

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – II (2025-2026)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

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

File No: PPR/P/106/2016/DD/31/INF/2020/DC/2041/2025

In the matter of:

CA. Santosh Kumar Tripathi (M. No. 076416)
Narula Mansion,
3rd Floor, 4 Balmiki Marg,
Near LDA Lal Bagh
Lucknow (U.P.) – 226001.

..... Respondent

Members Present (in person):

CA. Charanjot Singh Nanda, Presiding Officer
CMA. Chandra Wadhwa, Government Nominee
CA. Mahesh Shah, Government Nominee
CA. Pramod Jain, Member
CA. Ravi Kumar Patwa, Member

DATE OF FINAL HEARING : 2nd December 2025

Parties Present (through videoconferencing):

Respondent: CA. Santosh Kumar Tripathi (M.No.076416)

1. BACKGROUND OF THE CASE:

1.1 The Respondent was the statutory auditor of M/s Himcity Properties Pvt. Limited for Financial Year 2012-13, M/s Himcity Farm & House Developers Pvt Ltd for Financial Year 2013-14 and M/s Himcity Real Estate Private Limited for Financial Year 2013-14. These Companies in their respective Balance Sheet(s) of aforesaid years have shown Customer Advances as under: -

| Name of Company | Financial Year involved | Audit report signed by the Respondent on | Customer advances as shown under Current Liabilities |
|---|-------------------------|--|--|
| M/s Himcity Properties Private Limited | 2012-13 | 29.08.2013 | Rs. 3.57 crores |
| M/s Himcity Farm & House Developers Pvt Ltd | 2013-14 | 19.08.2014 | Rs. 7.99 crores |
| M/s Himcity Real Estate Private Limited | 2013-14 | 24.08.2014 | Rs. 16.68 crores |

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CA. Santosh Kumar Tripathi (M No 076416) Lucknow

2. CHARGES IN BRIEF:

| S.No. | Allegation(s) | Prima Facie Opinion of Director(Discipline) | Clauses |
|-------|---|---|---|
| 1 (a) | The aforesaid real estate companies were collecting large amount of public deposits but they failed to comply with principle business criteria (PBC) norms i.e., not registered as NBFC but activities similar to those permitted to be carried out as NBFC were being carried out. | Guilty | Item (7) of Part I of Second Schedule |
| (b) | The receipt of public deposits was not reported as such. The Respondent, as statutory auditor of these Companies, failed to report the same in his audit report. | Guilty | Item (7) and (8) of Part I of Second Schedule |

3. THE RELEVANT ISSUES DISCUSSED IN THE PRIMA FACIE OPINION DATED 7th OCTOBER 2024 FORMULATED BY THE DIRECTOR (DISCIPLINE) IN THE MATTER IN BRIEF ARE GIVEN BELOW:

With respect to the charge specified at s.no.1(a) of Para 2 above:

3.1 It is noted that a Company will be treated as a non-banking financial company (NBFC) if it is engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business and its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for the principal business of a Company. However, in order to identify a particular Company as NBFC, both assets and income pattern is to be considered as evidenced from the last audited Balance Sheet to decide its principal business.

3.2 It is further noted that the following entities falls under the definition of NBFCs as following entities meet the criteria defined for NBFC: -

| S.I. | Name of Company | FY on basis of which PBC is considered | FY alleged | % age of TFA to TA as on 31.03.2012 | % age of FI to TI as on 31.03.12 | Whether both tests qualified | Whether be treated as NBFC |
|------|--------------------------------|--|------------|-------------------------------------|----------------------------------|------------------------------|----------------------------|
| 1. | M/s Himcity Properties Pvt Ltd | 2011-12 | 2012-13 | 49.15% | 100% | No | No |

| | | | | | | | |
|----|---|---------|---------|--------|--------|-----|-----|
| 2. | M/s Himcity Farm & House Developers Pvt Ltd | 2012-13 | 2013-14 | 73.07% | 98.87% | Yes | Yes |
| 3. | M/s Himcity Real Estate Pvt Ltd | 2012-13 | 2013-14 | 93.26% | 0% | No | No |

3.3 From the above, it can be stated that the Company 'M/s. Himcity Farm & House Developers Pvt. Ltd. can be considered as NBFC as it satisfies both the criteria for being an NBFC. However, the Respondent failed to point out that the Company was required to obtain registration in terms of the requirement of Section 45IA of the RBA Act, 1934. Therefore, the Respondent is 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.

With respect to the charge specified at s.no.1(b) of Para 2 above:

3.4 As per Balance Sheet of the respective Companies, the following amount was collected as public deposits: -

| Company Name | Financial Year | Amount |
|---|----------------|-----------|
| M/s Himcity Properties Private Limited | 2012-13 | 3.57 Cr. |
| M/s Himcity Farm & House Developers Private Limited | 2013-14 | 7.99 Cr. |
| M/s Himcity Real Estate Private Limited | 2013-14 | 17.89 Cr. |

3.5 It is observed that the Respondent referred to Clause (v) of Section 45-I (bb) Reserve Bank of India Act reads as under: -

"Deposit includes and shall be deemed always to have include any receipt of money by way of deposit or loan or in any other form, but does not include,-

- (i) amounts raised by way of share capital;*
- (ii) amounts contributed as capital by partners of a firm;*
- (iii) amounts received from a scheduled bank or a co-operative bank or any other banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949;*
- (iv) any amount received from,-*
 - a) State Financial Corporation,*
 - b) any financial institution specified in or under section 6A of the Industrial Development Bank of India Act, 1964, or*
 - c) any other institution that may be specified by the Bank in this behalf;*
 - (v) amounts received in the ordinary course of business, by way of-*
 - (a) security deposit,*
 - (b) dealership deposit,*
 - (c) earnest money,*
 - (d) advance against orders for goods, properties or services,*
 - (vi) any amount received from an individual or a firm or an association of individuals not being a body corporate, registered under any enactment relating to money lending which is for the time being in force in any State; and*
 - (vii) any amount received by way of subscriptions in respect of a chit.*

Explanation 1- "Chit" has the meaning assigned to it in clause (b) of section 2 of the Chit Funds Act, 1982.

Explanation II - Any credit given by a seller to a buyer on the sale of any property (whether movable or immovable) shall not be deemed to be deposit for the purposes of this clause"

From the above, it is clear that the advance against the order for properties shall not be deemed as deposits. The Respondent has also contended the same.

3.6 It is pertinent to note that neither the alleged companies nor the Respondent provided any copy of title deeds executed in favour of customers whose advance was actually adjusted against sale of plots despite the fact that the same was specifically asked from the Respondent at Rule 8(5) stage. In the absence of such documents, it can be said that there is no evidence to substantiate that these advances were actually received from the customers against sale of property and accordingly, were not in nature of public deposits. Thus, keeping in view the gravity of the allegation, no benefit can be extended to the Respondent at this *prima facie* stage. Moreover, the contention of the Respondent that he is not supposed to hold title deeds as on date (i.e. 24.06.2021, date of submission of additional documents) is not tenable as the date of signing of Balance Sheet in two of the three alleged companies is of August 2014. As per SA-230 read with SQC-1, the working papers are required to maintain for a minimum period of 7 years. Therefore, the Respondent was required to bring atleast one or two such sales deed as sample to prove his contention. Thus, keeping in view of the above, since the Respondent being auditor failed to point out in his audit report that the Company was accepting public deposits, the Respondent is held *prima facie* Guilty of Professional Misconduct falling within the meaning of Item (7) and (8) of Part I of the Second Schedule to the Chartered Accountant Act 1949.

3.7 The Director (Discipline) in his Prima Facie Opinion dated 7th October 2024 opined that the Respondent is **Prima Facie Guilty** of Professional Misconduct falling within the meaning of Item (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949. The said Item of the Schedule to the Act, states as under:

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:

X X X X X

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

And,

Item (8) 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

(8) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion;"

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3.8 The Prima Facie Opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at its meeting held on 21st July 2025. The Committee on consideration of the same, while concurring with the reasons given against the charge that the Respondent as the Statutory auditor of the alleged three Companies did not report receipt of public deposits as such, did not agree with the view of the Director(Discipline) that the Company M/s. Himcity Farm & House Developers Pvt. Ltd. can be considered as NBFC in the FY 2013-14 as it was satisfying both the criteria for being an NBFC. The Committee in this regard noted that the principal business of the Company was obtaining land from farmers and selling it to customers after basic development work like building gate etc. The Committee noted that the sale of plot was part of the object of the Company. Merely on account on non-production of the title deeds, the sale of products cannot be presumed to be the financial income of the Company especially when the Company had commensurate inventory reported in its audited Financial Statements also. Thus, the Committee held the Respondent prima facie **Guilty** of Professional Misconduct falling within the meaning of Item (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, and 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:

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

| S. No. | Particulars | Date |
|--------|--|--|
| 1. | Date of treating the matter as 'Information' | 25.03.2021 |
| 2. | Date of Written Statement filed by the Respondent. | 02.04.2021 |
| 3. | Date of Prima facie Opinion formed by Director (Discipline). | 07.10.2024 |
| 4. | Written Submissions filed by the Respondent after Prima Facie Opinion. | 24.08.2025 07.10.2025 28.11.2025 |

5. SUBMISSION OF THE RESPONDENT ON PRIMA FACIE OPINION:

5.1 The Respondent in his submissions dated 24th August 2025, in response to the Prima Facie Opinion, inter-alia, stated as under: -

- a) While auditing Advance from customers received by M/s Himcity Properties Private Limited (FY 2012-13 Rs3.57 Cr.), M/s Himcity Farm & House Developers Private Limited (FY 2013-14 Rs7.99 Cr) and M/s Himcity Real Estate Private Limited (FY 2013-14 Rs 17.89 Cr.), ledger scrutiny of sample accounts had been done.
- b) Confirmation Certificate from respective companies was obtained which all reflected that advance from various customers was received in normal course of business.
- c) Clause (1) of section 45-I (bb) of Reserve Bank of India Act 1934 categorically excludes advance from customers received in the ordinary course of business from definition of 'Deposit'.
- d) Since reliance was placed on these evidences, sample title deeds of one or two Customers were not kept in records.

5.2 The Respondent vide letter dated 7th October 2025, inter-alia, provided the copy of the following:

- a) Registered title deeds in favour of M/s Himcity Farm & House Developers Private Limited executed by Kisan Diksha Singh on 06.06.2012 for sale consideration of Rs.10400000.00 each.
- b) Registered title deed in favour of M/s Himcity Farm & House Developers Private Limited executed by Kisan Ravinder Pal & Guljar etc on 03.08.2012.
- c) Ledger account of Kisan Diksha Singh for FY 2012-13 and 2013-14.
- d) Ledger account of Kisan Ravinder Pal and Guljar for FY 2012-13 etc.

(These deeds and ledger accounts clearly shows and prove that advances to various Kisan as appearing in Balance Sheet of Company on 31.03.2013 had been given for purchase of land.)

- e) Sale deed executed by M/s Himcity Properties Private Limited in favour of some buyers. Payment schedule contained in these deeds shows and prove that customers booked plot by giving a part payment in advance or more than one part payment in advance and after full payment, deed of sale registered in favour of customers. Unless sale deed was not executed, part payments had been kept in "Advance from Customers" in Balance Sheet.

5.3 The Respondent vide letter dated 28th November 2025, inter-alia, also provided the copy of the following:

- a) One more sale deed executed by M/s Himcity Farm and House Developers Private Limited on 12.10.2012.
- b) Some copies of receipts issued against customer advances.
- c) Some allotment letter(s) issued in favour of customers who booked plot.
- d) Customer wise list of customer advances

Apart from providing the copy of the aforesaid documents, he, in the said letter also, inter-alia, stated as under:

- a) M/s Himcity Properties Private Limited had registered sale of plot in favour of customers after receiving full payments. Some deeds were collected as sample to satisfy that the company's customers advances are genuinely against sale of plot in future. It is not possible to keep sale deed of all customers advances which took place in next financial years. He was the statutory auditor of M/s Himcity Properties Private Limited till FY 2012-13, M/s Himcity Real Estate Private Limited and Himcity Farm and House Developers Private Limited till FY 2013-14. So, he did not had access to events happening in successive audit periods.

- b) The allotment letters also show customers booked plot in the company giving some advance amount. Plot No allotted and amount given as advance clearly appears in all these letters.
- c) The Customer wise list of customer advances shows name of customer, plot no allotted and amount received
- d) No TDS was applicable on customer advance.
- e) Once a company is proved to be not NBFC, Regulation regarding public deposit as framed by RBI is not applicable in case of alleged companies.
- f) Adequate evidences have been submitted by him which shows alleged companies have been dealing in sale and purchase of plots in ordinary course of business and therefore customer advances against plot booking must not be treated as "public deposit" especially when these companies have been proved not to be NBFC.
- g) It is requested to please accept all circumstantial evidence where direct evidence is not possible.

6. BRIEF FACTS OF THE PROCEEDINGS:

6.1 The details of the hearing(s) fixed and held/adjourned in said matter are given as under: -

| S. No. | Particulars | Date(s) of meeting | Status of hearing |
|---------------|-------------------------|---------------------------|---------------------------|
| 1. | 1 st Hearing | 26.08.2025 | Part heard and adjourned. |
| 2. | 2 nd Hearing | 19.11.2025 | Part heard and adjourned. |
| 3. | 3 rd Hearing | 02.12.2025 | Heard and concluded. |

6.2 On the day of the hearing held in the case on 2.6th August 2025, the Committee noted that the Respondent was present before it through video conferencing. Thereafter, the Respondent was administered on Oath. The Committee enquired from the Respondent as to whether he was aware of the charge(s) alleged against him to which he replied in the affirmative. However, he pleaded Not Guilty to the charge(s) levelled against him. The Committee, looking into the fact that this was the first hearing, decided to adjourn the hearing in the case to a future date. With this, the hearing in the case was part heard and adjourned.

6.3 On the day of the hearing held in the case on 19th November 2025, the Committee noted that the Respondent was present before it through Video Conferencing. On being asked by the Committee to defend the charge(s) alleged against him, the Respondent made his submissions before the Committee, inter-alia, referring to his written submissions. He submitted that Companies in the case were doing similar and only business of developing and selling plots. In case of selling of plots, title deed of plot was not transferred immediately to the buyer at the time of depositing part payment or advance booking. As soon as title deed was executed in favour of buyer, total price was transferred to 'plot sale account' in accordance with Accounting Policies followed by these Companies. On consideration of the submissions made by the Respondent, the Committee directed the Respondent to provide his specific reply only with respect to the charge(s) for which he has been held *prima facie* guilty, and directed him to provide the following documents/information within 7 days: -

- a) Copy of receipt books of the alleged Companies for the relevant period.
- b) Copy of Sales Deed executed in favour of buyers for the relevant period.
- c) A reconciliation Statement matching the amount mentioned in Sale Deeds with receipts books and bank statement.
- d) Complete Bifurcation of 'Trade Payables-Customers Advances' (in the case of M/s Himcity Properties Pvt. Ltd. – FY 2012-13) and 'Other current liabilities -Customers Advance' (in the case of M/s Himcity Farm & House Developers Pvt. Ltd. – FY 2013-14 and M/s Himcity Real Estate Pvt. Ltd. – FY 2013-14) appearing under the head Current Liabilities in terms of name of parties, their PAN and amount of advances. Further, whether TDS was made on said transactions or not? If yes, details thereof.

With the above, the hearing in the case was part heard and adjourned.

6.4 On the day of the hearing held in the case on 2nd December 2025, the Committee noted that the Respondent was present before it through Video Conferencing. The Committee further noted that Respondent vide letter dated 28th November 2025 provided his response in view of the directions given by the Committee at the time of last hearing held in the case on 19th November 2025. On consideration of the submissions made by the Respondent, the Committee posed several questions to the Respondent, which were duly responded to by him. Thereafter, upon perusal of the documents on record and on consideration of the oral and written submissions of the Respondent vis-à-vis the facts of the case, the Committee decided to conclude the hearing in the case.

7. FINDINGS OF THE COMMITTEE:

7.1 At the outset, the Committee noted the conduct of the Respondent has been examined only in respect of the charge that he failed to report the receipt of following amount of Customer Advances as "public deposits" in the audit reports of the following three Companies for the relevant years: -

| Company Name | Financial Year | Amount |
|---|-----------------------|---------------|
| M/s Himcity Properties Private Limited | 2012-13 | 3.57 Cr. |
| M/s Himcity Farm & House Developers Private Limited | 2013-14 | 7.99 Cr. |
| M/s Himcity Real Estate Private Limited | 2013-14 | 17.89 Cr. |

7.2 The Committee noted that primarily the defence of the Respondent was that these Companies were doing similar and only business of developing and selling plots of different sizes. In case of selling plots, the title of a plot is not transferred immediately to the buyer at the time of depositing part payment or advance booking. The time span between different stages such as booking of plots or making part payment of plots and execution of title deeds in name of allottees, necessitate these companies to keep booking amount, advance payment or part payment in separate account i.e., "Advance from Customers Accounts." As soon as the title deed is executed in favour of customer, the total price is transferred to the "Plot Sale Account" in accordance with the Accounting Policies followed by these companies. Total Plot Sale Accounts have been accounted for in this manner and not a single sale has been accounted for without routing "Advance from Customers Accounts" during the period under audit by the Respondent. No evidence which shows any element of public deposit like offering of any interest or return on advances from customers was noted by him during audit.

7.3 The Committee further noted that the Respondent during the course of hearing, apart from the documents already on record, further brought on record the copy of the following in a few cases: -

- a) Registered Sale Deed
- b) Agreement to sale
- c) Copy of a few ledger accounts
- d) receipts issued against customer advances.
- e) allotment letter(s) issued in favour of customers who booked plot.
- f) Customer wise list of customer advances

7.4 On perusal of the aforesaid documents, the Committee noted that in respect of the Company M/s Himcity Farm & House Developers Private Limited, the Respondent brought on record the copy of the following for purchase of land by the said Company from Kisan Diksha Singh and Kisan Nawabganj (New Kisan) respectively together with the copy of the Ledger account maintained by the Company in respect of the said parties for the FY 2012-13 and 2013-14:

- a) registered Sale Deed dated 6th June 2012
- b) Agreement to Sell dated 3rd August 2012

7.5 The Committee further noted that in the Financial Statement of the said Company for the F.Y. 2013-14, the following balances had been disclosed in Note No.8 Short Terms Loans and Advances (under the head Current Assets): -

| Sl. No. | Particulars | Amount (Rs.) 31.03.2014 | Amount (Rs.) 31.03.2013 |
|---------|--|----------------------------|----------------------------|
| 1. | Himcity Real Estate Pvt. Ltd. | 0.00 | 28,97,132/- |
| 2. | Kisan Diksha Singh | 2,74,50,000/- | 1,70,00,000/- |
| 3. | Kisan Garima Dasauni | 0.00 | 50,00,000/- |
| 4. | Kisan K.S. Mehra | 0.00 | 50,00,000/- |
| 5. | Kisan P.S. Mehra | 0.00 | 2,00,00,000/- |
| 6. | Kisan Udita Shah | 0.00 | 2,08,00,000/- |
| 7. | Kisan Nawabganj (New Kisan) | 1,00,00,000/- | 1,00,00,000/- |
| 8. | Smt. Usharani Memorial Education Society | 10,08,463/- | 9,39,613/- |
| 9. | Kisanoththan Sahkar Awas Samiti | 3,42,610/- | 3,42,610/- |
| 10. | Advance Income Tax | 2,50,000/- | 2,50,000/- |
| 11. | TDS | 12,051/- | 4401/- |
| | Total (in Rs.) | 3,90,63,124.00 | 8,22,33,756.00 |

The Committee also noted that the Company had disclosed the amounts paid to said Kisan Diksha Singh (Serial No. 2 in the above table) and Kisan Nawabganj (New Kisan) (Serial No. 7 in the above table) in their respective ledger account, which exactly corresponded to the amounts reflected as paid in the respective sale deeds and Agreement to Sell brought on record. Thus, the Committee observed that the figures reported in the audited Financial Statements are reasonably supported by primary documentary evidence, evidencing due verification by the Respondent.

7.6 The Committee further noted as under: -

| Particulars | FY 2013-14 |
|---|-----------------|
| Short-term loans & advances in respect of which documentary evidence brought on record by the Respondent during the hearing (₹) | 3,74,50,000/- |
| Total short-term loans & advances (₹) | 3,90,63,124/- |
| Sample coverage of short-term loans & advances | 95.87% |
| Total current assets (₹) | 10,49,12,243.18 |
| Sample coverage as % of total current assets | 35.7% |

Thus, the Committee observed that for the financial year 2013–14, the Respondent brought on record documentary evidence with respect to short-term loans and advances to the extent of 95.87% of the total balance, demonstrating near-complete verification. The verified sample also constituted 35.7% of the total current assets, indicating substantial audit coverage within the relevant asset class.

7.7 The Committee also noted that in the Financial Statement of the said Company for the F.Y. 2013-14, the following balances had been disclosed as Customer Advances under the head Current Liabilities:

| Particulars | Amount (in Rs.) | Amount (in Rs.) |
|-------------------------------|-----------------|-----------------|
| | 31.03.2014 | 31.03.2013 |
| 4. Current Liabilities | | |
| (c) Other Current Liabilities | | |
| - Customer Advances | 7,98,90,190.00 | 9,53,45,830.00 |

7.8 The Committee further noted that the Respondent brought on record the Customer wise list of the total Customer Advances to the tune of Rs. 7,98,90,190.00 clearly showing name of customer, plot no. allotted and amount received from them. He also brought on record the copy of the receipt dated 5th May 2012 issued by the Company in respect of the following customers whose advance amount was part of the total Customer Advances:

| Customer Name | Advance Amount (Rs.) |
|----------------|----------------------|
| Tuba Islam | 4,32,000/- |
| Shareef Akhtar | 3,60,000/- |

Apart from the above, the Respondent also brought on record:

a) the copy of the receipts issued by the Company in respect of the following customers who had paid advance amount for the booking of the plots:

| Name of Customer from whom advance received | Date of issue of Receipt | Advance Amount (Rs.) | Plot Numbers specified in the said receipt |
|---|--------------------------|----------------------|--|
| Tannu Fatima | 16.05.2012 | 4,00,000/- | A-17 |
| Tanveer Fatima | 11.11.2012 | 4,00,000/- | A-17 |
| Nazia Fatima | 16.05.2012 | 4,00,000/- | A-16 |
| Nazia Fatima | 11.11.2012 | 4,00,000/- | A-16 |
| Mohd. Jafar | 18.05.2012 | 3,84,000/- | A-54 |
| Mohd. Jafar | 20.12.2012 | 3,84,000/- | A-54 |
| Tarannum Jahan | 18.05.2012 | 3,20,000/- | A-53 |
| Tarannum Jahan | 11.11.2012 | 2,00,000/- | A-53 |
| Tarannum Jahan | 20.12.2012 | 6,40,000/- | A-53 |

b) the copy of the Registered Sale deed dated 31st March 2013 confirming plot transfer in favour of Mrs. Rukhsana Begum

7.9 Thus, the Committee was of the view that reasonable evidences have been brought on record by the Respondent to show that the amount received by the alleged Companies were genuine customer advances and not public deposits. The Committee further noted that Section 45-I(bb) of the RBI Act, 1934 clearly excludes "advance received in the ordinary course of business" from the definition of "deposit." Thus, the customer advances reported in the Balance Sheets of the alleged Companies for the alleged financial year were advance payments received against booking of plots in the ordinary course of real estate business and cannot be treated as public deposits. Accordingly, there was no statutory requirement for the auditor to report them as such.

7.10 Thus, looking into the facts and circumstances of the case, the Committee was of the view that the Respondent during the course of hearing brought on record reasonable evidences to substantiate that required diligence was exercised by him while carrying out the Statutory audit of M/s Himcity Properties Pvt. Limited for FY 2012-13, M/s Himcity Farm & House Developers Pvt Ltd for FY 2013-14 and M/s Himcity Real Estate Private Limited for FY 2013-14.

7.11 Accordingly, the Committee decided to hold the Respondent **Not Guilty** of Professional Misconduct falling within the meaning of Item (7) and (8) of Part I of the Second Schedule to the Chartered Accountants Act 1949 in respect of the Charge alleged against him.

8. CONCLUSION:

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

| Charges (as per PFO) | Findings | Decision of the Committee |
|-------------------------------------|----------------------------------|--|
| S.no. 1(b) of Para 2 as given above | Paras 7.1 to 7.10 as given above | NOT GUILTY - Item (7) and (8) of Part I of the Second Schedule |

8.1 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 Item (7) and (8) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949.

9. 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.

Sd/-
(CA. CHARANJOT SINGH NANDA)
PRESIDING OFFICER

Sd/-
(CMA. CHANDRA WADHWA)
GOVERNMENT NOMINEE

Sd/-
(CA. MAHESH SHAH)
GOVERNMENT NOMINEE

Sd/-
(CA. PRAMOD JAIN)
MEMBER

Sd/-
(CA. RAVI KUMAR PATWA)
MEMBER

DATE : 25.01.2026
PLACE : NEW DELHI

सत्यापित होने के लिए प्रमाणित / Certified to be True Copy

मैनु गुप्ता / Manu Gupta
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अनुग्रहात्मक नियोगालय / Disciplinary Directorate
नामीय सभी सेवाकार सत्यापन
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