



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

[PR/253/2016-DD/300/2016-DC/1139/2019]

**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/253/2016-DD/300/2016-DC/1139/2019]

in the matter of:

**Shri Ratnkar Madhav Wani,**

Proprietor, M/s. Shri Swami Samarth Agencies,

Gali No. 3, Janki Plaza,

Gola Colony, Dava Bazar,

Nasik – 422002

.....Complainant

Versus

**CA. Pramodkumar Nensukhlal Nahar (M. No. 042780), Ahmednagar**

203, B. Mutha Chambers,

Old Vasant Talkies Building,

Market Yard Road,

Ahmednagar – 414001

.....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. Cotha S Srinivas, Member (Present in person)

**DATE OF MEETING : 31.10.2022 (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 23<sup>rd</sup> August 2022, the Disciplinary Committee was inter-alia of the opinion that **CA. Pramodkumar N. Nahar (M. No. 042780), Ahmednagar** (hereinafter referred to as the “Respondent”) was **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountant Act, 1949.

2. The Committee noted that the Respondent was present through Video Conferencing Mode from BKC office, Mumbai of the ICAI. The Committee noted that the Respondent, inter-alia submitted as under:

- a. That his client, i.e. the firm, paid the alleged amount of Rs.12,17,865/- in cash to the Complainant as an advance and the same is evidenced by the voucher signed by the Complainant.

*(Signature)*



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

[PR/253/2016-DD/300/2016-DC/1139/2019]

- b. That when the dispute was settled between the Complainant and his client, the Complainant had withdrawn the case from the High Court. That the Complainant after filing a complaint against him, had never appeared before the Committee and; after settlement of the dispute, had ultimately withdrawn the case filed against him.
- c. That he had been grilled in this case due to a dispute between two parties.
- d. That he had merely certified the balance sheet which was based on the books of accounts which were produced before him and had never done the audit and accepted the error of not putting a date on the financial statements.
3. The Committee noted that the dispute between his client and the Complainant was settled and hence the Complainant is not interested in perusing the matter further and had withdrawn the case. The Committee hence viewed that the Complainant by withdrawing the complaint is accepting the genuineness of the transaction. The Committee also noted the disclosure of advance given as Sundry debtor was a presentation mistake. The Committee also noted that the Respondent merely did the certification work, which was based on the books of accounts produced before him for the purpose of preparing the balance sheet, and the audit was not done by him. The Committee accordingly decided to take a lenient view as regards not mentioning the date on the financial statements is concerned.
4. Accordingly, ends of justice can be met if reasonable punishment is given to him in commensurate with his above professional misconduct.
5. 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 CA. Pramodkumar N. Nahar (M. No. 042780), Ahmednagar be reprimanded.

sd/-

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

sd/-

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

sd/-

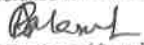
(SHRI ARUN KUMAR, I.A.S. RETD.)  
GOVERNMENT NOMINEE

sd/-

(CA. COTHA S SRINIVAS)  
MEMBER

DATE: 06.01.2023  
PLACE: NEW DELHI

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

  
अरुण कुमार / Arun Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक विभाग/ Disciplinary Directorate  
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आर्जेसीआई भवन, विभाग क्रम: 20, बंगला रोड, नई दिल्ली-110022  
ICAI Bhawan

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2022-2023)]

[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/253/2016-DD/300/2016-DC/1139/2019]

In the matter of:

Shri Ratnkar Madhav Wani,  
Proprietor, M/s. Shri Swami Samarth Agencies,  
Gali No. 3, Janki Plaza,  
Gola Colony, Dava Bazar,  
Nasik – 422002

.....Complainant

Versus

CA. Pramodkumar N. Nahar (M. No. 042780)  
203, B. Mutha Chambers  
Old Vasant Talkies Building  
Market Yard Road  
Ahmednagar – 414001

.....Respondent

MEMBERS PRESENT:

Mrs. Rani Nair, I.R.S. (Retd.), Presiding Officer, Government Nominee (Present in person)

Shri Arun Kumar, I.A.S. (Retd.), Government Nominee (Present in person)

CA. Rajendra Kumar P, Member (Present in person)

CA. Cotha S Srinivas, Member (Present through Video Conferencing)

DATE OF FINAL HEARING : 01.06.2022

PLACE OF FINAL HEARING : ICAI Bhawan, Delhi

PARTIES PRESENT :

Complainant : Not Present

Respondent : CA. Pramodkumar N. Nahar along with  
Mr. S.G. Gokhale, Advocate (from ICAI, BKC,  
Mumbai office)

Charges in Brief:-

1. The Committee noted that in the present case, the Respondent was Prima-facie guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 on the following charges: -
  - 1.1 That the Respondent with collusion M/s Mauli Chemicals Industries (hereinafter referred as to the "Firm") had shown a false entry of Rs. 12,17,865/- under the head Sundry Debtors in the Balance Sheet for year 2014-15 to prove that Complainant had taken hand loan of such amount from Firm against the post-dated cheque. This entry has been shown by the Respondent without documentary evidence.
  - 1.2 The Respondent has not mentioned the date of signing the financial statements of the Firm for the year 2014-15.

BRIEF FACTS OF THE PROCEEDINGS:

2. In the hearing held on 27<sup>th</sup> December 2021, the Committee noted that the Complainant vide email dated 25<sup>th</sup> December 2021 had informed that his internal business dispute is now settled, and it is pointless to drag the Respondent in this issue. Accordingly, he informed that he did not wish to pursue the complaint. The Committee, on consideration of the same vis-à-vis charges against the Respondent, was of the view that the Respondent was grossly negligent in exercising his professional duties, hence the Committee decided not to accept the request for withdrawal of complaint and continue with the proceedings against the Respondent.
3. In the hearing held on 19<sup>th</sup> January 2022, the Committee noted that the Respondent along with his Counsel Shri S.G. Gokhale, Advocate were present through Video Conferencing mode from the Mumbai Office of ICAI. The Committee also noted that the Complainant had sought adjournment on ground of excessive work in his pharma agency in present COVID situation. The Counsel for the Respondent argued on the merits of the case and also submitted that the client had filed a case for dishonor of cheque against the Complainant and there was no bogus entry in books. He further submitted that Complainant has not challenged that the cheque was not issued by him and the Complainant had sought withdrawal of the present case as there had been a compromise between Complainant and the firm, i.e. M/s Mauli Chemical Industries.

The Committee after hearing him, decided that the following documents are required to be called from the Respondent:

- a. Copy of the Compromise deed made between the Complainant and M/s. Mauli Chemical Industries.
- b. Copy of Compromise made before the Hon'ble Court in respect to case pending under Sec.138 of Negotiable Instrument Act.

With the above directions, the Committee decided to adjourn the hearing to the next date.

4. On the day of final hearing on 01/06/2022, the Committee noted that the Respondent was present along with his counsel Shri S. G. Gokhale from BKC, Mumbai Office of the ICAI. The Complainant was not present.

At the outset, the Committee enquired from the Respondent that since, the composition of the Committee had changed further to the previous hearing, as to whether he wished to have a de-novo hearing. On the same, the Respondent submitted that the Committee may continue its proceedings in this matter from the stage it was left at the last hearing. The Committee acceded to his request and continued the hearing.

Thereafter, the Respondent presented his line of defense by presenting the arguments and the Committee posed certain questions to him to understand the issue involved and the role of the Respondent in the case.

The Committee noted that the Respondent had not submitted the documents called from him in the last hearing held on 19<sup>th</sup> January, 2022. The Committee directed the Respondent to submit the same within a week for the consideration of the Committee.

The Committee decided to conclude the hearing by reserving its judgement in the instant matter.

5. Thereafter, this matter was placed in the hearing held on 28<sup>th</sup> June 2022 wherein same members were present. The Committee noted that the Respondent vide his e-mail dated 6<sup>th</sup> June 2020, had submitted the desired information/ documents. Keeping in view the

facts and circumstances of the case, material on record and submissions of the party the Committee passed its judgement.

**FINDINGS OF THE COMMITTEE**

6. As regards the first charge relating to entry of Rs. 12,17,865/- under the head the Sundry Debtors in the Balance Sheet for the Financial Year 2014-15, the Committee noted that the Respondent/ his Counsel submitted as under:
- a. That the Complainant had taken a hand loan from his client, i.e. M/s Mauli Chemicals Industries and had given a post-dated cheque for the same amount.
  - b. That this cheque got bounced due to which Mauli Chemical Industries filed a case for cheque bouncing in the court of Hon'ble Chief Judicial Magistrate Aurangabad.
  - c. As far as the genuineness of this transaction of Rs. 12,17,865/- is concerned, he submitted that in the Balance Sheet filed before the Income Tax Department, total sundry debtors shown as Rs. 12,17,865.
- 6.1 The Committee noted that the amount of Rs. 12,17,865/- was significant and a material item constituted almost 31.125% of the entire balance sheet of the Firm. The Committee also noted that there was only one item under the head of Sundry Debtors and the Respondent as a prudent auditor, was required to have the independent balance confirmation of the same. In the present case, the Respondent clearly failed to discharge his professional duties in a diligent manner.
- 6.2 The Committee was surprised to note that the Respondent had admitted that it was a cash hand loan to the Complainant, and this being personal transaction had nothing to do with the business activity of the Firm, but despite the same, the Firm had shown the same under sundry debtors in its Balance Sheet which is in violation of basic principles of accounting.
- 6.3 The Committee was, hence, convinced that the Respondent adopted a very casual approach while discharging his professional duties and did not exercise due diligence as expected from a profession. Accordingly, the Committee hold the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 in respect of the first charge.

7. As regards the second charge relating to not mentioning the date of signing the financial statements of the Firm for the year 2014-15, the Committee noted that the Respondent/ his Counsel submitted as under:
- a. The Respondent had not done the audit work as in the audit there are different norms whereas for a certification there are different norms.
  - b. The firm's accounts are not required to be audited under any law and there was no need for tax audit under Section 44AB of Income Tax Act, 1961.
  - c. That the Firm has been getting the audit done voluntarily for the sake of good governance since year 2000.

7.1 The Committee was of the view that whether the audit is statutory or voluntary, the standard always needs to be maintained. The Committee observed that the Respondent had violated SA 700 "Forming an Opinion and Reporting on Financial Statements" not mentioning the date of signing the financial statements and issuing an Audit Report. The Committee also noted that the Respondent had also not attached Audit Report to the financial statements. Looking into the casual approach of the Respondent, the Committee decided to hold him Guilty of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 on this charge also.

**Conclusion**

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

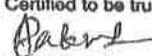
Sd/-  
**(MRS. RANI NAIR, I.R.S. RETD.)**  
PRESIDING OFFICER & GOVERNMENT NOMINEE

Sd/-  
**(SHRI ARUN KUMAR, I.A.S. RETD.)**  
GOVERNMENT NOMINEE

Sd/-  
**(CA. RAJENDRA KUMAR P)**  
MEMBER

Sd/-  
**(CA. COTHA S SRINIVAS)**  
MEMBER

DATE: 23.08.2022  
PLACE: NEW DELHI

सही प्रतिलिपि होने के लिए प्रमाणित/  
Certified to be true copy  
  
अरुण कुमार / Arun Kumar  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आदर्श सार्वजनिक विद्यालय, कानपुर, दिल्ली-110032  
ICAI Building, Vishwa Nigrah, Sri Ramodkumar Nensukhlal Nahar (M.No.042780),  
Ahmednagar