



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

**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:**

**Sh. S.K. Chaudhary**  
161-C, W3 Lane,  
Western Avenue,  
Sainik Farms,  
New Delhi-110 062

.....Complainant

**Versus**

**CA. Sudesh Kumar Verma (M. No. 084068)**  
M/s S.K. Verma & Associates,  
Chartered Accountants,  
SCO 345-46, 2<sup>nd</sup> Floor,  
Sector 35-B,  
Chandigarh-160 036  
[PR/372/17/DD/14/2018/DC/987/2019]

.....Respondent

**Date of Meeting : 22<sup>nd</sup> March, 2023**

**Place of Order : ICAI, New Delhi**

**Party Present:**

**CA. Sudesh Kumar Verma : Respondent (through Video Conferencing)**

**MEMBERS PRESENT:**

- (i) CA. Ranjeet Kumar Agarwal, Vice President, ICAI, Presiding Officer (In person)**
- (ii) Shri Jiweesh Nandan, IAS (Retd.), Government Nominee (In person)**
- (iii) Ms. Dakshita Das, IRAS (Retd.), Government Nominee (in person)**
- (iv) CA. Mangesh P Kinare, Council Member (thru video-conferencing)**
- (v) CA. Cotha S Srinivas, Council Member (thru video-conferencing)**

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1. That vide findings dated 11<sup>th</sup> February, 2023 under Rule 18 (17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter alia of the opinion that **CA. Sudesh Kumar Verma (M. No. 084068), Chandigarh** (hereinafter referred to as the “Respondent”) was **GUILTY** of professional and Other Misconduct falling within the meaning of of Item (2) of Part-IV of First Schedule and Item (7) of Part – I of Second Schedule and to the Chartered Accountants Act, 1949 read with Section 22 of the said Act.
2. That an action under Section 21B (3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication dated 07<sup>th</sup> March 2023 was addressed to him thereby granting an opportunity of being heard in person and/or to make a written representation before the Committee in its meeting on 22<sup>nd</sup> March, 2023.
3. On being asked by the Committee whether the Respondent had received the Findings of the Disciplinary Committee, the Respondent confirmed to have received the same. Thereafter, the Committee drew attention of the Respondent that the purpose of instant hearing was to afford him an opportunity of hearing before passing order for punishment in terms of Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 read with Rule 19(1) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.
4. The charges levelled against the Respondent and decisions thereon are contained in the findings dated 11.02.2023 of the Committee arrived under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007; and the present Order under Section 21B(3) of the Chartered Accountant Act, 1949 be read along with the said findings dated 11.02.2023.
5. The Committee noted that the Respondent was present through video conferencing and appeared before it. He submitted written submissions dated 05.03.2023 and 17.03.2023 and inter-alia, stated that he had performed professional duties as per the appointment letter issued

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to him and he never had been called by any investigating agency nor the alleged certificate was used before any judicial forum against the Complainant. There was a dispute between Complainant and another Director, which was pending since September 2012 but he was not aware of the dispute. He had not received directly or indirectly any monetary gain and even professional fees was not paid by the Company for this assignment.

6. The Committee noted that in the instant complaint, the Respondent was given the task of compilation of the dues of the Complainant and his family members as at 31.03.2013. As per said compilation, an amount of Rs. 28,68,292.00 was due from the Complainant. This compilation statement was filed with EOW Chandigarh by Mr. T.S. Bhatia and accordingly a complaint case was initiated against the Complainant before EOW. The title of the certificate dated 05.08.2013 issued by Respondent mentioned that "Details of dues from S.K. Chaudhary" whereas some of the entries particulars/entries in the certificate related to expenses incurred on behalf of family members and the same were not mentioned therein.

7. The Committee considered the oral as well as written submissions made by the Respondent, facts of the case and various documents on record with the findings of the earlier Committee holding the Respondent guilty of professional and other misconduct on these charges.

8. Therefore, keeping in view the facts and circumstances of the case, material on record and submissions of the Respondent before it, the Committee noted that although there are some discrepancies in the certificate issued by the Respondent, however, same cover only limited issues i.e. dues of the Complainant. The Committee further noted that connivance of the Respondent with other Director or wrong intention on the part of Respondent while issuing the said certificate were not proved. Further, the dispute was between the two Directors of the company and no public money was involved herein. In view of the same, the Committee was of the view that there was negligence on the part of the Respondent in issuing the certificate which

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contained some discrepancy, and he was required to be more careful in performing professional duties; and the same deserved to be viewed leniently for award of punishment.

9. Accordingly, the Committee, looking into the gravity of the charges vis-à-vis submissions of the Respondent before it, was of the view that ends of justice would be met if minimum punishment is awarded to the Respondent in the instant case.

10. 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. Sudesh Kumar Verma (M.No.084068), Chandigarh be REPRIMANDED.**

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Sd/-  
(CA. RANJEET KUMAR AGARWAL)  
PRESIDING OFFICER

Sd/-  
(SHRI JIWESH NANDAN, I.A.S. RETD.)  
GOVERNMENT NOMINEE

Sd/-  
(MS. DAKSHITA DAS, IRAS, RETD.)  
GOVERNMENT NOMINEE

Sd/-  
(CA. MANGESH P KINARE)  
MEMBER

Sd/-  
(CA. COTHA S SRINIVAS)  
MEMBER

DATE : 19.04.2023

PLACE : NEW DELHI

प्रमाणित सत्य प्रतिलिपि / Certified true copy

  
सीए. सुनील कुमार / CA. Sudesh Kumar  
सहायक सचिव / Assistant Secretary  
अनुशासनात्मक विभाग / Regulatory Directorate  
इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया  
The Institute of Chartered Accountants of India  
आईसीएआई भवन, विश्वनाथ पार्क, शाहदरा, दिल्ली-110032  
ICAI Bhawan, Vishwanath Park, Shahdara, Delhi-110032

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – IV (2022-2023)]**

**[Constituted under Section 21B of the Chartered Accountants (Amendment) 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-372/17-DD/14/2018]-DC/987/2019]**

**In the matter of:**

**Sh. S.K. Chaudhary**

161-C, W3 Lane,

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Chartered Accountants,

SCO 345-46, 2<sup>nd</sup> Floor,

Sector 35-B,

**Chandigarh-160 036**

**.....Respondent**

**MEMBERS PRESENT:**

- 1. CA. (Dr.) Debashis Mitra, Presiding Officer (in person)**
- 2. Shri Jiweish Nandan, I.A.S. (Retd.), Member, Government Nominee (in person)**
- 3. Ms. Dakshita Das, IRAS (Retd.), Member, Government Nominee (through Video- Conferencing Mode)**
- 4. CA. Sripriya Kumar, Member (through Video- Conferencing Mode)**

**DATE OF FINAL HEARING**

**: 16.01.2023**

**PLACE OF MEETING**

**: ICAI, NEW DELHI**





**PARTIES PRESENT:**

**Complainant:** Shri S. K. Chaudhary with assistant Mr. Parveen Sharma (In person, ICAI New Delhi)  
**Respondent:** CA. Sudesh Kumar Verma (Through VC)

**Charges in Brief:-**

1. The Committee noted that in the Prima-Facie Opinion formed by Director (Discipline) in terms of Rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Respondent had been held guilty of Professional and Other Misconduct falling within the meaning of Clause (2) of the Part IV of First Schedule and Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 read with Section 22 of the said Act.

1.2 The charges in which the Respondent has been held Prima facie Guilty are as follows:

1.2.1 The Respondent on request of Mr. T.S. Bhatia, Director of M/s Ocean Security Guards Pvt. Ltd. (hereinafter referred to as the "Company") had compiled dues from the Complainant and his family members as at 31.03.2013 vide letter and compilation statement dated 05.08.2013.

1.2.2 As per said compilation, an amount of Rs. 28,68,292.00 was due from the Complainant. It is further noticed that this compilation was filed with EOW Chandigarh by Mr. T.S. Bhatia and accordingly a complaint was initiated against the Complainant by Mr. Bhatia. The Complainant being aggrieved on such certificate had made following allegation against the Respondent:

- a. Legal, extortion, using law as a devise to help constantly extort money from Complainant towards his client Mr. T.S. Bhatia and share the loot.
- b. Aiding and abetting Mr. T.S. Bhatia by certifying "without substance" and "adequate documentation".
- c. Misleading the Police Department by giving wrong certification, so as to subvert,

the pecuniary Jurisdiction" & initiate FIR in EOW against the Complainant.

- d. Misrepresentation of facts in the certificate/ documents by citing the Company expenses as personal expenses with an intent to defraud EOW, Chandigarh.

**Brief facts of the Proceedings:**

- 2 The Committee noted that this case was part heard on 13/10/2022 and both Parties i.e. Complainant and Respondent were on Oath and the Respondent pleaded Not Guilty to the charges levelled against him.
- 3 On the day of final hearing, the Committee noted that the Complainant along with his assistant Mr. Parveen Sharma was present at ICAI, New Delhi and the Respondent was present through Video Conferencing Mode for the hearing. Thereafter, the Respondent gave a declaration that there was nobody present except him in the respective room from where he appeared and that he would neither record nor store the proceedings of the Committee in any form.
4. The Committee asked the Complainant and the Respondent to make their submissions on the merits of the matter. The Complainant referred to his written submissions dated 04/01/2023 & 13/01/2023 and submitted that the case was related to the issue of certificate by the Respondent for his professional negligence committed in connivance with other Director of the Company, viz. Mr. T.S. Bhatia. The Respondent had issued a certificate dated 05.08.2013 which contained the details of dues from the Complainant and reflected entries of 16 different ledgers and one last entry without date and ledger number of Rs. 1,20,000/- making the grand total of dues to Rs. 28,62,292/-. The Complainant submitted that the statement had been compiled from the records produced before the Respondent and information given and no reference was made directly or indirectly on the face of the certificate dated 05.08.2013 to any letter attached to the said certificate; and therefore the letter attached with the certificate detailing the terms and conditions was only an afterthought to cover the misdeeds of Respondent. The letter dated 31.07.2013 issued by Mr. T.S. Bhatia, Director of the Company, was in violation

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as no Board resolution was passed by the Company to undertake such an assignment. The said certificate was got prepared to the tune of Rs. 28.68 lacs in order to create a monetary jurisdiction of EOW which was Rs. 25 lacs and to enabling filing of complaint with EOW, Chandigarh. The Complainant further submitted that based upon compilation statement of the Respondent, FIR was filed by Mr. Bhatia against him and said FIR was cancelled by Investigation Officer on 05/12/2018. Further he submitted that the arguments have already been concluded before NCLT and a mediation was entered dated 21/08/2018, Mr. Bhatia had signed and accepted the mediation, however, not abided by it. The Respondent failed to explain the alleged amount of Rs. 28.68 Lakhs which he had shown as dues in his statement dated 05/08/2013. Due to this act of the Respondent, the Complainant had gone through extreme tension and torments because of fraudulently created FIR upon him and had caused his life to be full of worries and tensions.

5. Thereafter, the Respondent referred to his written submission dated 07/10/2022, 06/01/2023 & 14/01/2023 and submitted that he has been falsely implicated by the Complainant and is subjected to gruesome harassment for more than 5 years based on frivolous complaint filed before ICAI. The Complaint filed by the complainant is emanating from personal dispute/enmity of the Complainant with another person(s) i.e. directors of the Company. This dispute of the complainant with other directors is relating to the division of assets of the Company and after failing to compromise entered between these persons, they then filed cross-complaints against each other in NCLT and Courts etc. The Respondent was never party to these disputes, never summoned by police nor had any personal association with any of these persons but merely carried out limited professional assignment under the terms of appointment letter of the Company, for which complaint has been filed with ICAI. The Respondent further submitted that he carried out the professional assignment in full compliance to the terms and conditions specified in appointment letter dated 31.07.2013 issued to him. This professional assignment was relating to compilation of dues (not computation) based on unaudited ledgers produced before him.

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6. After recording the submissions of the Complainant and the Respondent, the Committee thereafter examined them on the facts of the case. Based on the documents and information available on record and after considering the oral and written submissions made by the Complainant and the Respondent, the Committee concluded hearing in the matter.

### Findings of the Committee

7. The Committee noted that this case is based upon 'statement of dues' certified by the Respondent. The Committee perused said statement dated 05/08/2013 and noted that the Respondent in compilation of dues had mentioned before his signature "*The above statement has been compiled from records produced before us and information given thereto*". The Committee noted that the Respondent during the hearing submitted that said statement also accompanied with letter dated 05/08/2013, in which he had stated that this compilation statement is only for internal purposes and solely on the basis of unaudited ledger account duly certified by Mr. T.S. Bhatia produced before him.
8. The Committee noted that the Respondent has brought on record copy of ledger accounts signed by Mr. T.S. Bhatia at whose behest he had issued said statement. Upon perusal of these papers/ledgers, the Committee noted that most of the ledgers were for the period from March 2012 and December 2012, whereas the dues have been calculated on a particular date i.e. 31/03/2013 as mentioned in letter accompanied to the statement.
9. Upon perusal of documents on record, the Committee observed that the Respondent solely relied upon the ledgers/information made available to him by the other director of the Company. There was no authenticated source of information made available to the Respondent to issue said statement. The Committee was of the view that the Respondent in this matter had acted in bias manner as he totally relied upon the information provided by one person with whom the Complainant had certain disputes.

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10. The Committee on perusal of documents produced by the Complainant observed that the Company had deducted TDS on amount of Rs. 2,40,000/-, 30,000/- and Rs. 30,000/- under section 192, 194A and 194I which relates to TDS on salary, interest other than interest on securities and rent etc. These are the amounts which have clear indication that same cannot be expected to be payable by the persons under whose name they are credited. As regards amounts relating to driver salary, furniture and fixtures, car, computer and other expenses, the Complainant had substantiated the correlation of the expenses with the Company.
11. The Committee noted that the title of the certificate dated 05.08.2013 issued by Respondent mentioned that "Details of dues from S.K. Chaudhary" whereas some of the entries particulars/entries in the certificate related to expenses incurred on behalf of family members and the same were not mentioned therein. The entries related to the amount for furniture and fixtures, car, computer and other expenses with the company, which have been shown as amount due from the Complainant in the certificate dated 05.08.2013, were reflected as opening gross block in the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013. Further, the entries of Rs. 2.40 lakhs and Rs. 0.30 lakhs shown as expenses incurred on T. Chaudhary, were expenses on which TDS has been deducted in FY 2011-12 as per form 26 AS; which implied that these expenses were the expenses of the Company. The Committee further observed that the Resolution dated 09.04.2012 passed in the meeting of Board of Directors of the Company mentioned the decision of transfer of ownership of Hyundai Car i20 belonging to the Company in the name of the Complainant.
12. The Committee observed that the last entry for Rs.1,20,000/- (without any date and ledger) on account of training of 18 security guards as appeared in the certificate dated 05.08.2013 were the expenses at the behest of Company, as the Balance Sheet as at 31.03.2013 contained the entry for training expenses under the head 'Other Administrative Expenses'. The Balance Sheet dated 04.09.2013 as at 31.03.2013 of the Company was audited and signed by an independent statutory auditor which also bore the signatures of the Complainant and other Director viz. T.S. Bhatia, and in the said Balance Sheet there was no mention of



any amount payable by the Complainant to the Company. The Committee noted that there was variance in the relevant entries/figures as given in certificate dated 05.08.2013 issued by the Respondent and the entries/figures in the Balance Sheet of the Company which was audited and signed on 04.09.2013. On an overall consideration of the matter and observations as made above in particular, the Committee opined that the Respondent had compiled the details of dues solely placing reliance on the unaudited ledger accounts given by Mr. T.S. Bhatia, and ignoring the fact that the audit of the company would be under way or at the stage of finalization at that point of time of the year; and therefore there was a necessity to take precautions/due care in the given circumstance to refer to the books of accounts, vouchers etc. in the inextricable situation. In the given circumstances, the conduct of the Respondent forecloses all possibility of extending any benefit of doubt to him.

13. In view of the same, the Committee concludes that negligence on the part of Respondent in discharge of his duties is proved to a sufficient measure.

**Conclusion**

14. In view of the above observation, considering the arguments and submissions of the parties, and documents on record, the Committee held that the Respondent is **GUILTY** of Professional and Other Misconduct falling within the meaning of Item (2) of Part-IV of First Schedule and Item (7) of Part – I of Second Schedule and to the Chartered Accountants Act, 1949.

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

Sd/-  
(SHRI JIWESH NANDAN, I.A.S. (RETD.))  
GOVERNMENT NOMINEE, MEMBER

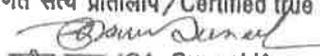
Sd/-  
(MS. DAKSHITA DAS, IRAS (RETD.))  
GOVERNMENT NOMINEE, MEMBER

Sd/-  
(CA. SRIPRIYA KUMAR)  
MEMBER

DATE : 11.02.2023

PLACE : New Delhi

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सीए. सुनील कुमार / CA. Suneel Kumar  
सहायक सचिव / Assistant Secretary  
अनुशासनात्मक विदेशालय / Disciplinary Directorate  
इंस्टिट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया  
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