

**CONFIDENTIAL**

**DISCIPLINARY COMMITTEE [BENCH – IV (2025-2026)]**

**[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/306/2020-DD/315/2020-DC/1820/2023]**

**In the matter of:**

**Shri Tarun Sethi & Shri Subhash Chander Goyal**  
W. No.-8, Gali No.-14, Ekta Nagari,  
Mandi Dabwali, Sirsa,  
**Haryana-125104**

**.... Complainant**

**Versus**

**CA. Chetan Jhunthra (M. No. 518217)**  
Chartered Accountants,  
Plot no. 25, Behind Surya Hotel,  
Begu Road, Sirsa,  
**Haryana -125055**

**.... Respondent**

**MEMBERS PRESENT:**

**CA. Prasanna Kumar D, Presiding Officer (in person)**  
**Ms. Dakshita Das IRAS {Retd.}, Government Nominee, (in person)**  
**Adv. Vijay Jhalani, Government Nominee, (in person)**  
**CA. Mangesh P. Kinare, Member (in person)**  
**CA. Satish Kumar Gupta, Member (in person)**

**DATE OF FINAL HEARING: 19<sup>th</sup> November 2025**

**PARTIES PRESENT:**

**Complainant no. 1: Sh. Tarun Sethi (Through VC)**  
**Complainant no. 2: Sh. Subhash Chander Goyal (Through VC)**  
**Counsel for Complainants: Adv. Nihit Singal (Through VC)**  
**Respondent: CA. Chetan Jhunthra (In person)**  
**Counsel for the Respondent: Adv. Sukhmeet Singh (In person)**

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1. **Background of the Case:**

1.1 The instant case pertains to a Society/ Samiti namely Shri Chinmaya Kuti Bhandara Samiti which is registered under Haryana Registration and Regulation of Societies Act, 2012. The Respondent was the auditor of Samiti since financial year 2014-15. The Respondent was the auditor of Samiti since Financial Year 2014-15. Father of one of the Complainant (namely Tarun Sethi) was the then member of Samiti whereas the name of second Complainant (namely Sh. Shubhash Chandra Goyal) was included in the list of promoters of the Samiti without his consent. It was also stated that the registration of the Samiti was cancelled owing to certain anomalies.

2. **Charges in brief:**

- 2.1. The Respondent has not physically verified the address of Samiti.
- 2.2. The Respondent has not reported the non-compliance of provisions of Rule 11 of HRRS 2012 and bye-laws of the Samiti pertaining to receipt of membership fees in cash instead through banking channels.
- 2.3. The Respondent has not reconciled the bank accounts and not verified the cash and bank balance of the Samiti.

3. **The relevant issues discussed in the Prima facie opinion dated 02<sup>nd</sup> May 2023 formulated by the Director (Discipline) in the matter in brief, are given below:**

- 3.1 Regarding the first charge, it was noted that the address mentioned by the Respondent in audit report for the Financial Year 2015-16, 2016-17 & 2018-19 was same as the address mentioned in the Registration Certificate of the Samiti, hence, it was seen that the Respondent mentioned correct address in his audit report as per documents available with him. As per the Balance Sheet of respective years i.e., FY 2014-15, FY 2016-17, FY 2017-18 and FY 2018-19 that there was no stock and fixed assets in the Samiti. However, it was seen that the only asset mentioned in the aforesaid balance sheets was cash-in-hand and physical verification of cash-in-hand was an important part of audit of any concern, particularly when most of the transactions of the Samiti were done in cash. Thus, the contention of Respondent that he has not visited his client's place just because there were no fixed assets did

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not stand and hence the Respondent was **prima facie** held **Guilty** of professional misconduct under item (7) of Part I of the Second Schedule to the Chartered Accountants Act 1949

3.2 Regarding the **second charge**, it was noted that since the Samiti was registered under HRRS Act, 2012 it was mandatory for the Samiti to follow the rules of the said Act i.e. to collect membership fees from its members through a bank instrument only as per Rule 11(1) of HRRS Act, 2012 however the Samiti did not follow the same which was also evident from the fact that Ld. State Registrar of Societies, Haryana, Chandigarh ordered the District Registrar of Sirsa to take necessary steps to cancel the registration of Samiti on the grounds of not following the provisions of Rule 11(1) of HRRS Rules, 2012. It was further noted that it was the duty of an auditor to report such issues in his report involving any irregularities in the books of his client or any non-compliance of the governing Act of the entity.

*It is seen that Section 16(iii) of HRRS Act states as under :*

*16. Eligibility conditions for becoming a member. - A person shall be eligible to become a member of Society, if he,*

*(i) .....*

*(ii) .....*

*(iii) has deposited the membership fee as prescribed in the Bye-laws of the Society*

*Further it is seen that Rule 11(1) of the Haryana Registration and Regulation of Society Rules 2012 states as under :*

*11. (1) Every Society shall prescribe in its byelaws the manner of application for admitting members to the Society and the competent authority to decide such applications as per Form-X. The payment of membership fee shall be made by the applicant from his bank account through a Bank Instrument (Demand Draft/Pay Order/Cheque) and in no case be accepted in cash.*

*It is also seen that clause (v) of the memorandum provides following :*

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*All receipts and payments of the Society shall be made through Bank Instruments (i.e., DD/ Pay Order/ Cheques/ Bank Transfers/ RTGS) including all receipts towards the Membership Fees and the Annual subscriptions from the members. However, the Governing Body may determine the limits of financial transactions which may be done in cash in certain other cases.*

Thus, the Respondent cannot escape from his liability by simply saying that he was doing the audit of receipts and payments and balance sheet and the same was mentioned in his audit report also and there was no obligation on his part to comment in this regard in his report. Hence, the Respondent was Prima Facie held **GUILTY** of Professional Misconduct under Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

3.3 Regarding the **third charge**, it was seen that thought the Respondent has brought on record cash books and bank statements of various financial years, however, it is strange that he has neither reconciled the bank account nor he has brought on record any bank reconciliation statement despite his own contention about disparity in bank account as per its books and bank passbook of the Samiti. Thus, the Respondent was Prima facie held **GUILTY** of Professional Misconduct under Clause (7) of Part I of the Second Schedule of the Chartered Accountants Act, 1949.

3.4 Accordingly, the Director (Discipline) in his Prima Facie Opinion dated 02<sup>nd</sup> May 2023 opined that the Respondent was **GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949. The said Clause of the Second Schedule to the Act, states as under:

**Clause (7) of Part I of the Second Schedule:**

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

X                    X                    X                    X                    X

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

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3.5 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee in its meeting held on 18<sup>th</sup> August 2023. The Committee on consideration of the same, concurred with the reasons given against the charges 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 Clause (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:

| <b>S.No.</b> | <b>Particulars</b>  | <b>Dated</b>  |
|--------------|---|---|
| 1.           | Date of Complaint in Form 'I' filed by the Complainant            | 23 <sup>rd</sup> October 2020   |
| 2.           | Date of Written Statement filed by the Respondent                 | 14 <sup>th</sup> December 2020  |
| 3.           | Date of Rejoinder filed by the Complainant                        | 06 <sup>th</sup> January 2021   |
| 4.           | Date of Prima Facie Opinion formed by Director (Discipline)       | 02 <sup>nd</sup> May 2023   |
| 5.           | Written Submissions filed by the Respondent after PFO             | 21 <sup>st</sup> May 2024 and 15 <sup>th</sup> November 2025  |
| 6.           | Written Submissions/ Documents filed by the Complainant after PFO | 09 <sup>th</sup> October 2023<br>11 <sup>th</sup> December 2023<br>29 <sup>th</sup> May 2024<br>30 <sup>th</sup> October 2025<br>03 <sup>rd</sup> November 2025<br>15 <sup>th</sup> November 2025<br>17 <sup>th</sup> November 2025 |

5. **Written Submissions filed by the Respondent:**

5.1 The Respondent vide letter/ email dated 21<sup>st</sup> May 2024, inter-alia, made the submissions which are given as under:-

Preliminary objection raised by the Respondent

(i) With respect to the first charge, the Director (Discipline) has expanded the scope of the charges and such a power has nowhere been granted to him under CA Rules, 2007. He has considered the submissions made by the Respondent in his defense

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and suo moto framed the allegation against the Respondent that he failed to physically verify cash in hand as he has not visited client's place.

Submissions on the merits of the case

- (ii) The Respondent stated that he has duly carried out physical verification of cash, as the cash collected was kept by the President or Treasurer of the Samiti. The verification was done at the Respondent's office, supported by cash certificates for each financial year, provided by the President of the Samiti. The opinion of the Director (Discipline) was based on surmises and conjectures and has no valid ground against the Respondent.
- (iii) That due audit evidence were produced by the Respondent to show that proper audit procedures were followed to verify cash-in-hand for each year audited by him.
- (iv) That the structure and operation of the Samiti should be considered with practical approach as the Samiti was a small entity consisting mainly of a Mandir (temple) and the donations during Bhandaras were collected and kept safely by the President or Treasurer. Therefore, the opinion that the Respondent should visit the client's place for cash verification did not hold much credence, given the limited and peculiar functioning of the Samiti, whose main object was conducting Bhandaras on special occasions around the Mandir.
- (v) With respect to second charge, the Respondent stated that Shri Subhash Chander Goyal and others had already made a similar complaint to the District Registrar, Sirsa, about the Samiti taking Rs.1000 in cash from new members. The District Registrar submitted an inquiry report dated 09.12.2019 recommending cancellation of the Samiti's registration under Section 59(iii) of the HRRS Act 2012. It was further stated that State Registrar upheld the inquiry report and ordered cancellation of registration on 01.07.2021. The Registrar General of Societies, Haryana noted that:
  - a. Litigation for cancellation had already attained finality via order dated 23.01.2018 in Appeal No. 421/2018.
  - b. A new application by Shri Subhash Chander Goyal led to another inquiry and report dated 09.12.2019, which is under challenge in Appeal No. 423/2021.
  - c. The order dated 01.07.2021 canceling registration is also under challenge in Appeal No. 441/2021.

- d. The inquiry report was self-contradictory and the order of cancellation was against HRRS Act provisions.
- e. Acceptance of cash membership fees was a rectifiable procedural mistake, later corrected by accepting cheques from all such members.
- f. State Registrar failed to apply Section 55 of HRRS Act 2012, which allows corrective measures for procedural irregularities.

(vi) The Registrar General observed that the violations were procedural, rectified through fresh cheques and resolutions dated 24.05.2023 and 06.06.2023, and the said transactions were also supported by bank statements. The Registrar General held that the State Registrar erred in his orders dated 25.07.2021 and 01.07.2021; both were set aside, and the Samiti's appeal was allowed on 27.07.2023.

(vii) That the order used as evidence against him has been nullified and the issue was treated as a rectified procedural lapse. That 18 persons became members in 2017, paying ₹1000 in cash, which was deposited in the Samiti's bank account on 17.01.2017 (supported by receipts and passbook copies). As per records, it was noted that the President also stated that all payments were received together at the meeting during Bhandara and then deposited in the Bank account of the Samiti. He obtained audit evidence and, based on professional judgment, decided that since all cash was duly deposited, no adverse comment was required in the audit report. That the small structure and operations of the Samiti, where cash donations during Bhandaras were temporarily kept by office bearers before deposit.

(viii) With respect to the third charge, the Respondent stated that there was no disparity between the bank balance as per bank statement and books of accounts for all financial years audited and therefore, there was no requirement for preparing a bank reconciliation statement. That the bank account of Samiti was duly reconciled with its books and passbook. On examination, bank balances as per accounts and books matched with no disparity observed for any year.

5.2 The Respondent vide letter/ email dated 15<sup>th</sup> November 2025, inter-alia, made the further submissions which are given as under:-

(i) That the documents sent by the Complainants vide numerous communications were not related to the allegations raised in the extant matter.

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- (ii) Regarding the allegation of non-reporting of non-compliance of Rule 11 of HRRS Rules 2012 and bylaws of Samiti, the Respondent stated that he was appointed to conduct Income and Expenditure audit only. He was assigned limited role as per letter dated 14<sup>th</sup> April 2017 issued by the President of the Samiti.
- (iii) That the procedural lacuna was later rectified by accepting cheques from members and the Registrar of Societies vide order dated 27<sup>th</sup> July 2023 accepted the said rectification as compliance of the said provisions of the Act.
- (iv) That the extant complaint was the outcome of revengeful attempt of the Complainants. That the Complainants, to fulfill their malafide intentions and takeover the property of the Temple after the demise of Guruji demise on 18<sup>th</sup> February 2011
- (v) That the forged Will which was challenged in the Civil Court titled as 'Shri Chinmay Kute Bhandara Samiti Vs. Subhash Chander Goyal' vide Civil Suit no. CS/237/2018 and a criminal complaint against Sh. Subhash Chander Goyal (one of the Complainant) and other person who was involved in this illegal act of forgery of will was also filed. It was further stated that Ld. District Magistrate took cognizance of the Complaint and allowed it. The Ld. District Magistrate also issued summon to Sh. Subhash Chander Goyal (one of the Complainant) under Section 420, 467, 468, 471 of the Indian Penal Code.
- (vi) That District Registrar of Society also issued letter dated 7<sup>th</sup> April 2017 wherein he categorically stated that Sh. Subhash Chander Goyal (one of the Complainant) was making false complaints and filing RTI applications without any reason.

## 6. **Written Submissions filed by the Complainants:**

6.1 The Complainants, vide letter/ email dated 09<sup>th</sup> October 2023, 11<sup>th</sup> December 2023, 29<sup>th</sup> May 2024, 30<sup>th</sup> October 2025, 03<sup>rd</sup> November 2025, 15<sup>th</sup> November 2025 and 17<sup>th</sup> November 2025 submitted various documents and, *inter-alia*, made the submissions which are given as under:-

- (i) That the Samiti did not follow its bylaws regarding the cash transactions made in receipts and payments account. It was further stated that as per bylaws the same were required to be conducted through bank instruments only, and not in cash. There was not even a single transaction through bank instruments. It was further stated that Rule 11 of HRRS Rules 2012 was not followed for collecting the

membership fee and subscription from the very beginning since its registration, thereby, making the registration of Samiti void ab initio and illegal.

- (ii) That the newly added 18 members as per resolution dated 08<sup>th</sup> January 2017 were not verified as observed by State Registrar, Chandigarh vide its order dated 23<sup>rd</sup> January 2018. It was further stated that the list of promoters was also not verified from the memorandum or other documents. No consent was taken by the Samiti from promoters to include their names in the memorandum as promoters, as per report of District Registrar, Sirsa dated 9<sup>th</sup> December 2019.
- (iii) That the membership fees, subscription, and audit fees etc. was not shown in financial statements separately in any audit report issued by the Respondent.
- (iv) Further, expenses were also not shown regarding different litigations, complaints and appeals lying with Registrar General of Firms and Societies, Chandigarh (Haryana).
- (v) It was further stated that the suits filed by the President of the Samiti against the members, promoters, or other general public, and expenses incurred to attend the date of hearings at Chandigarh, Bathinda, and Rishikesh (Dehradun) in different litigations were also not properly mentioned.
- (vi) The Complainant further referred to leading case of Hon'ble Supreme Court of India in case titled S.P. Chengalvaraya Naidu Vs. Jagannath decided on 27 October, 1993 stated that in given judgement, it was mentioned that "Fraud avoids all judicial acts ecclesiastical or temporal" as observed Chief Justice Edward Coke of England about three centuries ago. It was settled proposition of law that a judgment or decree obtained by playing fraud on the court is a nullity and non est in the eyes of law. Such a judgment/decree by first court or by the highest court has to be treated as a nullity by every court, whether superior or inferior. It can be challenged in any court even in collateral proceedings.
- (vii) It was further submitted that the Respondent was supposed to confirm and verify registered address of the Samiti through documentary evidences such as rent agreement, rent receipt, house number of office and building etc. The requirement of Section 10 of HRRS Act, 2012 was also not considered/confirmed by the Respondent. It was further stated that every Society registered under the Act shall prominently display its name along with registration number outside its registered office or any other place where it was carrying on its business or operations, and shall have a seal with its name engraved thereon. It was further stated that the

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Samiti's name, registration number and its registered office shall be mentioned in all documents executed in its favour or on its behalf. It was further stated that the Registration number of the Samiti was not printed on the letter pad used by it which was mandatory requirement under Section 10(2) of HRRS Act, 2012.

(viii) With reference to the charge that the membership fees was collected under the heading Donation as per audit report, it was stated that membership fee was not collected in cash from initial 20 members. As per cash book and audit report, membership fees was not collected from these initial 20 members in any form but donation was collected from these members. Under Section 14 of HRRS Act 2012 a donation shall not create a right in the donor to be admitted as member of the Society.

#### **7. Brief facts of the Proceedings:**

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

| <b>Particulars</b> | <b>Date of meeting(s)</b>      | <b>Status</b>                               |
|--------------------|--------------------------------|---|
| 1                  | 28 <sup>th</sup> May 2024      | Part heard and Adjourned                    |
| 2                  | 15 <sup>th</sup> July 2024     | Adjourned at the request of the Respondent. |
| 3                  | 28 <sup>th</sup> October 2025  | Adjourned at the request of the Respondent. |
| 4                  | 3 <sup>rd</sup> November 2025  | Adjourned at the request of the Respondent. |
| 5                  | 19 <sup>th</sup> November 2025 | Hearing concluded and decision taken        |

7.2 On the day of hearing on 28<sup>th</sup> May 2024, the Committee noted that the Respondent was present and appeared before it. The Committee also noted that there were technical problems on the part of the Complainant due to which he was not able to join for the hearing. 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 'Not Guilty' to the charges levelled against him. In the absence

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of the Complainant and in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a future date. With this, the case was part heard and adjourned.

- 7.3 On the day of hearing on 15<sup>th</sup> July 2024, the Committee noted that both the Complainants were present through VC and appeared before it. The Committee noted that the Respondent has sought adjournment vide mail dated 09.07.2024 on account of wedding function(s) in his family. As both the Complainants appeared before the Committee for the first time, they were put on Oath. Acceding to the request of the Respondent, the Committee adjourned the captioned case to a future date.
- 7.4 On the day of hearing on 28<sup>th</sup> October 2025, the Committee noted that the Respondent had sought an adjournment vide email dated 24<sup>th</sup> October 2025 due to some medical reasons. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date.
- 7.5 On the day of hearing on 03<sup>rd</sup> November 2025, the Committee noted that the Respondent had sought an adjournment vide email dated 30/10/2025 due to health issues. Acceding to the request of the Respondent, the Committee adjourned the subject case to a future date
- 7.6 On the day of the hearing on 19th November 2025, the Committee noted that both the complainants along with their counsel were present through VC and Respondent along with his counsel were present in person. On consideration of the facts of the case, various documents on record as well as oral and written submissions made by parties before it, the Committee concluded the hearing and took the decision on the conduct of the Respondent.

#### **8. Findings of the Committee:-**

- 8.1 At the outset the Committee noted that the Respondent conducted the statutory audit of Shri Chinmaya Kuti Bhandara Samiti (hereinafter referred to as the 'Samiti') for the Financial Year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19. The Samiti was registered under Haryana Registration and Regulation of Societies (HRRS) Act, 2012. It is further noted that the Respondent has raised preliminary objection that the

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Director (Discipline) has framed his opinion on the allegation which was not alleged in Form I. In this regard, the Committee noted that the Director (Discipline) while going through the overall facts and documents brought on record had viewed that the Respondent is *prima facie* Guilty of Professional Misconduct under Item (7) of Part I of Second Schedule and such a plea itself is not sustainable as the Registrar of societies vide orders dated 25.02.2021 and 01.07.2021 also made such observations which corroborate the version of the Complainant. Thus, the said plea raised by the Respondent is not sustainable.

8.2 As regards the first charge, the Committee noted that the Respondent in his submissions stated that the charge is completely false and misconceived as he duly carried out physical verification of cash as the cash so collected was kept in custody of either the President or the Treasurer of the Samiti and the same was verified which was supported by the cash certificate for each financial year given by the President of Samiti containing the position of cash as at the balance sheet date. The Respondent further stated that he had submitted on record audit evidence to support his claim that he had adopted due audit procedure to verify cash in hand of the Samiti on Balance Sheet date for each financial year audited by him. It is further stated that the Samiti is a small structure which consist of Mandir and the cash collected as donations during Bhandaras were taken away and kept in custody of either the President or the Treasurer of the Samiti. Thus, there was a peculiar and limited object behind the working of the Samiti for conducting Bhandaras by the members and the followers on special occasions in area around the Mandir.

8.3 The Committee further noted that the Complainant, in this regard, in his submissions stated that the Respondent was supposed to confirm and verify documentary evidence such as rent agreement, rent receipt, house number of office and building etc. produced before the department regarding the address of the registered office as per requirement of Section 10 of HRRS Act 2012. It was further stated that even the changed address of the Samiti was without any resolution, rent agreement or rent receipt. Only the registry of Shri Suresh Goyal was in records which was in violation of Section 10 of HRRS Act, 2012. The Complainant also submitted photo of current address of the Samiti and stated that there was no display of the name of the Samiti with registration number HR-011-2014-00661 outside its registered office.

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8.4 During the course of hearing, the Committee noted that the Counsel for the Respondent pressed upon the plea that this cash component was not part of original complaint. The Committee further examined the Complainant with respect to this charge. The Complainant stated that the cash was required to be kept at registered office of the Samiti where the books and other physical things were kept and the Respondent was also required to obtain certificate in this regard. The Complainant further reiterated that there was no rent agreement, rent receipt, electricity bill or some other document to prove ownership of the Samiti. The Complainant further stated that his name was included in the list of promoter without his consent. The Complainant stated that only Gali (i.e. name of street) was mentioned on the Memorandum. The Respondent clarified that the whole City was located within 2-3 Kilometres radius and the said address was also mentioned in the Registration Certificate issued by the Government itself.

8.5 The Committee noted that the Respondent clarified that while he did not physically visit the office, the President of the society visited his residence and provided the necessary documentation, including certificates of cash in hand signed by the President. The Respondent also submitted Annexures K-1 to K-5 (Cash Certificates) as evidence of the verification process. Furthermore, the Committee noted that the registration of the society was granted by the Registrar of societies, which inherently involves in a verification process. Considering, the submissions of both the parties and documents available on record, the Committee viewed that the said charge cannot tantamount to gross negligence as the Respondent's role cannot be stretched to such an extent to verify physical address of the Samiti without any specific requirement of law or any dispute of such a nature which may impact the location of the Samiti.

8.6 The Committee viewed that the Complainants failed to provide conclusive evidence to substantiate their claim that the registered office address was invalid. Therefore, the Committee finds no merit in this allegation. Accordingly, the Committee holds the Respondent **NOT GUILTY** for Professional Misconduct within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 with respect to extant charge.

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8.7 As regards the **second charge**, the Committee noted that the Respondent in his submissions stated that Sh. Subhash Chander Goyal and other person had made a similar complaint to District Registrar of Sirsa that the Samiti had taken cash money of Rs. 1000/- from each of the new members who gave an inquiry report dated 09.12.2019 with the recommendation to cancel the registration of Samiti by exercising powers conferred under Section 59(iii) of the HRRS Act 2012. Thereafter, the Ld. State Registrar vide order dated 01.07.2021 upheld the inquiry report of the District Registrar and passed an order to cancel the registration of the Samiti. Further, the order of the Registrar General of Societies, Haryana made its observations that the violations committed by the Samiti were of procedural nature which were rectifiable and the Samiti has rectified these mistakes by accepting fresh cheques of membership fees from those members from whom initially cash was accepted as membership fees. Further the appeal of the Samiti to set aside the impugned orders dated 25.07.2021 and 01.07.2021 were allowed. Thus, the order which was provided to substantiate this charge was set aside vide order dated 27.07.2023 by the Registrar General of Societies, Haryana on the ground of procedural lapse which was rectified by the Samiti. It is further submitted that around 18 persons were admitted as the members of the Samiti in the year 2017 who had paid their membership fee in cash at the time of meeting which could not be received through bank instruments. The Society vide resolution dated 08.01.2017 admitted 18 persons as the members of the Society and received Rs. 1000/- from the new members against the receipt which was deposited in the bank account of the Society on 17.01.2017. The Respondent submitted copy of various receipts and the copy of bank pass book to support his claim. Thus, the membership fee which was received in cash was deposited in bank account of the Samiti and thus considering the principles of substance over form, the true intent of the transaction was recorded. The Respondent in this regard stated that in his professional judgment and skepticism he did not consider it fit to comment in his audit report.

8.8 The Complainant in this regard stated that from the initial 20 members, no membership fees was collected even in cash. As per cash book and audit report, membership fee was not collected in any form but donation was collected from these members. It was further stated that as per Section 14 of HRRS Act, 2012 donation shall not create a right in the donor to be admitted as member of the Society.

8.9 The Committee during the course of hearing examined the parties on this charge and noted that the extant mistake was rectifiable and was duly rectified by accepting the cheques from member of the Samiti, in lieu of the membership fees. Considering, the orders submitted by the Respondent and magnitude of the mistake, the Committee viewed that the extant charge of non-compliance of HRRS Act and rules framed thereunder was duly addressed by the appropriate forum. The Committee also examined the Cash Book submitted by the Complainant and noted that the members used to submit donation in cash only and the said amount was properly accounted in the books of the Samiti. Thereafter, the Committee also examined the passbook of the Samiti maintained with Central Bank of India (Account no. 3358391552) wherein cash deposit entry was also appearing. Further, the role of the Respondent being independent professional was to check the overall compliances and not to carry out forensic audit / deep investigation into affairs of the Samiti. The Committee noted that the Registrar of Societies accepted the rectification, and the membership fees were subsequently deposited through cheques. The Committee thus concluded that the Respondent acted in accordance with the prevailing circumstances and the rectification of the error by the Society mitigates the alleged non-compliance. Thus, keeping in view that the Samiti was created to conduct Bhandaras and the members were devotees, the Committee took a considerate view and decided to hold the Respondent **Not Guilty** for Professional Misconduct within the meaning of Item (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 for the extant charge.

8.10 As regards the **third charge**, the Committee noted that the Respondent in his submissions stated that there was no disparity in the bank balance as per bank statement and as per books of accounts for all the financial years audited by him and hence, there was no requirement for preparation of bank reconciliation statement. The Respondent also submitted reconciliation statement for all the financial years to support his defense.

8.11 The Committee further noted that the Complainant in respect of extant allegations has not submitted any credible documentary evidence to support his claim.

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8.12 The Committee further noted that during the course of hearing the parties were asked to present their submissions with respect to extant allegation. The Committee considering the same, observed that the registration of the Society was reinstated and the transactions made in cash were now paid through cheque. Moreover, the issue between the members of the Society was now settled by way of restoration order dated 26.07.2023. The Learned Director General of Industries & Commerce Cum Registrar General of Societies, Haryana in its observations observed that violation committed by the Society were procedural lapse which were later on rectified by accepting fresh cheques of membership fee from those members.

8.13 the Respondent submitted Annexures O-1 to O-5, which demonstrates that the bank reconciliation was conducted and the bank balances matched the account statements. The Committee also noted that the Complainants did not raise any specific issues regarding discrepancies in the bank reconciliation or balances in their original complaint. The Committee observed that the Respondent's submissions and evidence sufficiently address this allegation, and the Committee finds no basis to hold the Respondent guilty on this count.

8.14 Accordingly, the Committee took a considerate view and decided to hold the Respondent **NOT GUILTY** for Professional Misconduct within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 for the extant charge.

8.15 In light of above facts and on a careful consideration of the documents available on record, the Committee is of the considered opinion that the charges levelled by the Complainants have not been substantiated by cogent evidence. The Committee noted that the Respondent, while auditing the financial statements of the Samiti, had performed audit procedures commensurate with the scope of the engagement and the applicable provisions of HRRS Act 2012. Mere absence of physical verification of cash on a particular date, in the facts and circumstances of the case, does not ipso facto establish Professional Misconduct, especially when no material discrepancy or misappropriation has been demonstrated. Further, the alleged non-compliance with Rule 11 of the Haryana Registration and Regulation of Societies Rules, 2012, and

(b)



the purported failure to reconcile bank accounts with the cash book entries have not been shown to have resulted in any misleading reporting or violation attributable to the Respondent. The Committee noted that the Respondent has provided adequate documentation and reasoning to demonstrate compliance with applicable rules and regulations to the best of his professional ability. Accordingly, the Committee held that the Respondent is **Not Guilty** of Professional Misconduct within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 in respect of all the charges.

9. **Conclusion:**

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

| <b>Charges<br/>(as per PFO)</b> | <b>Findings</b>                     | <b>Decision of the Committee</b>                                      |
|---------------------------------|-------------------------------------|---|
| Para 2.1 as above               | Para 8.2 to 8.6 and 8.15 as above   | <b>NOT GUILTY- as per Clause (7) of Part I of the Second Schedule</b> |
| Para 2.2 as above               | Para 8.7 to 8.9 and 8.15 as above   | <b>NOT GUILTY- as per Clause (7) of Part I of the Second Schedule</b> |
| Para 2.3 as above               | Para 8.10 to 8.14 and 8.15 as above | <b>NOT GUILTY- as per Clause (7) of Part I of the Second Schedule</b> |

10. In view of the above observations, considering the oral and written submissions of the parties and material on record, the Committee held the Respondent **NOT GUILTY** of Professional Misconduct falling within the meaning of Clause (7) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

11. **ORDER**

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 passes an Order for closure of this case against the Respondent.

(P)

Sd/-  
(CA. PRASANNA KUMAR D)  
PRESIDING OFFICER

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

Sd/-  
(ADV. VIJAY JHALANI)  
GOVERNMENT NOMINEE

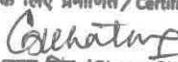
Sd/-  
(CA. MANGESH P. KINARE)  
MEMBER

Sd/-  
(CA. SATISH KUMAR GUPTA)  
MEMBER

DATE: 23<sup>rd</sup> January 2026

PLACE: Noida

सत्यापिता होने के लिए प्रमाणित /Certified to be True Copy

  
चरण सिंह / Charan Singh  
कार्यकारी अधिकारी / Executive Officer  
अनुशासनात्मक निदेशालय / Disciplinary Directorate  
भारतीय सनदी लेखाकार संस्थान  
The Institute of Chartered Accountants of India  
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ICAI Bhawan, C-1, Sector-1, Noida-201301 (U.P.)