

BOARD OF DISCIPLINE

(Constituted under Section 21A of the Chartered Accountants Act 1949)

Findings under Rule 14 (9) read with Rule 15 (2) of the Chartered Accountants (Procedure of investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007

CORAM:

**CA. Rajendra Kumar P, Presiding Officer
Ms. Dolly Chakrabarty, Government Nominee**

IN THE MATTER OF:

Dr. Sudha Thapar

Gomti Thapar Hospital

GT Road, Opposite New Dana Mandi

Moga- 142001, Punjab.....**Complainant**

Versus

CA. Ved Vrat Bhalla (M. No. 081941),

M/s V V Bhalla & Co. Chartered Accountants

Sodian Street, Ferozpur City,

Ferozpur, Punjab.....**Respondent**

Date of Final Hearing : 27th December 2024
Place of Final hearing : ICAI Bhawan, Chandigarh

PARTIES PRESENT:

Complainant : Dr. Sudha Thapar (In Person)
Counsel for Complainant : Dr. S. S. Sharma (Through VC)

FINDINGS:

BACKGROUND OF THE CASE:

1. Complainant stated that the Respondent has been associated with Complainant's husband since financial year 2007-08 as a Chartered Accountant (for his professional services) for their hospital namely M/s Gomti Parshad Thapar Hospital (hereinafter referred to as '**Hospital**') wherein the Complainant is also partner along-with her husband. As stated, besides auditor of the hospital, the Respondent happened to be the cousin of Complainant's husband and developed good relations with the Complainant's husband and hence, the Respondent was knowing about the properties held by the Complainant and after her husband's death Respondent allegedly

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conspired with Complainant's Brother-in-law and Sister-in-law with intention to grab her property in the guise of her help.

CHARGES ALLEGED:

2. The Complainant alleged as under: -

Allegation-1: Criminal Intimidation: That the Respondent verbally and telephonically threatened the Complainant to destroy her hospital if she did not agree in family settlement deed. Further, the Respondent has vested interest in selling the Complainant's land by forcing her to sign on dotted line in connivance with her brother-in-law and sister-in-law. She stated that she had been silent spectator to his abuses and threats for last three years.

Allegation 2: Raised false Bill and Charged Exorbitant Fee: The Complainant has alleged that the Respondent raised false bills of previous years and charged exorbitant professional fee while she had already cleared all his dues, and the balance sheet of the Hospital showed last payable amount as Rs. 22,500/- which was paid through cheque number 000405 dated 29-06-2020. It is stated that when the Complainant refused to give response to Respondent's threats, he (Respondent) raised exorbitant invoices towards his professional fee of Rs.35 Lacs, 11 Lacs, 13.57 Lacs and 6.05 Lacs besides charged GST amount of Rs.99,000, 1,22,175 and Rs.54,450 in these invoices. It is stated that whether such GST/service tax he charged in those invoices was paid to the department concerned is needed to be investigated.

Allegation 3: Not releasing property papers: The Complainant has alleged that the Respondent did not return the original papers of plots which were Complainant's self-acquired property situated at Dunneke Village, Adjoining Moga. She further stated that in the recent decision by Ethical Standard Board of ICAI a Chartered Accountant could not held formal records as lien in case of non-payment of fee.

Allegation 4: Breach of Confidentiality: The Complainant has alleged that the Respondent shared details of her movable, immovable assets (though false) and taxation details with unscrupulous people like Shri Amandeep Malhotra, a lawyer, and his close confidant through whom he proxied in court cases in the name of Complainant's brother-in-law and sister-in-law. It is further alleged that the Respondent through such Mr. Amandeep Malhotra also sent a complaint to Income tax Office revealing wrong and exaggerated data to harass the Complainant mentally and physically.

Allegation 5: Forgery: The Complainant has alleged that the Respondent forged a pre-signed stamp paper to use as an affidavit which contained the information never agreed upon by the Complainant and such affidavit was never made by her.

Allegation 6: Not issuing NOC to the current CA for audit: The Complainant has alleged that the Respondent wilfully tried to delay the audited returns of her hospital by refusing NOC.

Allegation 7: Below par professional work: The Complainant has alleged that the Respondent intentionally and negligently did not file proper returns. She stated that the Respondent was aware of her mental and physical status after her husband's

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accident as his husband was comatose for three years (2012 to 2015) and after his death the Respondent did not consider fixed deposit interest income while filing her income tax return and the same was pointed out by her present CA who did revision and she had to pay arrears of pending years.

3. At the outset, the Board noted that as regard allegation numbers 1, 3, 4, 5 & 7 as mentioned above, after a thorough investigation the Director (Discipline) held Respondent 'Not Guilty' in his Prima Facie Opinion and the Board concurred with the reasoning and the views of the Director (Discipline). The Board therefore limited the extant proceedings to the two allegations only, i.e., allegation number 2 that the Respondent raised false bills of previous years and charged exorbitant professional fee while she had already cleared all his dues, and the balance sheet of the Hospital showed last payable amount as Rs. 22,500/- which was paid through cheque number 000405 dated 29-06-2020. It is stated that when the Complainant refused to give response to Respondent's threats, he (Respondent) raised exorbitant invoices towards his professional fee of Rs.35 Lacs, 11 Lacs, 13.57 Lacs and 6.05 Lacs besides charged GST amount of Rs.99,000, 1,22,175 and Rs.54,450 in these invoices and allegation number 6 that the Respondent wilfully tried to delay the audited returns of her hospital by refusing NOC.

BRIEF OF PROCEEDINGS HELD:

4. The details of the hearings fixed and held in the matter, are given as under:

Date of Hearing(s)	Status of hearing(s)
04 th April 2024	Adjourned at the request of the Respondent
27 th December 2024	The case is heard and concluded

BRIEF SUBMISSIONS OF THE RESPONDENT:

5. The Respondent contests the second allegation, asserting that the Director (Discipline's) interpretation is legally flawed. The Respondent contends that the bills in question were not solely for audit fees but also encompassed fees for arbitration services and other agreed-upon services. These bills, covering the period from 2007-08 to 2018-19, were purportedly already accounted for in the Complainant's books, with no outstanding audit fees due. The Respondent maintains that the Director (Discipline) failed to acknowledge the distinction between audit fees and fees for additional services, such as arbitration, which were completed and billed in 2020. Furthermore, the Respondent argues that the fees charged for arbitration services were in line with customary arbitration charges sanctioned by courts. The Respondent emphasizes that the bills consisted of two distinct components: audit fees, already accounted for in previous years, and fees for current services, such as arbitration, which were separately billed. Therefore, the Respondent maintains that the director's failure to recognize the nature of the services rendered and billed, particularly regarding arbitration, led to an erroneous assessment of the situation.
6. Further, the Respondent also contests the accusation of delaying the issuance of a No Objection Certificate (NOC) for the hospital's audit, citing his right to raise objections

based on pending fees, as allowed by the Chartered Accountants Act, 1949 and the Code of Ethics. He argues that his objection to the incoming auditor, CA Vishal Mittal, was promptly addressed, with a reply sent the next day, and seeking guidance from the Ethical Standards Board of the ICAI demonstrated diligent adherence to professional standards. However, the Respondent criticizes the conduct of the incoming auditor, highlighting the failure to provide a reasonable timeframe for response and his premature initiation of audit procedures without proper communication with the predecessor. The Respondent maintains that his objection to the incoming auditor's appointment was bona fide, rooted in genuine concerns about pending fees, and promptly addressed. It is submitted that any perceived delay in issuing the NOC was not caused by the Respondent's actions but rather by the incoming auditor's failure to adhere to ICAI procedures, including prematurely initiating audit procedures without proper communication with the predecessor. Respondent emphasized that any perceived delay in issuing the NOC was not attributable to them but rather to the incoming auditor's failure to follow proper procedures.

OBSERVATIONS OF THE BOARD:

7. The Board noted that the Complainant appeared in person, while the Counsel for the Respondent appeared via video conference. The Respondent was not present and had been represented by the Counsel. Since the Respondent was absent, no oath was administered. The appearance of the Respondent before the Board was dispensed with. Both parties were heard in detail regarding the charges.
8. The Board also noted that out of the seven charges levelled by the Complainant, the Board, in its prima facie opinion, found that only two charges remained relevant for adjudication, i.e., Charge No. 2, which pertains to the raising of fake or exorbitant fees, and Charge No. 6, concerning the failure to issue a No Objection Certificate (NOC). With respect to Charge No. 6, the Board observed that this issue lies between the Respondent and the new Chartered Accountant, and thus falls outside the jurisdiction of the Complainant, as the matter is not within the scope of Professional Misconduct under the relevant legal framework.
9. In respect of Charge No. 2, which alleges that the Respondent raised exorbitant bills, the Complainant contended that invoices were issued for services provided more than 10 years prior to their issuance. However, the Board noted that the timing and quantum of the invoices are a matter between the Respondent and the Complainant or the Complainant's deceased husband and are not within the immediate purview of the Board. The Counsel for the Respondent further clarified that all invoices had been withdrawn, and no outstanding dues remained payable by the complainant.
10. After considering the submissions and facts presented, the Board concluded that the Respondent was not guilty of both the charges of Professional Misconduct.

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CONCLUSION:

11. Thus, in conclusion, in the considered opinion of the Board the Respondent is **Not Guilty** of Professional Misconduct falling within the meaning of Clause (8) and Clause (9) of Part I of First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Board passed an order for closure of the case in terms of the provisions of Rule 15 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

Sd/-
CA. Rajendra Kumar P
Presiding Officer

Sd/-
Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

Date: 25-01-2025

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

N Sharma
निशा शर्मा / Nisha Sharma
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुरासनात्मक निदेशालय / Disciplinary Directorate
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