

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2023-2024)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(17) and Order under Rule 19(2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No.: [PR/288/19/DD/253/2019/DC/1362/2020]

In the matter of:

**Shri H. Rajaram,**  
503/504 Marathon Maxima,  
L.B.S. Marg,  
Mulund-West  
**Mumbai-400 080**

**.....Complainant**

**Versus**

**CA. T.V.S. Raghavan (Membership. No. 019027)**  
**M/s T.V.S. Raghavan and Associates,**  
2A, Shanti Sagar Apartments,  
A wing, G Floor, Nehru Road,  
Dombivili East,  
**Mumbai-421 301**

**.....Respondent**

**MEMBERS PRESENT:**

- 1. CA. Ranjeet Kumar Agarwal, 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. Sanjay Kumar Agarwal, Member (Present in person)**

**DATE OF FINAL HEARING** : **11.04.2023 (Through Physical/ Video Conferencing mode)**

**PARTIES PRESENT**

**Respondent** : **CA. T.V.S. Raghavan**  
**Counsel for Respondent** : **Mr. S.G. Gokhale, Advocate**

BACKGROUND OF THE CASE:

1. The brief background of the case is that the Complainant is the member of M/s Marathon Maxima Co-operative Housing Society Limited (hereinafter referred to as the '**Society**'). The society was registered on 29<sup>th</sup> July 2013. The Respondent was the first statutory auditor and conducted audit for F.Y. 2013-14.

CHARGES IN BRIEF:-

2. The Committee noted that there were three charges against the Respondent as under:
  - a. That the quality of audit was not upto mark.
  - b. That the Respondent had acted as the book writer as well as statutory auditor.
  - c. That the Respondent was not aware about rules governing appointment of statutory auditors.

The allegations relating mentioned in para 2(a) and 2(c) were dropped by the Director (Discipline) at PFO stage. With respect to charge no 2(b) the Respondent was held guilty by Director (Discipline).

3. The Committee noted that the Respondent in reply to PFO and in his written submissions dated 27<sup>th</sup> November 2020 had mentioned as under:
  - a. That Organisations like Housing Societies, Charitable Institutions normally cannot afford trained and qualified accountants.
  - b. That it is customary that the auditor suggests some person known to him to complete the accounts in the technical sense.
  - c. The main intention of the auditor is to ensure proper finalization of accounts before his audit.
  - d. The auditor then gets comfort in carrying out the audit as the accounts are systematically maintained and presented.

- e. In the present case, instead of the accountant raising a separate invoice, he in good faith included the accounting charges in his invoice.
  - f. However, he can state on oath that he never rendered any book-keeping service to this society at all.
  - g. That the accountant was compensated by him and he did not earn anything out of the accounting charges.
4. The Director (Discipline) had in his Prima-facie opinion opined that the Respondent accepted the statutory audit of the Society while compromising his independence as he was involved in writing books of accounts. Further, the same is not expected of a Chartered Accountant who is expected to maintain high standards of conduct in his profession and who is looked upon with integrity and trust. Accordingly, the Director (Discipline) held the Respondent Prima-facie Guilty of Professional and Other Misconduct falling within the meaning of Item (4) of Part I of Second Schedule and Item (2) of Part IV of First Schedule to the Chartered Accountant Act, 1949. The said items to the respective Schedules to the Act, states as under:

**Item (4) of Part I of Second Schedule:**

"A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

*(4) expresses his opinion on financial statements of any business or enterprise in which he, his firm, or a partner in his firm has a substantial interest;"*

**Item (2) of Part IV of First Schedule**

"A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he—

*(2) in the opinion of the Council, brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work."*

BRIEF FACTS OF THE PROCEEDINGS:

5. The Committee noted that the instant case was fixed for hearing on following dates:

S.No.	Date	Status of Hearing
1.	19.01.2022	Part- Heard and Adjourned.
2.	11.04.2023	Heard and concluded

6. The Committee noted that in the first hearing held on 19<sup>th</sup> January 2022, the Respondent along with his Counsel Shri S.G. Gokhale were present through Video Conferencing mode from the Mumbai Office of ICAI. The Complainant had sought adjournment by mentioning that he is travelling during the week. The Respondent was administered Oath. The Committee enquired from the Respondent as to whether he is aware of the charges and the Respondent replied in affirmative and pleaded Not Guilty to the charges levelled against him. Thereafter, looking into the fact that this being the first hearing and the Complainant was not present, the Committee decided to adjourn the hearing. With this, the hearing in the matter was part heard & adjourned.
7. On the date of final hearing, 11<sup>th</sup> April 2023, the Committee noted that the Respondent along with his Counsel Shri S.G. Gokhale, Advocate, was present through Video Conferencing. The Committee noted that the Complainant was not present. At the outset, the Committee enquired from the Respondent that since the composition of the Committee had changed from the previous hearing, whether he wished to exercise the option of a de-novo hearing. On the same, the Respondent refused de-novo hearing. Accordingly, the Committee acceded to the request of the Respondent and continued the hearing.
8. The Committee noted that the Counsel for the Respondent while presenting his defense submitted that the instant case arises from the statutory audit of a Co-operative Housing Society wherein a member of the Society lodged the instant complaint with the ICAI relating to the misconduct of the



8.2 After considering all papers available on record and after detailed deliberations and recording the submissions, the Committee decided to conclude the hearing in the instant case.

### FINDINGS OF THE COMMITTEE

9. The Committee noted that the Respondent in his written submissions dated 15<sup>th</sup> December 2020 apart from reiterating his earlier submissions, had inter-alia submitted as under:
- a. That accounting work of the Society was done by Ms. Megha Dharawadkar who is M.com and resident to Dombiwali.
  - b. That Ms. Megha Dharawadkar vide letter dated 15<sup>th</sup> January 2022 addressed to ICAI confirmed the same.
  - c. That Ms. Megha Dharawadkar was in need of money and, since it would take longer time for her to get the money from Society, he paid the amount to her and added the same in his invoice to Society.
10. The Committee noted that the Complainant, in response to the submissions of the Respondent, had submitted his reply vide his letter dated 21<sup>st</sup> December 2020. The Committee noted that the Complainant's reply was mainly focused on the allegation wherein the Respondent was held not guilty by Director (Discipline). The Committee further noted that the Complainant in relation to the instant charge had not submitted any response on merit.
11. The Committee on perusal of the letter dated 15<sup>th</sup> January 2022 from Ms. Megha Dharawadkar noted that she had admitted as under:
- a. That she was introduced to the Society by the Respondent for writing books of accounts of the Society for the F.Y. 2013-14.
  - b. That she was also doing the work of writing books of accounts and other related works for other entities also.

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- c. That payment in respect of said work, including cost and fees, was received by her from the Respondent as under:

SR. NO.	DATE	AMOUNT PAID	CHEQUE/NEFT	REMARKS
1	19.08.2014	2,742	Ch No: 960677 drawn on Vijaya Bank	Received on account of Marathon Maxima CHS Includes Reimbursement Of Conveyance of Rs.242/- For Visiting Marathon Maxima Society Office From M/S T.V.S.Raghavan & Co
2	11.09.2014	4,677	NEFT through Vijaya Bank	Received on account of Marathon Maxima CHS Includes Reimbursement Of Conveyance of RS.177/- For Visiting Marathon Maxima Society Office From M/S T.V.S.Raghavan & Associates
3	07.10.2014	5,000	NEFT through Vijaya Bank	Received on account of Marathon Maxima CHS Assignment - Final Payment From M/S T.V.S.Raghavan & Associates
TOTAL		12,419		

12. The Committee further noted that the Respondent had also submitted copies of Bank account no. 502300301000117 and Bank account no. 5020300301000101 both in the name of the Respondent Firm with Vijaya Bank to substantiate, that the payments claimed by Ms. Megha Dharawadkar were duly reflected in the Bank statements.
13. The Committee further noted that the declaration regarding the contents of the said letter dated 15<sup>th</sup> January 2020 to be true and fair was affirmed by Ms. Megha Dharawadkar by way of notarized affidavit dated 3<sup>rd</sup> April 2023.
14. The Committee also noted that a letter dated 06<sup>th</sup> April 2023 was received from Mr. Ramaswamy Krishnan, Secretary, Marathon Maxima Co-Op Hsg. Society Ltd. wherein the Secretary also confirmed as under:
- That the Respondent had done only the Statutory audit for 2013-14 and 2018-19.
  - That writing of books of accounts for 2013-14 was entrusted to Ms. Megha Dharawadkar Dharwadkar who was a freelancer accountant and for that purpose, fee of Rs.12000/- was fixed by the Society.

- c. That for their convenience, they asked the Respondent to include the fees of the accountant in his bill.
15. The Committee noted that the whole issue emerged because in the invoice raised by him the Respondent had added the amount of maintenance of accounts along with his audit fees. The Committee noted that the Respondent, through various documents on record, had established that the actual accountant was Ms. Megha Dharawadkar and the amount claimed in the invoice is reimbursement of amount paid to Ms. Megha Dharawadkar by him. The Committee further noted that Ms. Megha Dharawadkar in her affidavit, had also accepted this fact. Further, Mr. Ramaswamy Krishnan, Secretary of the Society, in his letter dated 6<sup>th</sup> April 2023, confirmed that for their convenience they asked the Respondent to include the fees of the accountant in his bill.
16. The Committee observed that the Complainant was not present at any point of time during the hearing to substantiate his allegation levelled against the Respondent. The Counsel for the Respondent established through various documents on record that the work of bookkeeping/ book writing work was done by freelance accountant Ms. Megha Dharawadkar, which was accepted/confirmed by her as well as secretary of the Society. The book writing was never done by the Respondent as alleged.
17. Therefore, the Committee finds no merit in the charges levelled against the Respondent.

**CONCLUSION:**

18. In view of the above observation, considering the arguments, submissions of the parties and documents on record, the Committee held that the Respondent is Not Guilty of Professional and Other Misconduct falling within the meaning of Item (4) of Part I to Second Schedule and Item (2) of Part IV of First Schedule to the Chartered Accountant Act, 1949 read with Section 22 of the Act.

19. Accordingly, in terms of Rule 19 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee passed order for closure of this case.

SD/-

(CA. RANJEET KUMAR AGARWAL)  
PRESIDING OFFICER

SD/-

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

SD/-

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

SD/-

(CA. SANJAY KUMAR AGARWAL)  
MEMBER

DATE: 14<sup>TH</sup> DECEMBER, 2023

PLACE: DELHI

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

मीनू गुप्ता / Meenu Gupta  
व्यक्ति कार्यकारी अधिकारी / Sr. Executive Officer  
अनुशासन शाखा / Disciplinary Directorate  
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