On the day of the final hearing on 15/09/2021, the Committee noted that the Respondent was present from his place through Video Conferencing mode. The Committee noted that notice sent to the Complainant was returned undelivered. The Committee also noted that in the previous hearing held on 06.04.2021 there was no response from Complainant Department. The Committee looking into unapproachability of the Complainant, decided to proceed the matter ex-parte the Complainant.
  - 2.1 The Respondent presented arguments in defense and presented the 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 hearing.

**FINDINGS OF THE COMMITTEE**

3. The Committee noted that it is an admitted fact that two sets were signed by the Respondent on different dates. The Committee observed that as per first set

signed by the Respondent on 2<sup>nd</sup> September 2014, profit of the Company was Rs. 1.23 crores (**Page C-20 of prima facie opinion**), whereas second set signed by the same Respondent on 19<sup>th</sup> November 2014, showed loss of Rs. 10.56 crores (**Page C-49 of prima facie opinion**). The reconciliation of differences submitted by the Respondent in both sets is as under:

(Amount in Crores)

Description/ Particulars	Amount as per original Balance Sheet (Rs.) (C-19 to C-31)	Amount as per Revised Balance Sheet (Rs.) (C-48 to C-62)	Difference (Rs.)
Director's remuneration	NIL	1.20	1.20
Difference in valuation of inventories	31.37	18.51	12.86
Exp. of Garment trims and accessories	0.59	0.65	0.06
Valuation of raw materials	0.05	0.06	(0.01)
Provision for tax	0.89	NIL	(0.89)
Provision for deferred tax	(0.16)	(1.59)	(1.43)
Total			11.79

4. The Committee further noted that as per charges alleged first set was submitted to the Complainant Bank for availing higher credit facilities which later on turned into Non- Performing Asset (NPA).
5. As regards difference relating to Director's remuneration, the Respondent submitted that providing remuneration to directors is decision of the management and is taken at end of the year. The Committee in this regard observed that decision for providing remuneration to directors is taken on or before the end of the financial year i.e. on or before 31<sup>st</sup> March 2014 in the present case. Accordingly, the management cannot claim these expenses as per their convenience in the financial statements. The Committee also noted that in previous year i.e. FY 2012-13 (**C-23, Note -17**), Directors Remuneration was clearly reflected and the Respondent did not reported this fact in first set of his audit report (**C-10 to C-11**). The Committee was not satisfied with the submissions of the Respondent and hold him guilty for acting in connivance with management and not exercising due diligence in the balance sheet dated 02<sup>nd</sup>

September 2014. The Committee also noted that the Respondent failed to obtain sufficient information for expressing an opinion in financial statement.

6. As regards difference relating to valuation of stock, the Respondent submitted that the Company was in a business of garments manufacturing and was having huge stock of Inventories in their different stores across the country and due to no sale of certain inventories, the valuation of stock in revised Balance Sheet was made on realistic price i.e LIFO (Last in First Out) basis.

6.1 The Committee noted that as per para 14 & 16 of AS-2 "Valuation of Inventories", the methods of valuation of inventory suggested are Weighted Average, FIFO or specific identification (on case to case basis). The Respondent failed to report about the same in his revised Audit Report dated 19<sup>th</sup> November 2014 (**C-42 to C-46 of prima-facie opinion**). Further, as per para 26 of AS-1, the Respondent was required to disclose the amount by which valuation of inventory was affected by such change. The Respondent failed to disclose the said value in his revised Audit Report dated 19<sup>th</sup> November 2014.

6.2 The Committee also pointed out that in revised audit report of the Company, (**page C-43 of Prima-facie opinion**) although the Respondent had mentioned reasons for revision of financial statements, but he failed to provide item wise breakup as regards to which item has actually resulted in adoption. The Respondent also accepted his mistake before the Committee in this regard.

7. The Committee noted that the Respondent not only failed to disclose material fact in his audit report but also failed obtain sufficient information for expressing an opinion. The Committee also found that the Respondent acted in connivance with management and did not exercise due diligence also. Accordingly, the Committee holds the Respondent Guilty.

### CONCLUSION

8. 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** of

B

Professional and /or Misconduct falling within the meaning of Item (2) of Part IV of First Schedule and Items (5), (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act.

sd/-  
**(CA. (Dr.) DEBASHIS MITRA)**  
**PRESIDING OFFICER**

approved & confirmed through email  
**(SHRI RAJEEV KHER, I.A.S. RETD.)**  
**GOVERNMENT NOMINEE**


approved & confirmed through email  
**(CA. AMARJIT CHOPRA)**  
**GOVERNMENT NOMINEE**

approved & confirmed through email  
**(CA. RAJENDRA KUMAR P)**  
**MEMBER**

approved & confirmed through email  
**(CA. BABU ABRAHAM KALLIVAYALIL)**  
**MEMBER**

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

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

  
**वीरम पुडीर / Naalam Pundir**  
**कार्यकारी अधिकारी / Executive Officer**  
**अनुशासन शाखा / Disciplinary Directorate**  
**इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया**  
**The Institute of Chartered Accountants of India**  
**कांशीपुरा पुरम, विजय नगर, शाहदरा, दिल्ली-110032**  
**ICAI Bhawan, Vajrawas Nagar, Shahdara, Delhi-110032**