



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-IV (2024-2025)]]

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

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

[PR/G/5/2022/DD/80/2022/DC/1854/2024]

In the matter of:

Ms. Kamna Sharma, Dy. ROC,
NCT of Delhi & Haryana,
Ministry of Corporate Affairs,
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi- 110019

...Complainant

Versus

CA. Sudhir Kumar Goel (M. No. 503202)
D 42, Ashoka Road,
Adarsh Nagar,
Delhi - 110033

...Respondent

MEMBERS PRESENT:

1. Shri Jiwesh Nandan, I.A.S (Retd), Presiding Officer and Government Nominee (In person)
2. Ms. Dakshita Das, I.R.A.S. (Retd.), Government Nominee (Through VC)
3. CA. Mangesh P Kinare, Member (In person)
4. CA. Abhay Chhajed, Member (In person)

DATE OF HEARING : 06th January 2025

DATE OF ORDER : 20th January 2025

1. That vide Findings dated 16/10/2024 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. Sudhir Kumar Goel (M. No. 503202) (hereinafter referred to as the Respondent") is GUILTY of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

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2. That pursuant to the said Findings, an action under Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 06th January 2025.

3. The Committee noted that on the date of the hearing on 06th January 2025, the Respondent was physically present for the hearing and appeared before it. Thereafter, the Committee asked the Respondent to make submissions in the matter. The Respondent admitted that loans and advances were not classified as per the requirements of Schedule III of Companies Act, 2013 and accepted his mistake and sought leniency in the matter.

4. The Committee considered the reasoning as contained in the Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis verbal representation of the Respondent.

5. Thus, keeping in view the facts and circumstances of the case, material on record including verbal representations of the Respondent on the Findings, the Committee noted that the entire amount of loan was shown as unsecured loan and further, there was substantial increase in the amount of unsecured loan from the previous year. However, further classification of short-term borrowing (unsecured loan) as per the requirement of Schedule III to the Companies Act, 2013 was not given in the financial statements. It was also observed from the details of unsecured loans taken by the Company that, approximately, 97.62% of the unsecured loans were obtained from the related parties but no disclosures of the same as required in terms of Schedule III to the Companies Act, 2013 as well as AS-18 was given by the Respondent in the financial statements of the Company. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 16/10/2024 which is to be read in consonance with the instant Order being passed in the case.

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6. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

7. Thus, the Committee ordered that the Respondent i.e. CA. Sudhir Kumar Goel (M.No.503202), Delhi be REPRIMANDED under Section 21B(3)(a) of the Chartered Accountants Act 1949.

Sd/-

(SHRI JIWESH NANDAN, I.A.S. (RETD.)
(PRESIDING OFFICER AND GOVERNMENT NOMINEE)

Sd/-

(MS. DAKSHITA DAS, I.R.A.S.{RETD.})
GOVERNMENT NOMINEE

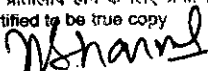
Sd/-

(CA. MANGESH P KINARE)
MEMBER

Sd/-

(CA. ABHAY CHHAJED)
MEMBER

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


निशा शर्मा / Nisha Sharma
वरिष्ठ कार्यकारी अधिकारी / Sr. 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, Shahdra, Delhi-110032

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2024-2025)]

[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/G/5/2022/DD/80/2022/DC/1854/2024}

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...Complainant

Versus

**CA. Sudhir Kumar Goel (M. No. 503202)
D 42, Ashoka Road,
Adarsh Nagar,
Delhi - 110033**

...Respondent

MEMBERS PRESENT:

**CA. Ranjeet Kumar Agarwal, Presiding Officer (in person)
Shri Jiwesh Nandan, I.A.S (Retd), Govt. Nominee (in person)
CA. Mangesh P. Kinare, Member (through VC)**

DATE OF FINAL HEARING : 18th June 2024

PARTIES PRESENT:

**Authorized Representative of Complainant : Mr. Gaurav, Dy. ROC, Delhi (through VC)
Respondent : CA. Sudhir Kumar Goel (in person)
Counsel for Respondent : Adv. Dushyant Kumar (in person)**

1. Background of the Case:

- 1.1 The Respondent was statutory auditor of M/s Suraj Trading Company Private Limited for the financial year 2017-18.

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CA. Mangesh P. Kinare, Member (through VC)**

DATE OF FINAL HEARING : 18th June 2024

PARTIES PRESENT:

Authorized Representative of Complainant : Mr. Gaurav, Dy. ROC, Delhi (through VC)
Respondent : CA. Sudhir Kumar Goel (in person)
Counsel for Respondent : Adv. Dushyant Kumar (in person)

1. Background of the Case:

- 1.1 The Respondent was statutory auditor of M/s Suraj Trading Company Private Limited for the financial year 2017-18.

2. **Charges in brief:**

2.1. On perusal of MCA records, it was observed by the Complainant that the Company has neither classified the long-term borrowings nor short-term borrowing as secured and unsecured as per the requirement of Schedule III to the Companies Act, 2013.

3. **The relevant issues discussed in the Prima Facie Opinion dated 06th September 2022(Referred back) and 21st December 2023 formulated by the Director (Discipline) in the matter, in brief, are given below:**

3.1. Regarding the allegation that the Company had neither classified long-term borrowings nor short-term borrowings as secured and unsecured as per the requirement of Schedule III of the Companies Act, 2013, upon perusal of the financial statements of the Company for FY 2017-18, it was noted from the balance sheet that on March 31, 2018, under the heading "2 NON-CURRENT LIABILITIES (a) Secured Loans," it was mentioned as "0.00." Thus, it was viewed that further classification of long-term borrowings could not be provided by the concerned company; further, a prudent professional cannot offer his further classification, comments, or disclosure on the same as the amount specified against the head is 'NIL'.

3.2. It was further noted from the balance sheet that on March 31, 2018, under the heading "3 Current Liabilities (a) Unsecured Loans," it was mentioned as "Rs. 14,71,37,488.40" and provided the details of said unsecured loans in Schedule C of the said balance sheet. Upon perusal of the schedules forming part of the balance sheet as of March 31, 2018, it was noted that Schedule C does not provide for sub-classification as required under Schedule III of the Companies Act, 2013.

3.3. It was viewed that classification and sub-classification of short term borrowings is a requirement specified under the Schedule III and the Respondent had not given any observation or comments or disclosure on the said non-compliances in his audit report while the Respondent was appointed to conduct the Statutory Audit of the Company under Section 139 of the Companies Act, 2013 and accordingly, the same points out towards lack of due diligence on the part of the Respondent being auditor of the Company for the FY 2017-18. Accordingly, the Respondent was held Prima Facie Guilty of Professional misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

3.4. After consideration of the aforesaid Prima Facie Opinion, the Disciplinary Committee (Bench-IV) decided to refer the Prima Facie Opinion back to the Director (Discipline) for further investigation under Rule 9(2)(c) of the Chartered Accountants (Procedures of

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Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 in respect of allegation contained in paragraph 9 of the above Prima Facie Opinion, stating as under:-

"The Committee considered the allegation contained in para 9 of the Prima Facie Opinion and reasoning of Director (Discipline) holding the Respondent prima facie guilty of professional misconduct that the Respondent failed to sub-classify the long-term borrowing and the short-term borrowing as secured and unsecured as per the requirement of Schedule III of the Companies Act, 2013. On consideration, the Committee was of the view that the grounds on which the Respondent has been held prima facie guilty on this count need to be further examined, in the light of impact of non-disclosure of details of unsecured loan etc. and accordingly, the Committee advised the Director (Discipline) to further investigate the matter under Rule 9(2)(c) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules 2007 by calling relevant documents/ details from the parties/ others once again as considered appropriate.

Thus, the Committee referred the matter back to the Director (Discipline) for further Investigation under Rule 9(2)(c) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 in respect of allegations contained in paras 9 of the Prima Facie Opinion"

- 3.5. Accordingly, in compliance with the aforesaid directions given by the Disciplinary Committee (Bench IV), the case was re-examined by Director (Discipline) in terms of the above parameters in respect of allegation as contained in para 9 of earlier Prima Facie Opinion dated 06.09.2022 only.
- 3.6. As regards the allegation pertaining to the paragraph 9 of the Prima Facie Opinion dated 06.09.2022, that the Company has neither classified the long-term borrowings nor short-term borrowing as secured and unsecured as per the requirement of Schedule III to the Companies Act, 2013, it was observed that long term and short borrowings as shown in the Financial Statements of the Company for the financial year 2017-18 were as under: -

Equity and Liabilities	Schedule	Current Year (31.03.2018)	Previous Year (31.03.2017)
2. Non-Current Liabilities (a) Secured Loans		-	-
3. Current Liabilities (a) Unsecured Loans	C	14,71,37,488.40	5,08,41,073.40

“Schedule C”

Particulars	Current Year (31.03.2018)	Previous Year (31.03.2017)
UNSECURED LOANS	1.25	1.25
Shri Ganesh Ji Unsecured Loans	14,71,37,487.15	5,08,41,072.15

3.7. Hence, from the above, it was observed that the amount of long-term borrowing (as shown under Non-Current Liabilities) were Nil and accordingly, there was no need of giving further details as required in terms of Schedule III to the Companies Act, 2013. However, as regard the unsecured loan (short term borrowing) as shown under heading “Current Liabilities”, it was observed that the entire amount of loan was shown as unsecured loan and further, there was substantial increase in the amount of unsecured loan from the previous year. However, further classification of short-term borrowing (unsecured loan) as per the requirement of Schedule III to the Companies Act, 2013 was not given in the financial statements.

3.8. It was also observed from the details of unsecured loans taken by the Company that, approximately, 97.62% of the unsecured loans were obtained from the related parties but no disclosures of the same as required in terms of Schedule III to the Companies Act, 2013 as well as AS-18 was given by the Respondent in the financial statements of the Company. However, the Respondent in his audit report for the FY 2017-18 had stated as under: -

“In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and details have been disclosed in the Financial statements as required by the applicable accounting standards.”

3.9. Further, on perusal of the financial statements of the Company for FY 2017-18, it was noted that unsecured loans amounting to Rs.14,71,37,487.15, was 71.24% of total size of the Balance Sheet of the Company. Thus, the aforesaid amount of unsecured loan was having material impact on true & fair view of the Financial Statements of the Company and accordingly, non- disclosure of details as required in terms of Schedule III of the Company Act, 2013 could not be ignored even though the Company was a private company.

3.10. Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 21st December 2023 opined that the Respondent was prima facie **Guilty** of Professional Misconduct falling within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said items of the Schedule to the Act, states as under:

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Item (7) of Part I of the Second Schedule:

"A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he:

(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties."

3.11. The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 28th March 2024. The Committee on consideration of the same, concurred with the reasons given against the charge and thus, agreed with the Prima Facie Opinion of the Director (Discipline) that the Respondent is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part – I of the Second Schedule to the Chartered Accountants Act, 1949 and accordingly, decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

4. Date(s) of Written submissions/Pleadings by parties:

The relevant details of the filing of documents in the instant case by the parties are given below:

S.No.	Particulars	Dated
1.	Date of Complaints in Form 'I' filed by the Complainant	03 rd January 2022
2.	Date of Written Statement filed by the Respondent	11 th April 2022
3.	Date of Rejoinder filed by the Complainant	27 th July 2022
4.	Date of Prima Facie Opinion formed by Director (Discipline)	06 th September 2022(Referred back) 21 st December 2023
5.	Written Submissions filed by the Respondent after PFO	---
6.	Written Submissions filed by the Complainant after PFO	---

5. Brief facts of the Proceedings:

5.1. The details of the hearing(s) fixed and held/adjourned in said matter is given as under:

Particulars	Date of meeting(s)	Status
1 st Hearing	28 th May 2024	Adjourned at the request of the Respondent.
2 nd Hearing	18 th June 2024	Hearing Concluded and Decision taken

- 5.2. On the day of hearing on 28th May 2024, the Committee noted that in the captioned case, the Respondent vide mail dated 27.05.2024 had sought adjournment on medical grounds. The Committee, acceding to the request of the Respondent, adjourned the captioned case to a future date.
- 5.3. On the day of hearing on 18th June 2024, the Committee noted that the authorized representative of the Complainant through VC and the Respondent along with Counsel were present in person and appeared before it.
- 5.4. Being first hearing of the case, the Respondent was put on Oath. Thereafter, the Committee enquired from the Respondent as to whether he was aware of the charges against him and then the charges as contained in prima facie opinion were read out. On the same, the Respondent replied that he is aware of the charges and pleaded 'Guilty' to the charges levelled against him. The Counsel for the Respondent/Respondent admitted that there was failure on the part of the Respondent to sub-classify the long - term borrowings and short-term borrowings as secured and unsecured as per the requirement of Schedule III to the Companies Act, 2013.
- 5.5. After recording the plea of the Respondent and submissions of the authorized representative of the Complainant and in view of Rule 18(8) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee concluded the hearing in the matter.

6. **Findings of the Committee: -**

- 6.1. The Committee noted that the Respondent himself pleaded 'Guilty' before it at the time of hearing. Accordingly, the Committee in terms of Rule 18(8) of Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007 recorded his admission and decided to pursue the case/ take action under Rule 19.

7. **Conclusion:**

In view of the findings stated in above paras, vis-à-vis material on record, the Committee gives its charge wise findings as under:

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 as above	Para 6.1 as above	Guilty- Item (7) of Part – I of the Second Schedule

8. In view of the above noted facts and discussion, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Sd/-

(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

Sd/-

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

Sd/-

(CA. MANGESH P KINARE)
MEMBER

DATE: 16/10/2024

PLACE: New Delhi

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मीनू गुप्ता / Meenu Gupta
परिष्कृत कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
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